

London Economic Conference
1933

PSF
London Econ Conf

Miss Le Hand

May 16, 1933

FOR THE PRESS

CAUTION: This message of the President to the Sovereigns and Presidents of the Nations participating in the World Economic Conference and the Disarmament Conference is AUTOMATICALLY RELEASED FOR PUBLICATION at 10:00 A.M., Eastern Standard Time today.

Extreme care must be exercised to avoid premature publication.

STEPHEN EARLY
Assistant Secretary to the President

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The message was cabled early today direct to the Sovereigns and Presidents of the Nations listed below:

His Majesty
Zog I,
King of the Albanians,
Tirana, Albania.

His Excellency
Ricardo Jimenez,
President of Costa Rica,
San Jose, Costa Rica.

His Excellency
Agustin P. Justo,
President of the Argentine
Nation,
Buenos Aires, Argentina.

His Excellency
Lin Sen,
President of the National
Government of the Republic
of China,
Nanking, China.

His Excellency
Wilhelm Miklas,
President of the Confederation
of Austria,
Vienna, Austria.

His Excellency
Gerardo Machado,
President of the Republic
of Cuba,
Habana, Cuba.

His Majesty
Albert,
King of the Belgians,
Brussels, Belgium.

His Excellency
Thomas G. Masaryk,
President of
Czechoslovakia,
Praha, Czechoslovakia.

His Excellency
Getulio Vargas,
President of the United
States of Brazil,
Rio de Janeiro, Brazil.

His Majesty
Christian X,
King of Denmark,
Copenhagen, Denmark.

His Excellency
Enrique Olaya Herrera,
President of the Republic
of Columbia,
Bogota, Colombia.

His Excellency
Rafael Leonidas Trujillo,
President of the
Dominican Republic,
Santo Domingo,
Dominican Republic.

His Excellency
Daniel Salamanca,
President of Bolivia,
La Paz, Bolivia.

His Excellency
Juan de Dios Martinez Mira,
President of the Republic
of Ecuador,
Quito, Ecuador.

His Majesty
Boris III,
King of the Bulgarians,
Sofia, Bulgaria.

His Majesty
Fouad I,
King of Egypt,
Cairo, Egypt.

His Excellency
Arturo Alessandri,
President of the Republic
of Chile,
Santiago, Chile.

His Excellency
Konstantin Pats,
Head of State,
Tallinn, Estonia.

His Imperial Majesty,
Haile Selassie I,
Emperor of Ethiopia,
Addis Ababa, Ethiopia.

His Excellency
Pehr Evind Svinhufvud,
The President of Finland,
Helsingfors, Finland.

His Excellency
M. Albert Lebrun,
President of the French Republic,
Paris, France.

His Excellency
Field Marshal Paul von
Beneckendorff und von Hindenburg,
President of the Reich,
Berlin, Germany.

His Majesty
George V,
The King of Great Britain,
Ireland, and the British
Dominions beyond the Seas,
Emperor of India, etc., etc.,
London, England.

His Excellency
Alexander Zaimis,
President of the Hellenic
Republic,
Athens, Greece.

His Excellency
Jorge Ubico,
President of the Republic
of Guatemala,
Guatemala, Guatemala.

His Excellency
Stenio Vincent,
President of Haiti,
Port au Prince, Haiti.

His Serene Highness
Admiral Nicholas De Horthy,
Regent of the Kingdom of
Hungary,
Budapest, Hungary.

His Excellency
Tiburcio Carías A.,
Constitutional President of
the Republic of Honduras,
Tegucigalpa, Honduras.

His Majesty
Faisal I,
King of Iraq,
Baghdad, Iraq.

His Majesty
Victor Emanuel III,
King of Italy,
Rome, Italy.

His Majesty
Hirohito,
Emperor of Japan,
Tokyo, Japan.

His Excellency
Alberts Kivsis,
President of the Republic
of Latvia,
Riga, Latvia.

His Excellency
Antanas Smetona,
President of the Republic
of Lithuania,
Kaunas, Lithuania.

Her Royal Highness
Charlotte,
Grand Duchess of Luxembourg,
Luxembourg, G.D.

His Excellency
General Abelardo L. Rodriguez,
President of the United
Mexican States,
Mexico City, Mexico.

Her Majesty
Wilhelmina,
Queen of the Netherlands,
The Hague, Netherlands.

His Excellency
Juan B. Sacasa,
President of the Republic
of Nicaragua,
Managua, Nicaragua.

His Majesty
Haakon VII,
King of Norway,
Oslo, Norway.

His Excellency
Harmodio Arias,
President of Panama,
Panama, Panama.

His Excellency
Eusebio Ayala,
President of the Republic
of Paraguay,
Asuncion, Paraguay.

His Imperial Majesty
Reza Shah Pahlavi,
Shah of Persia,
Teheran, Persia.

His Excellency
Ignace Moscicki,
President of the Republic
of Poland,
Warsaw, Poland.

His Excellency
General Oscar Benavides,
President of Peru,
Lima, Peru.

His Excellency
General Antonio Oscar de
Fragoso Carmona,
President of the Republic
of Portugal,
Lisbon, Portugal.

His Majesty
Carol II,
King of Rumania,
Bucharest, Rumania.

President Michail Kalinin,
All Union Central Executive
Committee,
Moscow, Russia.

His Majesty
Prajadhipok,
King of Siam,
Bangkok, Siam.

His Excellency
Alcala Zamora,
President of the Spanish Republic
Madrid, Spain.

His Majesty
Gustaf V,
King of Sweden,
Stockholm, Sweden.

His Excellency
Edmond Schulthess,
President of the Swiss
Confederation,
Bern, Switzerland.

His Excellency
Gazi Mustafa Kemal,
President of the Turkish
Republic,
Ankara, Turkey.

His Excellency
Gabriel Terra,
President of the Republic
of Uruguay,
Montevideo, Uruguay.

His Excellency
Juan V. Gomez,
President of the United States
of Venezuela,
Caracas, Venezuela.

His Majesty
Alexander I,
King of Yugoslavia,
Belgrade, Yugoslavia.

The message follows:

A profound hope of the people of my country impels me, as the head of their government, to address you and, through you, the people of your nation. This hope is that peace may be assured through practical measures of disarmament and that all of us may carry to victory our common struggle against economic chaos.

To these ends the nations have called two great world conferences. The happiness, the prosperity, and the very lives of the men, women and children who inhabit the whole world are bound up in the decisions which their governments will make in the near future. The improvement of social conditions, the preservation of individual human rights, and the furtherance of social justice are dependent upon these decisions.

The World Economic Conference will meet soon and must come to its conclusions quickly. The world can not await deliberations long drawn out. The Conference must establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise price levels. It must, in short, supplement individual domestic programs for economic recovery, by wise and considered international action.

The Disarmament Conference has labored for more than a year and, as yet, has been unable to reach satisfactory conclusions. Confused purposes still clash dangerously. Our duty lies in the direction of bringing practical results through concerted action based upon the greatest good to the greatest number. Before the imperative call of this great duty, petty obstacles must be swept away and petty aims forgotten. A selfish victory is always destined to be an ultimate defeat. The furtherance of durable peace for our generation in every part of the world is the only goal worthy of our best efforts.

If we ask what are the reasons for armaments, which, in spite of the lessons and tragedies of the World War, are today a greater burden on the peoples of the earth than ever before, it becomes clear that they are two-fold: First, the desire, disclosed or hidden, on the part of Governments to enlarge their territories at the expense of a sister nation. I believe that only a small minority of Governments or of peoples harbor such a purpose. Second, the fear of nations that they will be invaded. I believe that the overwhelming majority of peoples feel obliged to retain excessive armaments because they fear some act of aggression against them and not because they themselves seek to be aggressors.

There is justification for this fear. Modern weapons of offense are vastly stronger than modern weapons of defense. Frontier forts, trenches, wire entanglements, coast defenses--in a word, fixed fortifications--are no longer impregnable to the attack of war planes, heavy mobile artillery, land battleships called tanks, and poison gas.

If all nations will agree wholly to eliminate from possession and use the weapons which make possible a successful attack, defenses automatically will become impregnable, and the frontiers and independence of every nation will become secure.

The ultimate objective of the Disarmament Conference must be the complete elimination of all offensive weapons. The immediate objective is a substantial reduction of some of these weapons and the elimination of many others.

This Government believes that the program for immediate reduction of aggressive weapons, now under discussion at Geneva, is but a first step toward our ultimate goal. We do not believe that the proposed immediate steps go far enough. Nevertheless, this Government welcomes the measures now proposed and will exert its influence toward the attainment of further successive steps of disarmament.

Stated in the clearest way, there are three steps to be agreed upon in the present discussions:

First, to take, at once, the first definite step toward this objective, as broadly outlined in the MacDonald Plan.

Second, to agree upon time and procedure for taking the following steps.

Third, to agree that while the first and the following steps are being taken, no nation shall increase its existing armaments over and above the limitations of treaty obligations.

But the peace of the world must be assured during the whole period of disarmament and I, therefore, propose a fourth step concurrent with and wholly dependent on the faithful fulfillment of these three proposals and subject to existing treaty rights:

That all the nations of the world should enter into a solemn and definite pact of non-aggression: That they should solemnly reaffirm the obligations they have assumed to limit and reduce their armaments, and, provided these obligations are faithfully executed by all signatory powers, individually agree that they will send no armed force of whatsoever nature across their frontiers.

Common sense points out that if any strong nation refuses to join with genuine sincerity in these concerted efforts for political and economic peace, the one at Geneva and the other at London, progress can be obstructed and ultimately blocked. In such event the civilized world, seeking both forms of peace, will know where the responsibility for failure lies. I urge that no nation assume such a responsibility, and that all the nations joined in these great conferences translate their professed policies into action. This is the way to political and economic peace.

I trust that your government will join in the fulfillment of these hopes.

FRANKLIN D. ROOSEVELT

Copy to House

*BF
London Econ Conf*

THE WHITE HOUSE

May 30, 1933.

Dear Mr. Secretary:

I have the pleasure of appointing you Chairman of the Delegation which is to represent this Government at the Monetary and Economic Conference, which is scheduled to open in London on June 18th. The general subject matter for the Conference discussions is contained in the report of the Preparatory Commission of Experts, of which a copy is attached. While this report may be taken as a useful presentation of the matters which require consideration, the opinions expressed therein are in no way to be considered as binding upon the American Government.

The American Delegation is instructed to set forth the American policy as outlined in the attached memorandum of instruction. In consultation with your colleagues you are authorized to use your best judgment in deciding upon minor variations in form or substance that may arise in the course of discussion. If, however, decision must be reached on matters not covered in the attached memorandum, or if major changes of substance in matters covered by the

The Honorable

Cordell Hull,

Secretary of State.

the memorandum seem to you necessary, you are instructed to refer decision to Washington.

It will, of course, be necessary for the Delegation to use its best judgment as to the most effective means and procedure for bringing about a speedy and successful outcome of the Conference. I wish to urge upon you that delay in conferences of this nature usually makes it more difficult to secure results and that agreement on main principles should be reached as expeditiously as possible.

There is one other thing which I wish to point out; namely, that neither you nor any other member of the Delegation is to carry on, formally or informally, any discussion of either war debts or disarmament. These two problems will be handled by me in Washington, and any questions in regard thereto should be referred to Washington.

I need not emphasize the importance to the welfare of the American people of the mission you are about to undertake. You may be assured that in your effort you may rely upon the full cooperation of myself and the whole American Government.

Sincerely yours,

Franklin D. Roosevelt

Copy of full

INSTRUCTIONS AS TO ORGANIZATION OF
THE AMERICAN DELEGATION TO THE
WORLD MONETARY AND ECONOMIC
CONFERENCE.

The Secretary of State shall be the Chairman of the American Delegation.

The Honorable James M. Cox shall be Vice Chairman of the Delegation and shall become Chairman if the Secretary of State should leave the seat of the Conference.

The Chairman shall make all appointments to Committees and other assignments of duty to the Delegates and other members of the Delegation.

The Executive Officer shall be charged with the duty of keeping in touch with foreign delegations and with the duty of collecting and distributing all information which becomes available to members of the American Delegation. Each member of the Delegation, who engages in a negotiation or conversation of importance, will as soon as possible dictate a memorandum thereof for immediate transmission to the Executive Officer. The Executive Officer will communicate such memoranda as soon as possible to those members of the Delegation concerned. The Executive Officer will be charged with responsibility for communicating the content of telegrams received to the member or members of the Delegation particularly charged with the subject matter of the telegram.

In order to preserve the secrecy of the codes of the Department of State in a foreign country, it is ordered that the Chief Code Clerk shall deposit one

copy

copy of each telegram received in the Code Room safe, and deliver one copy immediately to the Executive Officer, who will see to the proper distribution of its contents. All telegraphic communications sent by the Delegation will go out over the signature of the Chairman of the Delegation, and must pass through the office of the Executive Officer.

The Director of Experts shall have general charge of the conduct of the work entrusted to the experts.

The Secretary of the Delegation shall have charge of the expenditure of the appropriation for the expenses of the American Delegation. Such expenditure is subject to the rigid rules of the General Accounting Office of this Government, and, in order to avoid disallowances of the Delegation's accounts by the General Accounting Office, the members of the Delegation are instructed not to incur any expenditure without the approval of the Secretary of the Delegation. Among the expenditures authorized will be the provision of three automobiles for the use of the Delegation on official business and a bus service between the hotel and the meeting place of the Conference. In the use of the local telephone service, any messages, other than messages on official business, will be at the charge of the person making the call.

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MEMORANDUM ON POLICY FOR AMERICAN DELEGATION

Summarizing the verbal instructions which I have given you concerning your procedure at the Economic Conference, I wish to draw your attention particularly to the following cardinal points:

1. The work of the Conference should be conducted as expeditiously as possible. I can see no reason why its work cannot be completed by the middle of August. If this should prove impossible, the Conference should continue its labors without interruption until they are concluded, at the latest, September 15th. I believe that it would seem indefensible to the millions of people whose hopes are pinned on the successful outcome of the Conference to adjourn for an August vacation as has been suggested.

2. The Conference should confine itself to finding promptly the solution to a few major problems and not diffuse its efforts over too wide a field. It should proceed as rapidly as possible to adopt the general principles of a solution for these problems, appointing immediately such committees as may be necessary to work out the details.

(a) The execution of some of the plans agreed upon at the Conference may require continuing permanent organizations. Proposals for such organizations should, however, not be permitted until after the major decisions of principle have been taken by the Conference.

3. The major problems which should at once be taken up by the Conference are the following:

(a) The

(a) The tariff truce for the duration of the Conference.

(b) The establishment of the general principles of a coordinated monetary and fiscal policy to be pursued by the various nations in cooperation with each other, for the purpose of stimulating economic activity and improving prices.

(c) The removal of foreign exchange restrictions.

(d) The laying of the groundwork for an adequate and enduring international monetary standard.

(e) The working out of a basic agreement for the gradual abolition of artificial barriers to trade, such as import quotas and export subventions, and for the reduction of tariff barriers.

(f) The working out of a basic agreement or agreements for the control of production and distribution of certain basic commodities.

In order to crystallize the American policy in regard to these six major problems, I submit to you the following six resolutions, which I should like to see adopted by the Conference with such modifications as may be necessary to meet the wishes of the other nations. The resolutions have been drawn with a view toward meeting the points of view of those nations with whom we have had preliminary discussions at Washington, and it is my hope that no very radical changes will be found necessary.

The first resolution is for the establishment of an agreement between all governments that no further additions will be made to the existing obstacles to international trade - or the so-called tariff truce.

WHEREAS, international commerce throughout the world is throttled by the obstacles imposed by governments, and

WHEREAS, these obstacles have steadily increased in variety and potency, and

WHEREAS, the increase of such obstacles acts to destroy international commerce and to cause new maladjustments and new price difficulties, and

WHEREAS, these economic and price disturbances in turn excite national animosities and make international cooperation of all kinds difficult, and

WHEREAS, it is essential that all governments seriously mark their desire to go no further along the path of trade restrictions and to find the means of reducing promptly and effectively the present restrictions,

NOW THEREFORE, BE IT RESOLVED, that the governments agree

(1) That during the period of this Conference they will consider themselves as joined in an agreement to be carried out in good faith that each government should refrain from creating or making any material upward modification in tariff rates, or imposing any new or enhancing any existing restrictions against the importation of goods which would place additional obstacles in the path of international commerce.* And the governments would likewise agree that during the period of this truce they will introduce no additional direct or indirect sub-
vention

*Explanation to be made by American Delegation in regard to Agricultural Bill.

vention for the expansion of their export industries nor any new discriminatory trade methods nor any additional measures to promote dumping.

(2) That the Secretary-General of the Conference shall make public the list of governments adhering to this truce.

(3) That in the event that any government in joining in this truce shall make any reservation of any nature whatsoever, such reservation with sufficient indication of its meaning in detail shall be published by the Secretary-General of the Conference along with the announcement of adherence. Each signatory government shall remain the judge of the significance of the reservations or limitations put forward by any other signatory government. During the period of the truce each signatory government agrees to communicate any changes in its tariffs or other laws or decrees affecting the international movement of goods one week before such changes may be put into effect.

The second resolution, which relates to the establishment of the general principles of a coordinated monetary and fiscal policy to be pursued by the various nations in cooperation with each other, for the purpose of stimulating economic activity and improving prices, is the following:

WHEREAS, industry and trade in nearly all the major countries of the world have fallen to unprecedentedly low levels, and

WHEREAS, as a consequence thereof, millions of people throughout the world have been thrown out of employment and, unwillingly have become an ever-increasing burden upon those who still have employment, and

WHEREAS,

WHEREAS, the emergency is of such a nature as to demand that all nations and all peoples cooperate to the fullest possible extent in combatting the depression by all available means and in close consultation and harmony with each other, and

WHEREAS, abundant credit and wise encouragement of private enterprise through government expenditure are essential in bringing about an improvement in prices and an increase of business activity, and

WHEREAS, such government expenditure shall not necessarily be included in the budget for recurring expenses but may properly be financed by borrowing, provided that the service of government debt so incurred is taken care of in a balanced budget for recurring expenses.

NOW THEREFORE, BE IT RESOLVED, that all the nations participating in this Conference agree

(a) That a close cooperation toward these ends between governments and between their respective Central Banks should be undertaken;

(b) That a primary step in such cooperation should be the carrying out of a policy of making credit abundantly and readily available to sound enterprise; this may be done by open market operations, where consistent with national policy, or by such other means as may suit the particular requirements of an individual market; and

(c) That an acceleration of the process of recovery should be sought by means of a synchronized program of governmental expenditure in the different countries along parallel lines, designed to stimulate the natural sources

of

of employment, to re-start the wheels of industry and commerce, and to restore the willingness of the individual again to assume the normal risks of trade without which any recovery is impossible.

It is not the sense of this resolution that all nations should agree necessarily to attack the problem in the same way, but rather that the efforts already being made by many nations should be coordinated, and that other nations should be stimulated to make similar efforts.

It should be borne in mind that in the development of such a program care must be exercised lest the cost of a particular kind of work undertaken be inordinately increased whether on the part of suppliers, landowners or wage earners particularly concerned.

AND BE IT FURTHER RESOLVED,

(a) That the Issue Banks of the various nations be requested to send at once to London a representative or representatives for the purpose of immediate consultation with each other, and

(b) That a committee be appointed by this Conference to study the various methods of governmental expenditure which have been in use or under consideration by the various nations, with a view towards making a report to be sent to each of the nations for its guidance in working out its own program in the future.

The third resolution, which relates to removal of exchange restrictions, is the following:

WHEREAS, it is generally conceded that the free flow of trade is today impeded and, in many cases, rendered impossible

impossible by the restrictions which various nations have been compelled to place upon dealings in their respective exchanges, and

WHEREAS, it is an essential to world recovery that the free flow of world trade be reestablished,

NOW THEREFORE, BE IT RESOLVED, that all the nations participating in this Conference agree

- (a) That all exchange restrictions of whatsoever nature should be removed as soon as possible;
- (b) That it may be necessary as a condition precedent to the accomplishment of this end, that the external debt structure of some countries be re-organized;
- (c) That to this end the various Governments undertake to urge upon their nationals the immediate formation of the necessary creditors' organizations both for the funded debt and for the so-called floating debt of such countries whose debt structure require reorganization; and
- (d) That a committee be appointed by this Conference to study and determine as quickly as possible which countries require such reorganization of their debt structure, and also to determine what other measures may be necessary in the various countries to reestablish the independent stability of their exchanges and to diminish fluctuations in exchange arising from purely speculative operations and from the temporary movements of short time money from market to market. The work of this committee to be in appropriate consultation with the respective governments and creditors' organizations.

The fourth resolution, which relates to the laying of the groundwork for an adequate and enduring international monetary standard, is the following:

WHEREAS, confusion now exists in the field of international exchange, and

WHEREAS, it is essential to world recovery that an international monetary standard should be reestablished,

NOW THEREFORE, BE IT RESOLVED, that all the nations participating in this Conference agree

(a) That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable;

(b) That gold should be reestablished as the international measure of exchange values;

(c) That the use of gold should be confined to its employment as cover for circulation and as a medium of settling international balances of payment. This means that gold, either in coin or bullion, will be withdrawn from circulation; and that contracts, public and private, shall be made payable in the various currencies without reference to gold;

(d) That in order to improve the workings of a future gold standard a uniform legal minimum gold cover for the currencies of the various countries which shall adopt the gold standard shall be established, and that this legal minimum reserve shall be lower than the average of the present reserve requirements;

(e) That the Central Banks of the various nations be requested to meet at once in order to consider the adoption of such a uniform minimum reserve ratio and that a metal cover ratio of 25% be recommended for their consideration,

AND

AND FURTHER,

WHEREAS, silver constitutes an important medium of both international and domestic exchange for a large proportion of the world's population, and

WHEREAS, the value of this purchasing medium has been impaired by governmental action in the past, and

WHEREAS, it is necessary that the confidence of the East should be restored in its purchasing medium, which can only be done if the price of silver is restored to equilibrium with commodity price levels,

NOW THEREFORE, BE IT RESOLVED, that

(a) An agreement be sought between the chief silver producing countries and those countries which are large holders or users of silver to limit arbitrary sales upon the world market;

(b) That all nations agree to prevent further debasement of their subsidiary silver coinages;

(c) That all the nations agree to remonetize their subsidiary coinages up to a fineness of at least 800 when, as and if consistent with their respective national budget problems; and

(d) That it be recommended to the Central Banks that they agree that 80% of their metal cover shall be in gold and 20% shall be optionally in gold or in silver, provided that silver is obtainable at or below a price to be agreed upon as corresponding to the general commodity price level; and that the governments agree to modify their respective laws to this effect.

The fifth resolution, which is designed to lay the foundations for a gradual reduction and removal of artificial barriers to trade, is as follows:

WHEREAS, various nations have been constrained, on the one hand, to impose restrictions upon imports in the nature of tariffs, quotas, embargoes, etc. and, on the other hand, to subsidize exports, and

WHEREAS, this tendency has resulted in nationalistic action in all nations, which, if carried to its logical conclusion, will result in the almost complete elimination of international trade and a return to a medieval isolationism, and

WHEREAS, it is agreed that this tendency must be arrested if a world recovery is to be achieved and a decent standard of living widely maintained,

NOW THEREFORE, BE IT RESOLVED, that all the nations participating in this Conference agree

(a) That it is against the common interest for any nation to adopt or continue a policy of extreme economic nationalism and to raise additional trade barriers and discriminations;

(b) That embargoes, import quotas and various other arbitrary restrictions should be removed completely as quickly as possible; and

(c) That tariff barriers should be reduced as quickly as possible by reciprocal bilateral agreements or by multilateral agreements to a point where trade can once more move in a free and normal manner; and

(d) That care should be taken in making bilateral or multilateral agreements not to introduce discriminatory features which, while providing an advantage to the contracting parties, would react disadvantageously upon world trade as a whole.

[PSF, London Econ. Conf.]



10, Downing Street,
Whitehall.

4th June, 1933.

PERSONAL.

Dear Mr. President,

With the approach of the 15th our papers and public are beginning to flutter about what is to happen on that day as to debt payment, and we have been giving the matter some thought. Great pressure has been put upon us to allay uncertainty by declaring our intentions, but we do not see how that could improve matters or help you. I should like to report to you, however, what is in the minds of my colleagues as I have found it on my return from Lossiemouth yesterday.

There are three conceivable ways of meeting the situation on the 15th June.

1. Cancellation, which does not seem to be a practical possibility;
2. A postponement of payment pending the work of the International Conference, which I had hoped for;
3. A token payment pending some final debt agreement.

I am still convinced that the second method is by far and away the best and would be most helpful to both countries/

countries in their search for an amicable settlement of the whole question.

The third proposal which has occupied a considerable part of our newspaper columns during the last few days has many drawbacks, most of which arise from the fact that by making the payment, this country will be deemed once again to have admitted obligations which it said in its Notes preceding the December payment it could not continue to fulfil.

On this last point the following considerations will have to be noted:

(i) The December payment was made without serious protest on the part of our public, because there was a general desire to recognise the difficulties of the American Administration. There was also a hope that before June some agreement regarding, at any rate, the June payment would be reached - an agreement which would admit that the whole matter was in suspense and that a continuing payment of instalments was not to be made, but that the debt itself should be dealt with and settled, the December payment and the June instalment being merged in the final terms of settlement.



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10, Downing Street,
Whitehall.

(11) Public opinion here is not in a frame of mind to repeat in June what, under the above circumstances, it did in December. Even if the June payment was a token amounting to little more than a recognition of these continuing payments on the basis of old agreements and obligations, it would arouse an amount of hostility which would create a serious political situation. We should have a repetition of the unhelpful criticisms that have been gathering in volume here for years. We should be told again with added vigour that these loans were made after America had entered the war, that, as a matter of fact, they ought to be regarded as nothing more than the contribution that America made at the moment to the war effort, that, but for the pressure of war conditions, we should never have thought of taking upon our shoulders a debt which meant that we were being made responsible for financing not only ourselves but all our allies - ^a debt which we should have to pay irrespective of any income we might receive from Germany as reparations or from debtor allies. A renewed squabble on these lines would help nobody but do much harm.

The/

A black and white micrograph showing a single cell. The cell is roughly circular with a thin, irregular border. Inside, there is a large, dark, circular nucleus. Within the nucleus, a smaller, even darker, circular nucleolus is visible. The cytoplasm is light and granular. To the right of the cell, there is a small, dark, circular artifact or another cell component.

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- 5, -

10, Downing Street,
Whitehall.

will compel us to consider Lausanne, because the House of Commons could hardly be got to agree to any payment by us without demanding that the Government should ask from its debtors some token payment in recognition of their indebtedness to us. Nothing is more certain than that these debtors will not pay us either a mark or a franc or anything else, and our position in principle will be that once again we accept the position of being the only debtor in these days who goes on paying these peculiar war debts. If we refuse to continue in that position, as Parliament will insist that we must, we shall have to put in our claims and cause our debtors either to recognise their indebtedness, in addition to, or as a variation of, their Lausanne obligations, or default. They are quite certain to take the latter course, and once again the inter-Governmental financial relations will be thrown into disorder and difficulty, with a new financial crisis following as a possibility.

(iv) It is quite true that American public opinion

is/

is adverse to the idea of a simple moratorium in June, but our public opinion must also be considered, and unfortunately the Government has not only to face our public opinion but a serious international European situation. In deciding what action we are to take in June both of these facts must be taken into account by us. Our American creditors ought in fairness to face the whole realities and not merely a part of them. Is the little substance in a token payment worth the reactions and consequences which must follow? Strive as we may to handle the problem as being one between the United States and ourselves only, we cannot do it. We shall be forced by the circumstances into a European policy of default unless June 15th is to be got over without our having to do something which in one form or other raises the whole problem of existing inter-Government indebtedness. As I see it, the efforts we are making to move from the present evil state of things into a new relationship depend upon whether the situation which

arises/



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10, Downing Street,
Whitehall.

arises on the 15th June is, or is not, to be held in
suspense until we see some ending to the negotiations on
the whole debt in which we are now actively engaged.

That is the trend of thought here and I report it
to you quite frankly.

With my most sincere regards and best wishes.

I am,

Yours always sincerely,

Nansay Macdonald

Canpo
Per File

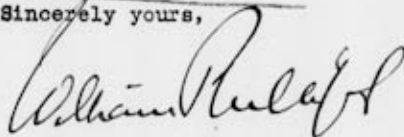
THE UNDER SECRETARY OF STATE
WASHINGTON

June 20, 1933.

Dear Louis:

I enclose a letter from Prime
Minister MacDonald to the President, dated
June 14th, which I have just received from
the British Ambassador. He informs me
that this personal letter contains the text
of the message which was telegraphed to him
and communicated to the President at that
time. He asks if we will cause this letter
to be delivered in due course.

Sincerely yours,



The Honorable
Louis McH. Howe,
Secretary to the President,
The White House.

E Conf 7

Not so - This is my own room -



*PSF
London E. Conf -*

MANAGER'S OFFICE
NEW CLARIDGE HOTEL 17
TELEPHONE, MAYFAIR 8860.

6th June, 1933.

CLARIDGE'S HOTEL,
BROOK STREET,
LONDON, W.1.

Dear Franklin,

I have not accomplished nearly as much as I had hoped in the six days that I have been here, for the reason that we struck this lovely city just at the time of Whitsuntide, and that most of our friends and all of the officials cut off work on Friday and have only started again this morning.

I promptly went to see the Ambassador, who was as nice as he could be, but looks very badly, I think. He invited us to dinner on Thursday night, and we had a quiet talk together over the general situation. Now, from what I gather from him, and after talking with a couple of newspaper men, plus Reggie Forster an American banker here, and others, I feel a little less encouraged as to the general attitude here concerning the success of the Economic Conference. They all seem to be afraid of France upsetting the apple cart, and even the British do not seem particularly optimistic as to the success of the Conference. What I can gather, about all that they hope for here is that the Conference may determine some sort of a settlement as to the payment of debts and some sort of an agreement as to the stabilisation of International exchange. The papers this morning talk of your laying down the law to the Senate and take the attitude that you may insist on the Congress continuing its work for a month or so to come, commenting that should the Congress continue in session it would

MANAGER'S OFFICE
NEW CLARIDGE'S HOTEL, 17
TELEPHONE, MAYFAIR 8860.



2.

CLARIDGE'S HOTEL,
BROOK STREET,
LONDON, W.1.

be very harmful to the Economic Conference. It seems to me that this is rather a gloomy way of looking at things and I don't see necessarily why the Economic Conference should not continue, and even succeed, even if our dear old Congress is in session.

The information I give you is only of value as showing that there seems to be little optimism as regards the success of the Conference.

Ramsay MacDonald is, I think, back from Lossiemouth to-day, but he has been away ever since my arrival, so also have most of the friends at the Foreign Office, including Vansittart.

I was much impressed, and I think duly honoured, to have a casual message by telephone from the King's Private Secretary (Col. Hardinge) telling me that His Majesty wished to see me to-morrow at 10.45 a.m. Although I have consorted a good bit with the President of the United States, I am not entirely familiar with the workings of a private visit to the King of England; however, I shall turn up there to-morrow morning and will, of course, report to you immediately as to what went on. We have some friends here, a Mr. and Mrs. Simpson (she American and he a Member of Parliament) who have invited us to dinner to-night, a dinner of eight, to meet the Prince of Wales, so within the next twenty-four hours I may have something amusing to tell you.

I had a glorious Saturday evening, Sunday and Monday



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NEW CLARIDGE'S HOTEL LTD
TELEPHONE, MAYFAIR 8860.

3.

CLARIDGE'S HOTEL,
BROOK STREET,
LONDON, W.1.

with Mu at her little place at Thorpe-le-Soken, and I had the particular pleasure of calling and spending about an hour with Lord Byng of Vimy. He was Governor General of Canada and incidentally the General-in-Command of the Canadian troops, so I wanted particularly to see him. He is a friend of Mu's and it was very easy to arrange. We all had tea there and he and I sat in the garden for half an hour reminiscing and discussing Canadian affairs. He has aged a good deal, being about 72. He is perfectly delightful and simple, but soon gets tired. Though your family and mine do not seem to think much of 72 years as an age, he seems to show it more naturally because of the terrific strain to which he was put during the war. He seemed particularly depressed as regards the French attitude and feels that it will be difficult to take away from them that nightmare of Germany and constant fear of a new war.

This is just a short sketch of my first few impressions. I hope to give you something more worthy in a few days.

Irene, Sunny and I are blissfully happy here, and living a very satisfactory and quiet life. I imagine that once the Mission arrives, as it will on Thursday, the rest cure will be over.

With love from us all,

Your affectionate cousin,

W.D.R.

81
Great Britain's copy published in
Documents on British Foreign Policy,
1919-1939, Second Series, Vol. V, 1933
pages 813-815 and 819-820.

PSF
London Econ Conf

June 7, 1933.

Dear Mr. Prime Minister:-

I very greatly appreciate
your frank and informative letter of June fourth.

It is particularly useful to
me to know from you the limitations and difficulties
imposed upon you by public and parliamentary opinion
and the external and general European situation.
I, too, have certain limitations upon my course of
action, which, while they change somewhat from day
to day, are quite definitive and compelling. Perhaps
it will clarify our course if I explain very briefly
and precisely what these limitations are.

1. As the head of a creditor
country I am unable to take specific action
with respect to a debt until and unless a
specific proposal has been made to me. I
am going to consider in the light of our
correspondence and conversations that we
are requested to consent to a deferment of
the June 15th payments for the duration of
the Conference. This I refer to in para-
graph #3.

2. I further understand that
no proposal for final disposition of the
entire debt has been made and that you
desire that opportunity be given to present
the broader aspects this summer and autumn.

The Right Honorable
J. Ramsay MacDonald,
Prime Minister,
10 Downing Street,
London, England.

In order to clarify matters I want to express here my agreement to hear such presentation and to add that such presentation should proceed here in Washington and that your Government may select the time for its beginning.

3. I am unable, not only because of the action of Congress, but because of my plain Constitutional limitations, to extend a moratorium on the June 15th payment. Authority is Congressional. As I see the business now before Congress, adjournment will take place soon, probably before the fifteenth. A number of perplexing problems must be met by the Congress before they can adjourn and the presence of these problems on their calendar makes it impossible to present to them any proposal concerning debts.

4. I can acknowledge payments towards principal or interest or both.

5. I can acknowledge for my Government for the record any statement that your Government may make to me.

6. I am authorized now, in the light of legislative and executive actions taken during the past few weeks, to accept any payments in silver, under the terms of legislation enacted by Congress. Further it is my personal belief that I can accept payments in U. S. currency, because we ourselves have made American obligations payable in currency.

I am truly desirous of contributing whatever I can to the clarification of the general economic situation in order that the momentous Conference about to begin under your admirable chairmanship may succeed to the fullest degree. A great deal is at stake. I can assure you that I have seriously explored every possibility of action with regard to this debt payment and that the statement of fact I have made above is the true picture of the field of possibility. I am communicating this to you today in order that you may know how matters lie over here when you discuss the question with your ministers on Friday.

With my warm regards,

Faithfully yours,

DELEGATION OF THE UNITED STATES OF AMERICA

June 15, 1933.

Dear Franklin and Eleanor:

During the past week there have been few developments until yesterday and now I think we are starting. The Delegation arrived in a rather depressed condition and, very confidentially, the Secretary last Sunday became very temperamental and was on the verge of resigning. To help the situation Key Pittman went on a beeno and only got back to normalcy yesterday.

I think that we have him in hand now.

The big feat and the only interest I have had up to now has been to get Governor Cox in as Chairman of the Monetary Committee. The French were fighting it tooth and nail and the British showed very little interest in our desire to get the Chairmanship. Luckily I was able to get hold of Eric Gunston, who is a secretary to Neville Chamberlain, and "talk turkey" to him. I tried it out on Robert Van Sittart but found him very non-committal. Gunston then came to me and asked me, after I had expressed very distinctly our desires in this matter, why we thought it was important to have one of our Delegates as Chairman of the Commission, making the comment that, after all, the Chairmanship was not so important. I replied that we considered the Chairmanship very important and that we wanted Governor Cox to get it.

I then saw my old friend LeBreton, the Argentine, and got him lined up and on my return this afternoon I learned from Charlie Michelson that it is okay and that the Governor will be Chairman. So far so good.

We have a long way to go and a lot of fighting to

Mr. and Mrs. Franklin D. Roosevelt,
The White House,
Washington, D. C.

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DELEGATION OF THE UNITED STATES OF AMERICA

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do and incidentally Bill Bullitt is a great help that way. I feel very strongly that we must stand by our guns and that if we are courteous but hard-boiled, we may accomplish something. I am doing my best to persuade the Secretary that he must fight every inch of the way. My only criticism of him is that he is a little too much of a gentleman to deal with this bunch of bandits. E

Since I wrote you last I had a really delightful visit on His Majesty and I am not ashamed to tell you that I was extremely impressed. He seemed mentally extremely active and I had a good forty minutes' conversation with him alone in his library at Buckingham Palace. He wanted to know much about you both, as to how you were standing the racket, etc. He talked about former Ambassadors and said that he liked Bingham who had made an extremely good impression on him, that he liked Mellon, but that he never could stand Dawes. On the tariff situation he merely said that he thought that the old English idea of free trade was impossible. I was interested to hear him comment that "we should not have been able to make that treaty with Argentina if we had not had a tariff to help us".

§ The Conference - where the trained seals perform - did not become interesting until yesterday. Neville Chamberlain made a good speech and the Secretary of State an excellent one, followed by Litvinoff who, although he spoke in English, could not be understood. From now on little attention will be paid to speeches and they will be discouraged as the big men have already spoken.

Of course we are all thrilled, but not too well informed, as to your statement of acceptance of the debt. It seems to me that the general trend of the

DELEGATION OF THE UNITED STATES OF AMERICA

- 3 -

British press is more friendly. When I got here it was not unfriendly but distinctly depressing.

Humorous comment: One of the French Delegates addressed Governor Cox thusly: "In view of the United States favoring inflation of currency, we feel that we can scarcely favor an American as Chairman of the Monetary Conference." Governor Cox: "The United States can scarcely favor as Chairman of the Monetary Conference a national of the greatest defaulting nation of the world." All seems to be friendly now.

I have just been talking with Charlie Michelson and Thurston -- Jung is to be No. 2 man under Governor Cox and this is, I think, extremely good. The French are mad and I think our first battle is won. E

I had a lot of fun breezing around London but am having still more of a thrill now sitting in on the Conference which has, as I say, only started yesterday.

I have seen Bennett and am attending the Wheat Conference with Ambassador Morgenthau and he tomorrow morning. More later.

Love to you both from the three of us.

W.D.P.

PSF
London Econ. Conf.

June 16, 1933.

Dear Mr. President:

I tried to convey to you in my cable yesterday the effect of your action on the British debt. The Conference was on the rocks. Your action has made it possible for it to continue hopefully, in my judgment. I have, of course, been in close touch with the delegation, and some of them had reached the point where they wanted to ask permission to leave the Conference and go home.

I was simply aghast when the Prime Minister brought in the question of debts in his opening address, and I personally regard it as a breach of faith. I do not know what pressure was brought upon him to do it, but my understanding is that after he had prepared his address, which contained no reference to the debt, he recalled copies of it which had actually been issued and inserted the paragraph. Personally, I resented it deeply, as did the members of our delegation, because we realized it would increase your difficulties at home.

In addition, after promising the Chairmanship of the Monetary Commission to us, members of our delegation believed that the Prime Minister promised it also to the French. The British with whom I have conferred agree that the Prime Minister should not have referred to the debt question, and merely offer excuses for his having done so, even going so far as to blame it upon his physical and mental condition. After the announcement of your stand upon the debt question, the atmosphere immediately cleared. They made good on their other promise that Gov. Cox

should be Chairman of the Monetary Commission, and there is now hope again for specific and helpful action on the part of the Conference.

I have not attempted to burden you with details or frequent letters, and shall not do so unless you desire it.

With kindest regards,

Sincerely yours,

Robert W. Buchanan

The President,
The White House,
Washington, D. C.

*RSP
London Econ Conf*

[June 16, 1933]

THE WHITE HOUSE
WASHINGTON

Acting Secretary of State
Washington

Important message coming through prior
to decoding 42 and 43
Notify Hull and delegates.

Howe

E. Conf. L.

BC

This telegram must be closely paraphrased before being communicated to anyone (C)

London

Dated June 16, 1933

Received 5:53 PM

PSF
London
Econ. Conf

Secretary of State,
Washington.

Triple priority

37 June 16, 9 p.m.

FOR THE PRESIDENT FROM WARBURG.

I endorse Sprague's today's cable to Woodin and for your information should like to add the following. As you know we had quite a struggle to obtain chairmanship of Monetary Commission. Immediately after agreeing to nominate Cox, Bonnet asked for reassurance as to the attitude of the American Government in monetary matters. We told them that we could give no assurance whatsoever except that we would recommend to you the authorization of a declaration such as that embodied in Sprague's cable. The French were willing to proceed on this assurance realizing that it was perfectly possible that you might not agree with our recommendation. Your decision is therefore in no way prejudiced. In addition to the text of the declaration as cabled by Sprague we have agreed to recommend that you authorize us to agree also to the following statement: "The Governments and banks of issue of the United Kingdom and the United States have stated that

E Conf 2

stated that the stabilization of their currencies on a gold basis under proper conditions forms the ultimate objective of their policy". This statement goes no further than what we have said in all our preliminary conversations and goes no further than the Secretary of State's speech to the Conference. The only reason for treating it separately from the rest of the declaration as cabled by Sprague is that it does not properly fall within the terms of reference of Sprague's mission and belongs rather to the field of the Economic Conference. We hope that you will authorize this addition to the declaration and that you will approve of the plan as a whole as nothing could give a more auspicious beginning to the meeting of the Monetary Commission under our chairmanship next Monday than an announcement of this sort. We have tried to protect your freedom of action to the utmost at the same time giving the assurance that can reasonably be asked of us as leaders in the monetary field to the effect that we are not going to be wilful and unnecessarily violent in our monetary policy. Finally I realize that you are probably flooded with cables like one I received from the Committee of the Nation. We feel that those who think stabilization a mistake do not realize the full significance of the alternative which among other things would be that it would be practically impossible to assume a leading role in attempting bring about a lasting economic peace among the nations. So far

we are

Page 3 from London # 37

we are getting along excellently. We have won our first major tactical victory in getting monetary chairmanship and preliminary meeting this morning indicates good prospect of carrying through our program if we can get over this first hurdle.

HULL

OX

CSB

[PSF, London Econ. C.]

PSF

Economic
Conference

THE WHITE HOUSE
WASHINGTON
En route - June 16, 1933.

CONFIDENTIAL

that *My* *the* the difficulty of approving state-
ment "The governments and banks of issue of United
Kingdom and United States have stated that stabili-
zation of their currencies on gold basis under
proper conditions forms the ultimate objective of
their policy" is that it may later be construed to
mean that Great Britain and United States would so
stabilize without world-wide action toward the same
end. The broad principle we advocated in prelim-
inary discussions in Washington was based on re-
establishment of currencies based on gold or gold
and silver by all nations and not by three or four
only. Please bear this fact in mind because we do
not want to go just part way in a conference of
sixty-six nations.

prepared As to the rest of the declaration
and the plan, what I fear is that it may be con-
strued by us as general and permissive in scope,
but is so worded that London and Paris might later
charge us with bad faith if we decline later to go

THE WHITE HOUSE
WASHINGTON

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along with their interpretation of it.

As a general principle, I am at present opposed to any agreements aimed at close stabilization of pound and dollar with small leeway either way, especially at present approximate levels.

It is my thought that instead of an agreement based on mutual action, it ~~would~~ ^{might} be ~~better~~ ^{longer for us} to announce unilateral action by United States by which if pound goes to four twenty-five we will expect to be willing to export gold to an amount of fifty to eighty millions to hold dollar within that limit.

If dollar goes the other way, resulting in commodity price declines in this country, we must retain full freedom of action under Thomas amendment in order to hold up price level at home.

It is my personal view that far too much importance is being placed on existing and temporary fluctuations of pounds, francs and dollars and that the bigger ultimate objective of balanced

THE WHITE HOUSE
WASHINGTON

-3-

budgets and permanent national currencies in all countries based on standard reserves of gold or gold and silver far outweigh these temporary conditions in importance.

End

PT
London
Econ Conf

[June 20, 1933]

THE WHITE HOUSE
WASHINGTON

DPR Collect

Associated Press
United Press
International News Service
Boston or New York

President Roosevelt conferred today aboard
Amberjack II with Assistant Secretary Moley of
the State Department who sails tomorrow for
London and who will carry to the American
delegation participating in the Economic Con-
ference final and supplemental instructions.

Moley boarded the Amberjack off Pollock
Light from the Destroyer ~~XXXXXXXXXX~~ Bernadou.
He flew from Washington to Nantucket where he
was picked up by the Bernadou and rushed to
the Amberjack then under way around the Cape
headed for Provincetown.

The President conferred with Moley for
more than an hour.

The purpose of the conference with the
President, it was announced in an official
statement, "was to advise him in detail of
developments transpiring at the Economic
Conference in London since the President left
Washington last Friday. At the conclusion of
the conference, Moley left by seaplane from
the ~~Am~~ Destroyer Ellis for New York.

Stephenson
Storm
Roidan

[Note by G.W. Roach- 4/10/59]

Memorandum by Herbert Bayard Swope, left
with the President aboard the Amberjack II
on June 20, 1933. Formed the basis for
Roosevelt's cable of June 30 [July 1], 1933,
rejecting Joint Declaration. See Moley,
After Seven Years, p. 255-256; Foreign Re-
lations, 1933, I, 669-670.

[June 20, 1933]

(This is an outline of the memo I prepared this afternoon. It is largely a restatement of the obvious and intended to be merely a background for the President's decision of June 17, with reference to stabilization. B.M.B. is somewhat uncertain as to whether or not he was to sign it, preferring to adhere to F.D.R.'s cable of June 17 without giving reasons therefor. Later, if it is desired, he says he is willing to prepare or to aid in preparing a more extensive precept, in which, while not departing from his agreement that nothing should be done now, he intends pointing out the need of an eventual equilibrium. There are other reasons in his mind having to do with the possible interference of the Conference that he will probably tell you about. However, as you wanted set down in writing the points I brought out this afternoon, here it is.)

PSF
London
Econ Conf
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with
PSF

London
Economic
Conference

It was agreed by all consulted that the present is not the time to set any limits that restrict the free movement of the dollar, although no objection is seen toward affirming our intention of eventually joining in multilateral stabilization.

Our own economic and fiscal developments are so promising that it would be dangerously unwise at this moment to erect barriers against their continuance. It would be particularly unwise from political and psychological standpoints to permit a seeming limitation to be imposed by any other nation than our own, and any stabilization sought for so eagerly by the others would be regarded as being forced.

At this time any ~~fixed~~ formula of stabilization by agreement must necessarily be artificial and sheerly speculative. It might easily work hardships upon us

through lowered prices and heavy equalization costs.

There should be a sufficient interval allowed America to permit, in addition to the play of natural economic forces, a demonstration of the value of the price-lifting efforts you have put under way. Upon the establishment of a reasonably constant price level definitive stabilization can be undertaken. Then it could be approached on a scientific basis and also with due recognition of the factor of trade balances. That plan is preferable to attempting a premature and arbitrary process based upon guess and subject to violent fluctuations.

Always it should be kept in mind that by waiting we can value the dollar in direct ratio to the increase in domestic prices. Unquestionably that is the fairest method to ourselves and to the others.

Your attention is directed to the fact that England left the gold standard a year and nine months ago, and only now is she seeking stabilization. France did not stabilize for something like four years (verify period).

We are advancing towards a national self-containment that should be ^{not} militated against by possibly hostile influences until it has had a chance to work.

There may be ^aslight embarrassment¹ caused the American Commission because of a seeming check upon their stabilization plans but perhaps that hurt can be assuaged by permitting the members to continue discussions of the project on the distinct understanding that the subject is for future decision and that at this time, because of so many uncertain factors, we are not to make even a temporary agreement. After all, as you have said, the Conference was not called solely for stabilization purposes. There are other subjects of importance that should be given consideration. Furthermore, the Conference has no mandate to reach a stabilization basis. The instructions were only to explore the subject. The position of the Delegation might be strengthened by a reaffirmation from you of this country's intention eventually to reach reasonable stabilization, but it must be borne in mind that the figures that are finally set will be of our making, based upon our experience and our needs, and not those which other nations seek to impose upon us. Were they to do that they would be exercising a partial but very real control over our internal as well as external economy.

An impression of that sort would be especially bad at this time from the viewpoint of the public which sees its distress being relieved and which regards the higher price levels as not only bringing employment and increase in wages, but also ^{and} ₁₈ this is of greatest importance - sees the increase in prices as a certain means of relieving a part of their strangling debts.

The various agencies operating under the National Recovery Act have not reached a decision as to precisely what price levels we are aiming. How, then, can we impose a limitation which we have not accepted ourselves?

It is a restatement of the obvious to say that our improvement, now so definitely under way, will be the greatest contribution we can make to the good of the world.

PSF
London Econ Conf

TELEGRAM RECEIVED

FROM

A portion of this telegram must be closely paraphrased before being communicated to anyone (B)
Partly Confidential (B)

Received 5.40 PM

The President:

9, June 22, 1 P.M. The following telegram has been received from the American Delegation: "56, June 22, 2 P.M. For the President from Warburg.

After full discussion in delegation it was decided in view of your cables that we must remove present doubt as to American position concerning temporary stabilization. We therefore carefully draw up statement to be given to press and told Sprague to inform French and British treasuries this morning. Simultaneously Cox and I informed MacDonald Bonnet and Jung before meeting of executive bureau at 10.30. MacDonald expressed grave apprehension as to what our statement would be to conference, Jung likewise felt sure that it would cause withdrawal of French and Bonnet exploded. After a morning of very difficult discussions between us and the British the British and the French, and the French and ourselves, we finally succeeded in calming all fears and obtained French acquiescence to our releasing following statement at 3 o'clock this afternoon.

(GRAY) "Undue emphasis has been placed upon consideration of the plan proposed for temporary de facto stabilization of currencies. The fact is that this was never an affair of the delegation. It was

P Conf 2

TELEGRAM RECEIVED

FROM

-2-

considered by representatives of the treasuries and central banks of the U. S., Great Britain and France, Dr. Sprague having been specially sent to represent the U. S. Treasury for this purpose. The American Government at Washington finds that measures of temporary stabilization now would be untimely. The reason why it is considered untimely is because the American Government feels that its efforts to raise prices are the most important contribution it can make and that anything that would interfere with those efforts and possibly cause a violent price recession would harm the conference more than the lack of an immediate agreement for temporary stabilization. As to the ultimate objective the American delegation has already introduced a resolution designed for the ultimate world wide stabilization of unstable currencies and is devoting itself to the support of measures for the establishment of a coordinated monetary and fiscal policy to be pursued by the various nations in cooperation with each other for the purpose of stimulating economic activity and improving prices." (END GRAY)

After agreement reached with French, MacDonald and Chamberlain expressed to Cox and me their extreme gratification at our having been able to overcome a most delicate and precarious situation. Have just seen Jung who is giving us his support through thick and thin and is delighted with the outcome. While there will doubtless

TELEGRAM RECEIVED

FROM

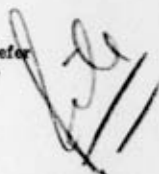
-3-

be re-percussions believe we have safely overcome the worst of our anticipated trouble in meeting this particular emergency and should not be surprised if this morning's conversation restored much of our lostprestige."

Phillips, Acting.

End

In Reply Refer
To File No.



U. S. S. ELLIS (154)

PSF: London So. Co. 5.



6/23 - 7.20 P Std

Recurring and widely published reports that the President will board the Cruiser Indianapolis for a rush trip to London are without foundation in fact. The President plans to complete his vacation cruise and return to Washington as scheduled.

At no time has the President considered going to London and he sees no reason whatsoever to do so now. Reports from London, received in the last 24 hours, have been altogether satisfactory to the President.

Although the President is far up the Maine coast, he is and has been in continuous communication with Washington at all times since he left. The State Department has kept him fully advised of all developments in the Economic Conference.

Early

NOTE: Anchoring tonight in Pulpit Harbor.

TELEGRAM RECEIVED

This telegram must be closely paraphrased before being communicated to anyone.

FROM

June 28 - 8 A.M.

Confidential Code

#27, June 28, 9 P.M.

For the President from Acheson.

The following message prepared by Baruch after consultation with Secretary Wood in represents their views and is concurred in by Harrison, Douglas and me.

Since our message to you yesterday telegram from Hull has been received and communicated to you. While picture presented in that cable must necessarily be interpreted in the light of the qualifying clause "if representations are reliable", even though the situation has become considerably more disturbed than when our message was sent yesterday owing to continued decline in the dollar which is now about seventy-seven cents and rise in sterling to over four point two two this afternoon. This fluctuation has taken place in the face of relatively small amount of dealings and is due in large part to the fact that there are no buyers of dollars in the market. The exchange market here seems to confirm representation in Hull's message. Certainly so far as the guilder is concerned because there are practically no buyers in this market of exchanged guildra, indicating a real fear that Holland is going off gold.

In other words, present indications are that the dollar is under continuous pressure due to a flight of capital from this

P. Conf - 2

TELEGRAM RECEIVED

FROM

-2-

country in different forms such as a direct flight of capital and an indirect flight by exporters retaining foreign currencies received for goods sold. And it is also due to the fact that there are no buyers of dollars to take up the offerings from others. It seems likely, therefore, that unless something is done promptly the dollar will continue its decline in relation to the gold currencies and if that happens those countries now on gold will be forced to devalue their currencies which would probably cause a rise in the dollar in relation to those currencies. If therefore it is desired that we maintain a depreciation of the dollar as against gold currencies it would appear necessary promptly to take some steps that will avoid the necessity of those other countries abandoning gold. If present tendencies are allowed to continue and the dollar declines still farther in respect to gold currencies a rapid rise in the dollar may be forced upon us by the action of others and to our own detriment. We feel, therefore, that rather than risk such results of a continued decline in the dollar it would be better now to check the decline through temporary measures to limit extreme exchange fluctuation.

In this connection and referring to our telegram of yesterday about unilateral action versus tripartite action it should be pointed out that the tripartite arrangement proposed in London two weeks ago contained a declaration by France to remain on gold.

TELEGRAM RECEIVED

FROM

-3-

Furthermore that proposed arrangement was made temporary and flexible in character; first, by specifying that the arrangement would be temporarily(?) only pending developments of the Economic Conference which expression can, if necessary, be clarified; second, by limiting the expenditure of gold by any one country in the arrangement to a specified amount, approximately \$60,000,000 gold; and, third, by proviso assuming domestic requirement would permit any one of the three countries to take whatever affirmative action might be necessary at home even though it should result in affecting the result in rates. If this temporary arrangement should be terminated because of the fact that any one of the three countries had lost \$60,000,000 of gold or any part for any other reason it would be subject to renewal only by mutual agreement of all three parties at the same or new rate or for the same or new amounts of gold. Consequently, if the dollar should be weak, and in an effort to support it at the minimum rate we should lose \$60,000,000 of gold, the agreement would automatically cease ~~and~~ subject to renewal and a new rate. If no new rate is mutually agreed upon the arrangement would terminate. This arrangement therefore does not in fact stabilize any one of the currencies but rather provides a means by which exchange fluctuations might be somewhat leveled out temporarily pending developments of the conference which provision would enable us through trial and error to feel the way toward those

TELEGRAM RECEIVED

FROM

-4-

points at which some day stabilization might be achieved. If mutually approved it would probably remove at least for the time being the threat of abandonment of the gold standard by present gold standard currencies, referred to in Hull's cable, an event which would inevitably force a rise in the price of the dollar in terms of those other currencies. Furthermore, it would probably (?) much to avoid any possibilities of combined action against the U.S. by trade blocs, quota, etc.

In view of all these conditions supplemented by the situation as presented by Hull in his cable of yesterday, we therefore feel that it is advisable now to do two things:

One. Tighten up exchange control so as to further restrict an outflow of capital as far as that may be possible and specifically to instruct Hull to advise the British that we expect to do that and that we would expect them to take similar measures on their part in accordance with their own suggestion not only to avoid speculation in the dollar but to avoid all speculative transactions in exchanges; and

Two. To open consideration of the temporary and flexible tripartite arrangement recently proposed in London on the basis of the present market level, actual rates and threats (?) to be worked out over there subject to final approval of Washington and without any diminution in the amount of gold agreed to be expended by each bank at the rates agreed upon. ~~we think we can afford to stand~~

(more)

TELEGRAM RECEIVED

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FROM

pretty firm on this question of amount and present market rates as a basis of discussion because if accepted it will appear to the public mind as an advantage from the two weeks delay and if not accepted will give us fairly complete protection against the charge that the conference failed because we have refused to discuss anything.

In making this recommendation we have not had the benefit of any recent suggestions or recommendations from Sprague or Warburg or from any member of the delegation except as much as inferred from Hull's cable of yesterday. Our recommendations therefore should naturally be considered subject to their comments and suggestions.

PHILLIPS, Acting

TELEGRAM RECEIVED

*PST
London Econ Conf*

GRAY

FROM Washington

Dated June 29, 1933.

Rec'd. 10 p.m.

THE PRESIDENT

28, June 29, 5 p.m.

Secretary Hull has telegraphed in regard to a proposal concerning sugar made by the Cuban Delegation providing for no increases in production and no new subsidies during next 10 years; also that tariff duties now over 70% ad valorem shall not be raised before September 1935. The Secretary says Cubans hope for our support; he asks for instructions, adding that at first glance it appears to him that the Cuban proposal is not contrary to the purposes of sugar discussions now going on in Washington.

Coulter informs me that the Cuban proposal, described by the Secretary, will not, in his opinion, hinder the general purposes underlying the sugar scheme now under discussion here notwithstanding the fact that our beet interests desire to expand and Louisiana cane to restore former production he believes, however, that a safeguard should be included in proposal to protect any agreements we might make with Cuba. Taussig agrees with Coulter.

Unless you perceive political objections especially in connection with the limitation on possible reductions in price of sugar which might be implied from pledge not to raise tariff rates or

factors
P. Calif 2

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Page 2 of No. 28
FROM

factors possibly affecting adversely ratification new Cuban treaty,
I would be inclined to transmit Coulter's opinions to the Delegation
at London.

PHILLIPS, Acting

TELEGRAM RECEIVED

*PSF
London Econ Conf*

GRAY

FROM Washington

Dated June 29, 6 p.m.

Rec'd. 9:30 p.m.

THE PRESIDENT

29, June 29, 6 p.m.

FROM ACHESON.

Your message of June 27th containing proposed cable to Delegation has been discussed by Phillips, Baruch and me. In the meantime messages have come from Sprague and Moley stating that they are working on proposal which is in accord with your policy as stated in your cables to Delegation of June 18 and June 20 and which will be cabled tomorrow for submission to you.

In view of these messages it seems^a best to us to withhold your proposed cable to the Delegation and await message from Sprague and Moley.

PHILLIPS, Acting

TELEGRAM RECEIVED

A portion of this telegram must be closely paraphrased before being communicated to anyone.

FROM

June 29 - 12.10 PM

The President - Rush

#30 - June 30 - 9 A.M.

The following telegram has been received from American Delegation.

"80, June 30 - 3 A.M. URGENT AND CONFIDENTIAL. For Woodin and Baruch only. My attitude with respect to Sprague message is one upholding general statement by Britain and the U.S. publicly and I agreed tentatively with British representatives upon a statement to be approved by the president and to be made by Great Britain and the U.S. on the one hand and the gold standard on the other hand "this statement for your information.

(GRAY) "Joine declaration by the countries on the gold standard and by those which are not on the gold standard.

One: The undersigned governments agree: (a) That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable. (b) That gold should be reestablished as the international measure of exchange value it being recognized that the parity and time at which each of the countries now off gold could undertake to stabilize must be decided by the respective governments concerned.

Two: The governments whose currencies are on the gold standard reassert that it is their determination to maintain the free working of that standard at the existing parities within

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FROM

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the framework of their respective monetary laws.

Three: The governments whose currencies are not on the gold standard take note of the above declaration. They reaffirm as indicated above that the ultimate objective of their monetary policy is to restore under proper conditions an international monetary standard based on gold.

Four: Each of the undersigned governments undertakes to use whatever means they may consider appropriate to limit exchange speculation whether against its own or against other currencies. They agree to discuss with their respective central banks the understanding with a view to finding the best means of making it effective. (END GRAY)

(137) The French later this afternoon balked at two points in the above, namely in paragraph three they want to insert after the word "note" something indicating mild approval. The British would positively not agree to this and Sprague and I think our position should be the same. In paragraph four the French are insisting upon wording which will not rest the action solely upon (136) limiting exchange speculation but want to secure agreement for joint action by central banks against "violent fluctuations". To illustrate what they want, I quote their own original draft: (GRAY) "In the meantime the governments whose currencies are not at present on the gold standard undertake that they will use their resources in agreement with their banks of issue to limit abnormal

TELEGRAM RECEIVED

FROM

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movements of their exchanges due to speculation. In connection with the above declaration the banks of issue in the countries of the signatory governments will cooperate from new understandings with a view to maintaining monetary stability." End of French reference. (END GRAY)

The matter rests exactly here until tomorrow at eleven when the French meet with the British again. We are insisting upon the draft tentatively agreed upon by Britain and ourselves and although various threats are rumored it is our belief that the French will yield. (134)

Two: With respect to Sprague's suggestion of "Unilateral action", I believe it to be sound if some momentary corrective is needed but you are the best judge of whether the American situation (135) will be favorably or adversely affected thereby taking into consideration the always danger that even such a temporary thought if known might be regarded as the beginning of permanent stabilization.

I have arranged for Acheson to telephone me early in the morning and shall keep in touch with Woodin and Acheson at Woodin residence New York and with Baruch in Washington.

Address reply to me at the Embassy. Moley. (Gray) Hull."

Both messages 30 and 31 have been read to Acheson who is now in New York in conference with Secretary Woodin and Baruch.

Their comments will be sent out a little later in the day.

Phillips - Acting.

TELEGRAM RECEIVED

THIS TELEGRAM MUST BE CLOSELY **FROM** WASHINGTON
PARAPHRASED BEFORE BEING COMMUNICATED
TO ANYONE. (SPG)
DATED JUNE 29, 1933
REC'D 10 P.M.

THE PRESIDENT

33, JUNE 30, 6 P.M.

FOR THE PRESIDENT FROM WOODIN, BARUCH AND ACHESON.

AFTER TALKING WITH MOLEY AND SPRAGUE AND DISCUSSING A PROPOSED
JOINT DECLARATION AMONG OURSELVES WE FEEL THAT THE SITUATION IN EUROPE
IS SO DELICATE AND THE FURTHER CONTINUANCE OF THE CONFERENCE SO
PRECARIOUS THAT WE SHOULD TAKE A SYMPATHETIC ATTITUDE TOWARDS PROPOSED
DECLARATION. THE DECLARATION IN ITSELF SEEMS ENTIRELY ACCEPTABLE AND
GOES NO FURTHER THAN DECLARATION ALREADY MADE IN RESOLUTION INTRODUCED
BY OUR DELEGATES. THE GENERAL PURPOSES EXPRESSED IN IT ARE WHOLLY IN
ACCORD WITH YOUR LETTER TO CHIEFS OF STATE ON MAY 16, 1933. FURTHER-
MORE WE FEEL THAT YOU SHOULD NOT BE PLACED IN POSITION OF REJECTING
DECLARATION UPON THE ADOPTION OF WHICH BOTH MOLEY AND SPRAGUE FEEL
STRONGLY THAT THE CONTINUANCE OF THE CONFERENCE DEPENDS. JUST WHAT
EFFECT IF ANY THE MAKING OF THE DECLARATION MAY HAVE ON EXCHANGES IS

C. Conroy 2

TELEGRAM RECEIVED

PAGE 2 OF NO. 33

FROM

TO FORECAST BUT IF IT SHOULD RESULT IN SOME STRENGTHENING OF THE DOLLAR THAT AT THE MOMENT WOULD NOT BE UNDESIRABLE. IF THE UPWARD TENDENCY SHOULD BE TOO PRONOUNCED IT MAY BE CHECKED, AS SPRAGUE SUGGESTED TO US OVER THE TELEPHONE, BY AN INCREASE IN OPEN MARKET TRANSACTIONS. SHOULD THIS NOT BE SUFFICIENT OR SHOULD THE DOLLAR INSTEAD OF RISING CONTINUE TO DECLINE THE MOST EFFECTIVE METHOD OF PREVENTING FURTHER INSTABILITY IN EXCHANGE WOULD BE LIMITED MOVEMENT OF GOLD BUT THIS SHOULD ONLY BE DONE IF THE CENTRAL BANKS ARE ABLE AT THE SAME TIME TO WORK OUT AN UNDERSTANDING HOWEVER INFORMAL PERMITTING EARMARKING OR EXPORT OF GOLD IN LIMITED AMOUNT. WHILE THIS WOULD NOT REQUIRE INTER-GOVERNMENTAL ACTION IT WOULD OF COURSE REQUIRE SHOULD THE OCCASION ARISE THAT THE GOVERNMENTS SIGNIFY TO THEIR RESPECTIVE BANKS THAT THEY WOULD PERMIT SUCH MOVEMENT OF GOLD.

WE, THEREFORE, RECOMMEND THAT YOU GIVE YOUR APPROVAL TO THE DECLARATION AND SUGGEST THAT YOU ADVISE THE AMERICAN REPRESENTATIVES TO ADD THAT SHOULD THE DECLARATION HAVE UNINTENDED EFFECT AND PRODUCE ANY UNDUE MOVEMENT IN ANY EXCHANGE IT MAY BE NECESSARY TO ASK THE CENTRAL BANKS TO COOPERATE NOT ONLY IN THE MEASURES REFERRED TO IN PARAGRAPH FIVE BUT IN TAKING OTHER COOPERATIVE STEPS POSSIBLY INCLUDING PERMITTING EXPORT OF LIMITED AMOUNTS OF GOLD.

PHILLIPS, ACTING



PSE London Econ Conf
GOVERNMENT TELEGRAPH SERVICE,
DEPARTMENT OF PUBLIC WORKS,
DOMINION OF CANADA

Form No. 1, X.

[June 30, 1933]

The following message was received by the Government for transmission, subject to the terms and conditions printed on the blank form No. 1, which terms and conditions have been agreed to by the sender.

Major J. E. Gobeil, M.C., General Superintendent.

Talked with Molee late today. His recommendation I have gone to State Dept.

Berkley ~~Had~~ Reason for delay was he

Has sent his recommendations had to talk with every body particularly reference to you 3 last paragraph wants you to note

Hull

TELEGRAM SENT

To:

*PSE
London Econ
Conf*

Date:

*June 30, 1933
3 a.m.*

No.:

80

Code:

Charged to:

Urgent - Confidential for Wootin and Baugh only.

My attitude with respect to Prague message is:

1) With respect to general statement by Britain and United States, Prague and I agreed tentatively with British representatives upon a statement ~~to be~~ to be approved by the President and to be made by Great Britain and the United States on the one hand, and the gold stand and countries on the other hand. I am adding an ~~optional~~ quote this statement for your information.

(Quote) statement ①

(Unquote)

TELEGRAM SENT

To:

Date:

No.:

Code:

2

Charged to:

The French late this afternoon backed at two points in the above, viz namely, in paragraph 3, they want to insert after the word "note" something indicating mild approval. The British would positively not agree to this and Prague and I think our position should be the same. In paragraph 4, the French are insisting upon wording which will not rest the action solely upon limiting exchange speculation but want to secure agreement for joint action by central banks against (quote) violent fluctuations (unquote). For example to illustrate what they want I quote their own original draft (quote) In the meantime the Governments whose currencies are not at present on the gold standard undertake

TELEGRAM SENT

To:

Date:

No.:

Code:

Charged to:

That they will use their resources in agreement with their banks of issue to limit abnormal movements of their exchanges due to speculation. In connection with the above declaration the Banks of Issue in the countries of the signatory Governments will cooperate from now onwards with a view to maintaining monetary stability (unquote end of French reference). The matter rests exactly here until tomorrow at eleven when the French meet with the British again. We are persisting upon the draft tentatively agreed upon by Britain and ourselves and although various threats are rumored it is our belief that the French will yield.

TELEGRAM SENT

To:

Date:

No.:

Code:

4

Charged to:

- 2) With respect to Sprague's suggestion of (quote) uni-lateral action (unquote) I believe ^{it} ~~Sprague's suggestion~~ to be sound if some ~~temporary~~ momentary corrective is needed but you are the best judges of ~~the~~ whether the 'American' situation will be favorably or adversely affected thereby, taking into consideration the always present danger that even such a temporary control ~~might be~~ if known might be regarded as the beginning of permanent stabilization.

I have arranged for Atcheson to telephone me early in the morning and shall keep in touch with Woodin and Atcheson at Woodin residence New York and with Baruch in Washington.
Address reply to me at Embassy
Heck - R. M.

TELETYPE

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2

Joint Declaration by the countries on the gold standard and by those which are not on the gold standard.

- I. The undersigned Governments agree
- (a) that it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable;
 - (b) that gold should be re-established as the international measure of exchange value, it being recognised that the parity and time at which each of the countries now off gold could undertake to stabilise must be decided by the respective Governments concerned.
-
- II. The Governments whose currencies are on the gold standard re-assert that it is their determination to maintain the free working of that standard at the existing parities within the framework of their respective monetary laws.
-
- III The Governments whose currencies are not on the gold standard take note of the above declaration. They re-affirm as indicated above that the ultimate objective of their monetary policy is to restore, under proper conditions, an international monetary standard based on gold.
-
- IV. The undersigned Governments undertake to use whatever means they may consider appropriate to limit exchange speculation whether against their own or against other currencies. They agree to discuss with their respective Central Banks this undertaking with a view to finding the best means of making it effective.
- end p. 2

TELEGRAM RECEIVED

PSF
London Econ Conf

A portion of this telegram must be closely paraphrased before being communicated to anyone.

FROM

June 29 - 3 P.M.

ROUGH COPY

Corrections will be issued later on.

31, June 30 - 10 A.M.

The following telegram has been received from American Delegation.

"79. June 30, 2 A.M. (511) From Sprague. Confidential for Woodin and Baruch.

Replying to your cable 79 June 28, 6 P.M. and subsequent telephone conversations regarding the maintenance of the gold standard in France and other gold standard countries the future course of action (?) is most uncertain. The Dutch position is seriously affected by the situation in the Dutch East Indies and the French - - - Austrian owned budgetary position.

As far as I can learn all the gold (513) countries are determined to stay on gold but this situation may suddenly change. They insisted rumors that proposals for general devaluation at the Conference weakened their position. At all events they insist that some general statement of (policy?) made by Britain and the U. S. would be most helpful. We have discussed this matter with the British who have discussed the matter with the gold standard countries and a draft proposal may be sent you later in the day. (135) In its present form as agreed upon by the British and ourselves it contains in addition to the general statement of ultimate monetary policy made two weeks ago a proposal for concerted action in all countries directed toward restricting

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speculative foreign exchange operations. It goes no further than this and if the French and the other gold countries accept I think we might wisely agree a gesture of concrete cooperation at this time would be most helpful at the Conference. (135)

Although action to check speculation would be helpful I do not think that this alone would insure the maintenance of the gold standard. On the other hand I do not think it is necessary or desirable at this time to enter into specific arrangements of a tripartite character. Unilateral action can be more immediate and involves less publicity.

I would suggest testing the position by moderate sales of gold by the Federal Reserve Bank of New York (136) directed toward holding the exchange at a point not far from the present rate or a little under that rate say down to four dollars and thirty cents. Action of this sort I believe would be helpful to the prostrate countries and also desirable from our own domestic point of view. It seems to me desirable(138) that a moderate amount of gold be used at this time. There is danger that a mentality be developed at home making it increasingly difficult to make future use of our huge gold stocks.

Moreover it would seem to me that speculation in securities which cannot help commodities is going dangerously far and might well be subjected to a mild cold douche.

TELEGRAM RECEIVED

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I have discussed these matters with Moley.
The proposal of an international statement mentioned above has
not been agreed upon as yet.

Moley sending separate telegram."

Phillips - Acting

TELEGRAM RECEIVED

*PSF
London Econ Conf*

A portion of this telegram
must be closely paraphrased
before being communicated to
anyone.

ROUGH COPY

Corrections will be issued later.

FROM June 30 - 5 PM

32, June 30, 2 P.M. (3)

Acheson (?) has just given me certain changes which have
been suggested by the delegation in a telephone call to him by
Moley in the draft (?) which I conveyed to you this morning
in my telegram #30.

30. (GRAY) " (?) paragraph Three and Four of the proposed
joint declaration and substitute following;

Paragraph Three: The Governments whose currencies are not
on the gold standard without in any way prejudicing their own
future ratios to gold take note of the above declaration and
recognize its importance. They^{re}/affirm as indicated in paragraph
one above that the ultimate objective of their monetary policies
is to restore under proper conditions their international
monetary standard based on gold.

Paragraph Four: Each

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FROM

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of the governments whose currencies are not on the gold standard undertakes to adopt the measure which they deem most appropriate to limit exchange speculation and each of the other signatory governments undertake to cooperate to the same end.

Five. Each of the undersigned governments agree to ask its central bank to cooperate with the central bank of the other signatory governments in remedying speculations in the exchanges and, when the time comes, in reestablishing a general international gold standard" (END GRAY)

Woodin, Baruch and Acheson are conferring on this matter in New York and will communicate with you by wireless or by telephone as soon as they reached any conclusions

PhilZips - Acting

PATRONS ARE REQUESTED TO FAVOR THE COMPANY BY CRITICISM AND SUGGESTION CONCERNING ITS SERVICE

12208

CLASS OF SERVICE

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WESTERN UNION

NEWCOMB CARLTON, PRESIDENT

J. C. WILLEVER, FIRST VICE-PRESIDENT

SIGNS

DL = Day Letter
NM = Night Message
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LOO = Deferred Cable
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Received at

London Economic Conf

142RZ MX 503 DL 31 EXTRA COUNT 14 PGHS ALL PCTNS AND DX

NEWYORK NY 310PM JUNE 30 1933

MINUTES IN TRANSIT	
FULL-RATE	DAY LETTER

HON FRANKLIN D ROOSEVELT

CAMPOBELLO N B

OUR COMMITTEE IS GRAVELY CONCERNED OVER DEVELOPMENTS IN LONDON. DEFEATED IN THEIR EFFORTS TO CONTROL BY STABILIZATION THE PURCHASING POWER OF OUR DOLLAR, ENGLAND AND FRANCE NOW ATTEMPT TO LIMIT CUT IN GOLD CONTENT TO 25 OR 30 PERCENT. THEY WELL KNOW THIS IS INSUFFICIENT TO RESTORE FUNCTIONING OF OUR ECONOMY AND TO LIGHTEN BURDEN OF DEBT AND FIXED CHARGES SO THAT WE CAN RESUME OUR POSITION IN WORLD MARKETS.

REFERRING TO REPORTED ULTIMATUM FROM CURRENCY STABILIZATION OR DISRUPTION OF ECONOMIC CONFERENCE WE CALL ATTENTION TO NEWYORK EVENING POSTS LONDON CABLE JUNE TWENTIETH. DISPATCH ATTRIBUTED TO MAYNARD KEYNES LEADERSHIP OF MOVEMENT TO INDUCE BRITISH GOVERNMENT TO QUOTE LINK THE POUND WITH THE DOLLAR AND SO JOIN AND HELP CONTROL THE AMERICAN INFLATIONARY MOVEMENT UNQUOTE.

TO TERMINATE SUCH EUROPEAN EFFORTS TO INTERFERE IN FIXING OUR PRICE LEVEL AND TO PRESERVE OUR ABSOLUTE CONTROL OVER THIS PURELY DOMESTIC QUESTION OUR COMMITTEE RECOMMENDS IMMEDIATE ADOPTION OF ONE OF TWO COURSES. EITHER -

(A) ESTABLISH BY PROCLAMATION A FREE GOLD MARKET IN THE UNITED STATES AND HAVE UNITED STATES TREASURY BID UP PRICE OF GOLD DURING NEXT NINETY DAYS TO THIRTY SIX DOLLARS SEVENTEEN CENTS ESTIMATED PRICE NEEDED TO

THE QUICKEST, SUREST AND SAFEST WAY TO SEND MONEY IS BY TELEGRAPH OR CABLE

E Conf 2

MEMBERS ARE REQUESTED TO FAVOR THE COMPANY BY CRITICISM AND SUGGESTION CONCERNING ITS SERVICE

12208

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WESTERN UNION

NEWCOMB CARLTON, PRESIDENT

A. C. WILLEVER, FIRST VICE-PRESIDENT

SIGNS

DL = Day Letter

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Received at

SHEET 2

MINUTES IN TRANSIT	
FULL-RATE	DAY LETTER

REESTABLISH 1926 COMMODITY PRICE LEVEL (THIS EQUALS FORTY TWO AND EIGHT TENTHS CUT IN GOLD CONTENT OF DOLLAR) OR

(B) ANNOUNCE IMMEDIATE READINESS OF UNITED STATES TREASURY TO BUY GOLD AT THIRTY FIVE DOLLARS AN OUNCE AND SELL AT THIRTY SIX DOLLARS SEVENTEEN CENTS.

WE WISH THIS ACTION MIGHT BE ACCOMPANIED BY ANNOUNCEMENT NOW THAT WHEN CONGRESS CONVENES YOUR ADMINISTRATION WILL SUPPORT LEGISLATION TO ESTABLISH PERMANENT STABLE PURCHASING POWER OF DOLLAR WITH 1926 PRICE LEVEL.

A THOUSAND INDUSTRIAL LEADERS, EXECUTIVE HEADS OF CORPORATIONS WHO HAVE MADE A STUDY OF THESE MONETARY QUESTIONS, AND NINETY PERCENT OF THE LEADERS OF ORGANIZED AGRICULTURE REPRESENTED ON THE COMMITTEE FOR THE NATION HAVE VIEWED WITH GREAT SATISFACTION YOUR STEADFAST RESISTANCE UNTIL NOW TO THE EFFORTS OF EUROPE TO INTERFERE WITH THE DOLLAR RELATIONSHIP OF AMERICANS WITH AMERICANS.

STABILIZATION WITH ONLY THIRTY PERCENT CUT IN GOLD CONTENT WILL LEAVE GREAT ECONOMIC GROUPS CRIPPLED. TEMPORARY STABILIZATION WILL CHECK THE FORWARD MOVEMENT AND EXERT A HAMPERING EFFECT UPON REEMPLOYMENT. TIME IS OF THE ESSENCE TO SUCCESSFUL RECOVERY. STABILIZATION AT LESS THAN FORTY TWO PERCENT CUT IN GOLD CONTENT WILL PREVENT PRICE RISE TO 1926 LEVEL AND CREATE A PERIOD OF HESITATION IN WHICH WE MAY LOSE SOME OF THE ADVANTAGES ALREADY GAINED.

THE QUICKEST, SUREST AND SAFEST WAY TO SEND MONEY IS BY TELEGRAPH OR CABLE

ARE REQUESTED TO FAVOR THE COMPANY BY CRITICISM AND SUGGESTION CONCERNING ITS SERVICE

12208

OF SERVICE

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WESTERN UNION

NEWCOMB CARLTON, PRESIDENT

J. C. WILLEVER, FIRST VICE-PRESIDENT

SIONS

DL = Day Letter

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Received at

SHEET 3.

MINUTES IN TRANSIT	
FULL-RATE	DAY LETTER

WE SHOULD DISREGARD MISTAKEN PROPAGANDA THAT RAPID RESTORATION OF NORMAL PRICE LEVELS IS DANGEROUS. THE MORE QUICKLY ACCOMPLISHED THE SOONER ECONOMIC GROUPS WILL BE IN BALANCE AND ABLE TO RELEASE PURCHASING POWER TO EACH OTHER.

COMMITTEE FOR THE NATION

DIRECTING COMMITTEE

FREDERICK H. FRAZIER

F. H. SEXAUER

VINCENT BENDIX

J. H. RAND, JR.

LESSING J. ROSENWALD.

540PM

2

THE WHITE HOUSE
WASHINGTON

*PST
London Econ
Conf*

6/30 - 11.55 P

Code - Prince - Confidential

Phillips,
Washington Double Rush

Please send following to Hull and notify
Secretary Treasury and Baruch;

"Have received Hulls 80 of June thirty and
Spragues 79.

In regard to suggested joint declaration I must
tell you frankly that I believe the greater part of it
relates ~~to declarations by governments which relate~~
primarily to functions of private banks and not ~~banking~~
functions of governments. Other parts of declaration
relating to broad governmental policies go so far
as to erect probable barriers against our own
economic fiscal development.

As to paragraph one (a) of suggested joint
declaration this language assumes that immediate
stabilization in international monetary field will
create permanent stability. This I ~~greatly~~ gravely
doubt because it would still allow a country to

~~can have under~~

E Conf 2

THE WHITE HOUSE
WASHINGTON

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continue unbalanced budgets and other financial operations tending to eventually unsound currencies. France is an example.

As to paragraph one (b) we must be free if gold or gold and silver are reestablished as international measure of exchange to adopt our own method of stabilizing our own domestic price level in terms of the dollar regardless of foreign exchange rates.

As to paragraph three this would be possible only if we are fully free to maintain stable domestic price level as our first consideration. Also it is most advisable to insist on addition of words gold and silver to any possible currency reserve.

As to paragraph four I do not think this means anything on our part. I know of no appropriate means here to limit exchange speculation by ~~individual~~ governmental action. I am clear that this is not at the present time at least a government function but is one that could be undertaken only as a private banking

THE WHITE HOUSE
WASHINGTON
-3-

function and only if governmental action is not implied or contemplated thereby. In other words, I cannot assent to private action now which might morally obligate our government now or later to approval of export of gold from the United States.

At this time any fixed formula of stabilization by agreement must necessarily be artificial and speculative. It would be particularly unwise from political and psychological standpoints to permit limitation of our action to be imposed by ~~any~~ any other nation than our own. A sufficient interval should be allowed the United States to permit ⁱⁿ ~~any~~ addition to the play of economic forces a demonstration of the value of price lifting ~~elements~~ *efforts* which we have well in hand. These successful forces will be beneficial to other nations if they join with us toward the same end.

THE WHITE HOUSE
WASHINGTON

-4-

It would be well to reiterate fact that England left gold standard nearly two years ago and only now is seeking stabilization. Also that France did not stabilize for three years or more. If France seeks to break up conference just because we decline to accept her dictum we should take the sound position that economic conference was initiated and called to discuss and agree on permanent solutions of world economics and not to discuss domestic economic policy of one nation out of the sixty six present. When conference was called its necessity was obvious ^{although} ~~and~~ problem of stabilization of American dollar was not even in existence.

I have no objection to delegation using the import of this telegram as basis for a statement of American policy.

Roosevelt. "

Signed Roosevelt.

TELEGRAM RECEIVED

*PSF
London Econ Conf*

GRAY

FROM WASHINGTON

DATED JULY 1, 1933

REC'D. 8:10 A.M.

THE PRESIDENT

URGENT PRIORITY

34, JULY 1, 4 A.M.

THE FOLLOWING TELEGRAM HAS BEEN RECEIVED FROM THE AMERICAN
DELEGATION:

"84, JULY 1, 8 A.M. FOR THE PRESIDENT FROM MOLEY.

THE COMPLETE AND FINAL TEXT OF THE DECLARATION IS AS FOLLOWS:

"JOINT DECLARATION BY THE COUNTRIES ON THE GOLD STANDARD AND BY
THOSE WHICH ARE NOT ON THE GOLD STANDARD.

ONE. THE UNDERSIGNED GOVERNMENTS AGREE (A) THAT IT IS IN THE
INTERESTS OF ALL CONCERNED THAT STABILITY IN THE INTERNATIONAL MONETARY
FIELD BE ATTAINED AS QUICKLY AS PRACTICABLE (B) THAT GOLD SHOULD BE
REESTABLISHED AS THE INTERNATIONAL MEASURE OF EXCHANGE VALUE IT BEING
RECOGNIZED THAT THE PARITY AND THE TIME AT WHICH EACH OF THE COUNTRIES
NOW OFF GOLD COULD UNDERTAKE TO STABILIZE MUST BE DECIDED BY THE
RESPECTIVE GOVERNMENTS CONCERNED.

TWO. THE GOVERNMENTS WHOSE CURRENCIES ARE ON THE GOLD STANDARD
REASSERT THAT IT IS THEIR DETERMINATION TO MAINTAIN THE FREE WORKING
OF THAT STANDARD AT THE EXISTING GOLD PARITIES WITHIN THE FRAMEWORK
OF THEIR RESPECTIVE MONETARY LAWS. THEY ARE CONVINCED OF THE

E Conf 2

TELEGRAM RECEIVED

PAGE 2 OF NUMBER 34
FROM

IMPORTANCE FROM THE POINT OF VIEW OF THE RESTORATION OF WORLD ECONOMY AND FINANCE OF SUCH MAINTENANCE BY THEIR RESPECTIVE COUNTRIES OF THE GOLD STANDARD ON THE BASIS OF THE PRESENT GOLD PARITIES.

THREE. THE SIGNATORY GOVERNMENTS WHOSE CURRENCIES ARE NOT ON THE GOLD STANDARD WITHOUT IN ANY WAY PREJUDICING THEIR OWN FUTURE RATIOS TO GOLD TAKE NOTE OF THE ABOVE DECLARATION AND RECOGNIZE ITS IMPORTANCE. THEY REAFFIRM AS INDICATED IN PARAGRAPH ONE ABOVE THAT THE ULTIMATE OBJECTIVE OF THEIR MONETARY POLICY IS TO RESTORE UNDER PROPER CONDITIONS AN INTERNATIONAL MONETARY STANDARD BASED ON GOLD.

FOUR. EACH OF THE GOVERNMENTS CURRENCIES ARE NOT ON THE GOLD STANDARD UNDERTAKES TO ADOPT THE MEASURES WHICH IT MAY DEEM MOST APPROPRIATE ^(TO?) THE LIMIT THE EXCHANGE SPECULATION AND EACH OF THE OTHER SIGNATORY GOVERNMENTS UNDERTAKES TO COOPERATE TO THE SAME END.

FIVE. EACH OF THE UNDERSIGNED GOVERNMENTS AGREES TO ASK ITS CENTRAL BANKS TO COOPERATE WITH THE CENTRAL BANKS OF THE OTHER SIGNATORY GOVERNMENTS IN LIMITING SPECULATION IN THE EXCHANGES AND WHEN THE TIME COMES IN REESTABLISHING A GENERAL INTERNATIONAL GOLD STANDARD. HULL"

PHILLIPS, ACTING

TELEGRAM RECEIVED

PSF
London Econ Conf

THIS TELEGRAM MUST BE CLOSELY
PARAPHRASED BEFORE BEING COM-
MUNICATED TO ANYONE

FROM

RUSH TRIPLE PRIORITY

24 35 JULY 1 9 AM THE FOLLOWING MESSAGE DIRECTLY FROM THE
AMERICAN DELEGATION

"85 JULY 1 10 AM (135) SECRET FOR THE PRESIDENT FROM MOLEY
NO DISTRIBUTION IN THE DEPARTMENT

"BY NOW YOU HAVE FIRST AND FINAL (FORMS) OF DECLARATION
ALSO THE WOODIN BARUCH ACHESON OPINION. SPRAGUE AND I AGREE
WITH THE GENERAL TEXT OF THE WOODIN BARUCH OPINION. THE SITUATION
HERE REQUIRES TONIC EFFECT OF AGREEMENT TO THIS DECLARATION. IT
IN NO SENSE (136) EXTENDS BEYOND YOUR POLICY ALREADY LAID DOWN AND
IN FACT IS A COMBINATION OF THE RESOLUTIONS IN THE INSTRUCTIONS
TO DELEGATION AND SUBSEQUENT RESOLUTIONS OF UNILATERAL CONTROL.
PLEASE NOTE THAT REFERENCES TO ULTIMATE RETURN TO INTERNATIONAL
GOLD STANDARD PERMITS YOUR SUGGESTION TO ME TO BE WORKED OUT ALSO
NOTE THAT REFERENCES TO GOLD STANDARD ARE IN LINE WITH RESOLUTIONS
INTRODUCED BY DELEGATION AND IN ORIGINAL INSTRUCTIONS TO DELEGATION.
(137) ALSO SURE REFERENCES TO CENTRAL BANKS ARE WITHIN YOUR STATE-
MENT OF JUNE 17TH. IMPORTANT TO NOTE THAT THE DECLARATION UNITS
UNITED STATES AND ENGLAND AS DISTINGUISHED FROM EUROPEAN GOLD BLOC.

(131) REALLY BELIEVE (?) ^{stabilization} CONTINUANCE OF CONFERENCE DEPENDS
UPON UNITED STATES" HULL" PHILLIPS ACTING

E. Conf 2

PSF
London Econ Conf

THIS TELEGRAM MUST BE CLOSELY
PARAPHRASED BEFORE BEING COM-
MUNICATED TO ANYONE

RUSH TRIPLE PRIORITY

24 35 JULY 1 9 AM THE FOLLOWING MESSAGE DIRECTLY FROM THE
AMERICAN DELEGATION

235 JULY 1 10 AM (135) SECRET FOR THE PRESIDENT FROM MOLEY
NO DISTRIBUTION IN THE DEPARTMENT

"BY NOW YOU HAVE FIRST AND FINAL ^{*draft agreement*} ~~(FORMS)~~ OF DECLARATION
ALSO THE WOODIN BARUCH ACHESON OPINION. SPRAGUE AND I AGREE
WITH THE GENERAL TEXT OF THE WOODIN BARUCH OPINION. THE SITUATION
HERE REQUIRES TONIC EFFECT OF AGREEMENT TO THIS DECLARATION. IT
IN NO SENSE (136) EXTENDS BEYOND YOUR POLICY ALREADY LAID DOWN AND
IN FACT IS A COMBINATION OF THE RESOLUTIONS IN THE INSTRUCTIONS
TO DELEGATION AND SUBSEQUENT RESOLUTIONS OF UNILATERAL CONTROL.
PLEASE NOTE THAT REFERENCES TO ULTIMATE RETURN TO INTERNATIONAL
GOLD STANDARD PERMITS YOUR SUGGESTION TO ME TO BE WORKED OUT ALSO
NOTE THAT REFERENCES TO GOLD STANDARD ARE IN LINE WITH RESOLUTIONS
INTRODUCED BY DELEGATION AND IN ORIGINAL INSTRUCTIONS TO DELEGATION.
(137) ALSO SURE REFERENCES TO CENTRAL BANKS ARE WITHIN YOUR STATE-
MENT OF JUNE 17TH. IMPORTANT TO NOTE THAT THE DECLARATION UNITS
UNITED STATES AND ENGLAND AS DISTINGUISHED FROM EUROPEAN GOLD BLOC.

(131) REALLY BELIEVE (?) ^{*even*} CONTINUANCE OF CONFERENCE DEPENDS
UPON UNITED STATES ^{*agreement*} HULL" PHILLIPS ACTING

E. Conf 2

TELEGRAM RECEIVED

PSF
London Econ Conf

FROM WASHINGTON
A PORTION OF THIS TELEGRAM MUST
BE CLOSELY PARAPHRASED BEFORE BEING DATED JULY 1, 1933
COMMUNICATED TO ANYONE. (C)
REC'D. 4 P.M.

THE PRESIDENT

36, JULY 1, 3 P.M.

(GRAY) THE FOLLOWING TELEGRAM HAS BEEN RECEIVED FROM LONDON:

"YOUR TELEGRAM WITH OBJECTIONS TO DECLARATION RECEIVED.
NOTE THAT IT IS BASED ON FIRST DRAFT SENT YOU BUT ASSUME NO
CHANGE IN YOUR OPINION ON BASIS OF SECOND DRAFT SENT THIS
MORNING THEREFORE SECRETARY OF STATE IS ISSUING FOLLOWING
STATEMENT:

"THE SECRETARY OF STATE HAS RECEIVED A REPLY FROM THE
PRESIDENT REJECTING THE DECLARATION IN ITS PRESENT FORM. HE
WILL ISSUE A STATEMENT OF AMERICAN POLICY ON THE SUBJECT
MONDAY" (END GRAY)

WILL NOTIFY YOU OF REACTION OF FRENCH. (GRAY) SECRETARY
WILL GOVERN HIS STATEMENT MONDAY IN ACCORDANCE THEREWITH.
PERSONALLY BOW TO YOUR JUDGMENT WITH NO INCONSIDERABLE RELIEF."
HULL. (END GRAY)

PHILLIPS, ACTING

E. Conf 2

TELEGRAM

*PSF
London Econ Conf*

The White House
Washington

(Telephoned from Naval Communications - 4:20 p.m.)

July 1, 1933.

Early,
Washington, D.C.

The President and Col. Howe embarked Indianapolis,
additional passengers on board - Franklin D. Roosevelt, Jr.,
Drexel Paul, Henry Morgenthau, jr., and Prince of State Dep't.

President in ~~Indianapolis~~ ~~PROCEED~~ ~~last~~ port to Annapolis at 3:52 p.m.

STANDARD FORM NO. 14-A
APPROVED BY THE PRESIDENT
MARCH 10, 1925

LLH

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

RADIOGRAM

CODE

FROM

London BSE
The White House
Washington *Econ Conf*

~~RECEIVED~~ July 1, 1933

U. S. GOVERNMENT PRINTING OFFICE: 1925

McIntyre
c/o Indianapolis

Newspaper men, photographers pressing for information regarding President's return both as news matter and in order make arrangements for coverage stop NewYork Times and several others have inkling of conferences aboard ship near Washington before President lands and are tying this speculatively with probable stabilization dollar fluctuation discussions between President government officials and bankers Monday abroad Indianapolis Nothing has been given out from here but I think something should be given to clarify things and prevent further speculations Any objection if I give press here such an explanation or will you do it from there Woodin Farley Phillips advise they will not be able accept luncheon invitation Everything here OK Regards

EARLY

ARL

*PSF
London Econ Conf*

GRAY

S. S. INDIANAPOLIS

Dated July 2, 1933

Rec'd 8 p. m.

*Parla
State Dept.*

Secretary of State,
Washington.

TRIPLE PRIORITY

19. July 2, 6 p. m.

Please send following to Hull as soon as possible:

Herewith is a statement which I think you can use Monday morning as a message from me to you. If you think it best not to give it out in London let me know at once and in that event I will release it here as a White House statement.

"I would regard it as a catastrophe amounting to a world tragedy if the great Conference of Nations, called to bring about a more real and permanent financial stability and a greater prosperity to the masses of all nations, should, in advance of any serious effort to consider these broader problems, allow itself to be diverted by the proposal of a purely artificial and temporary experiment affecting the monetary exchange of a few nations only. Such action, such diversion, shows a singular lack of

proportion

E. Conf-9

19, July 2, 6 pm from the President - 2

proportion and a failure to remember the larger purposes for which the Economic Conference originally was called together.

I do not relish the thought that insistence on such action should be made an excuse for the continuance of the basic economic errors that underlie so much of the present world wide depression.

The world will not long be lulled by the specious fallacy of achieving a temporary and probably an artificial stability in foreign exchange on the part of a few large 'countries only.

The sound internal economic system of a nation is a greater factor in its well being than the price of its currency in changing terms of the currencies of other nations.

It is for this reason that reduced cost of government, adequate government income, and ability to service government debts are all so important to ultimate stability. So too, old fetishes of so called international bankers are being replaced by efforts to plan national currencies with the objective of giving to those currencies a continuing purchasing power which

does

19, July 2, 6 pm from the President - 3

does not greatly vary in terms of the commodities and need of modern civilization. Let me be frank in saying that the United States seeks the kind of a dollar which a generation hence will have the same purchasing and debt paying power as the dollar value we hope to attain in the near future. That objective means more to the good of other nations than a fixed ratio for a month or two in terms of the pound or franc.

Our broad purpose is the permanent stabilization of every nation's currency. Gold or gold and silver can well continue to be a metallic reserve behind currencies but this is not the time to dissipate gold reserves. When the world works out concerted policies in the majority of nations to produce balanced budgets and living within their means, then we can properly discuss a better distribution of the world's gold and silver supply to act as a reserve base of national currencies. Restoration of world trade is an important partner, both in the means and in the result. Here also temporary exchange fixing is not the true answer. We must rather mitigate existing embargoes to make easier the exchange of products which one nation has and the other nation has not.

19 July 2, 6 pm from the President - 4

The Conference was called to better and perhaps to cure fundamental economic ills. It must not be diverted from that effort."

ROOSEVELT

CAB

1-126
PREPARING OFFICE
WILL INDICATE WHETHER

Collect
Charge Department
OR

Charge to
\$

TELEGRAM SENT

Department of State

1-126

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

*PSF
London Econ
Conf*

Washington,

GRAY

JULY 2, 1933.

10 P.M.

PHILLIPS

ACTING SECRETARY OF STATE

WASHINGTON

20

FOR HULL.

YOUR 88. YOUR MONDAY STATEMENT EXCELLENT AND I THINK
MY STATEMENT SENT YOU THREE HOURS AGO SUPPLEMENTS AND TIES IN
WITH IT VERY WELL. LET ME KNOW WHEN YOU DECIDE ON HOURS OF
RELEASE. CONGRATULATIONS ON THE CLEAR AND DIGNIFIED POSITION
YOU ARE TAKING AND MY WARM REGARDS. THE COUNTRY IS BEHIND YOU.

FRANKLIN D. ROOSEVELT

Enciphered by

Sent by operator M., ... 19.....

Index Bu.—No. 10.

Conf 2

Copies of the drafts of President Roosevelt's "bombshell" message to the London Economic Conference, July 2, 1933, have been placed in the President's Secretary's File: London Economic Conference.

The original documents were donated to the Library on May 28, 1973 by Franklin D. Roosevelt, Jr. and are filed in a blue document folder which bears the name Franklin Roosevelt, Jr.

THE WHITE HOUSE
WASHINGTON

May 12, 1938

Dear Grace:

I was searching through my file yesterday for something for Mrs. Roosevelt and Franklin, Jr. was standing over me and discovered this document.

He gave it to me a long time ago to keep for him and that was the last any of us thought of it. He tells me now that you have been searching frantically for it and I am terribly sorry that I did not know you were looking for it, as I might have recalled it or at least made a search.

Franklin says this is personal property, that his father gave it to him, and he wants it back.

M.T.S.

Xerox copies of drafts of FDR's so-called "bombshell" message to the London Economic Conference on July 2, 1933. Received from Franklin D. Roosevelt, Jr. at the Memorial Day services at Hyde Park on May 28, 1973.

Now located in PSF London Economic Conference

London Econ
Conf

Quote
I would regard it as a catastrophe amounting to a world

tragedy if the great conference of nations, called to bring about a more
the real and permanent financial stability and ^{a greater} material prosperity ^{to the}

^{masses} of all nations, ~~and their people~~, should ⁱⁿ the advance of any serious
effort to consider ^{these broader} this tremendous problem, ~~on the early solution~~

of which modern civilization depends, allow itself to be diverted

by the ^{proposed} adoption of a purely artificial and temporary experiment

affecting the monetary exchange of a few nations only. Such action,

such diversion ^{shows a (inserted)} of purpose at this time can have but one result. A

feeling that the major work of the conference has been accomplished.

~~A further excuse for a continuance of the basic economic fallacy that~~

underlies so much of the present world-wide depression. Incidentally,

^{the nations} those nations which have lacked the ability or the courage to face

boldly their present peril by reducing government expenditures;

increasing government income, and by joining other nations in

restoring international trade, will continue to postpone balancing

their national budgets, lulled by the specious fallacy that the

achieving of a false and temporary stability in international exchange

on the part of a few large countries only, will prove a cure-all of

the world depression. The conference was called to achieve a particular

not be diverted from such an achievement. Until that

"settled"

her business before

Xerox copies of drafts of FDR's so-called "bombshell"
message to the London Economic Conference on July 2,
1933. Received from Franklin D. Roosevelt, Jr. at
the Memorial Day services at Hyde Park on May 28,
1973.

Now located in PSF London Economic Conference

THE WHITE HOUSE
WASHINGTON

Phillips

Acting Secretary of State
Washington

Please send following to Hull as
soon as possible.

~~Letter~~: Herewith is statement ~~of~~
~~the~~ which I think you can see
Monday morning as a message from
me to you. If you think it
best not to ~~send it~~ give it out ~~W~~
in London let me know at once
and in that event I will retrace it
here as a White House statement.

Xerox copies of drafts of FDR's so-called "bombshell"
message to the London Economic Conference on July 2,
1973. Received from Franklin D. Roosevelt, Jr. at
the Memorial Day services at Hyde Park on May 28,
1973.

Now located in PSF London Economic Conference

THE WHITE HOUSE
WASHINGTON

than the price of its currency in changing
 terms of the currencies of other nations.
 It is for this reason that reduced cost
 of government, adequate government income,
 and ability to service ~~interest~~ government debts, ~~and~~
~~ability to service government debts~~ are all
 so important to ultimate stability. So too
 old fetiches of so called international bankers
 are being replaced by efforts to plan
 national currencies with the objective of
 giving a three currencies a continuing
 purchasing power which does not greatly
 vary in terms of the commodities and
 services of modern civilization. Let

Xerox copies of drafts of FIR's so-called "bombshell"
 message to the London Economic Conference on July 2,
 1933. Received from Franklin D. Roosevelt, Jr. at
 the Memorial Day services at Hyde Park on May 28,
 1973.

2

THE WHITE HOUSE
WASHINGTON

be frank in saying that the United States needs ^{the kind of} a dollar which a generation hence will ~~pay debts and buy goods on the same~~ have the same purchasing and debt paying power as the dollar value we hope to attain in the near future. That objective means more to the ^{good of} other nations than ~~fixing a fixed ratio for a month or two in terms of the pound or the franc.~~

One broad purpose is the permanent stabilization of every nation's currency. Gold, or gold and silver, can well continue to be a metallic reserve behind currencies,

Xerox copies of drafts of FDR's so-called "bombshell" message to the London Economic Conference on July 2, 1933. Received from Franklin D. Roosevelt, Jr. at the Memorial Day services at Hyde Park on May 28, 1973.

Now located in PSF London Economic Conference

4

THE WHITE HOUSE
WASHINGTON

but this is not the time to dissipate gold reserves. When the world works out concerted policies in the majority of nations to produce balanced budgets and a living within their means then we can properly discuss a better distribution of the world's gold and silver supply to act as a reserve base of national currencies.

Restoration of world trade is an important factor both in the means and in the end. ~~Here also~~ ^{Here also} temporary exchange fixing is not the true answer. We must rather ~~mitigate existing embargoes~~ ^{mitigate existing embargoes} to make easier the exchange of products which one nation has and the other nation has not.

Xerox copies of drafts of FDR's so-called "bombshell" message to the London Economic Conference on July 2, 1933. Received from Franklin D. Roosevelt, Jr. at the Memorial Day services at Hyde Park on May 28, 1973.

Now located in PSF London Economic Conference

5

THE WHITE HOUSE
WASHINGTON

To

The conference was called to ~~meet~~^{better} and
perhaps to cure fundamental economic
ills. It must not be diverted from
that effort. ~~For other reasons~~
End quote

Franklin D. Roosevelt

~~Franklin D. Roosevelt~~

Xerox copies of drafts of FDR's so-called "bombshell"
message to the London Economic Conference on July 2,
1943. Received from Franklin D. Roosevelt, Jr. at
the Memorial Day services at Hyde Park on May 28,
1973.

Now located in PSF London Economic Conference

TELEGRAM RECEIVED

PSF
London Econ Conf

GRAY

FROM WASHINGTON

DATED JULY 2, 1933

REC'D. 6:30 P.M.

THE PRESIDENT.

PRIORITY

37, JULY 2, 4 P.M.

THE FOLLOWING MESSAGE HAS BEEN RECEIVED FROM THE AMERICAN
DELEGATION IN LONDON.

"88, JULY 2, 8 P.M. FOR PHILLIPS.

I QUOTE BELOW FOR YOUR INFORMATION AND THAT OF THE PRESIDENT
THE TEXT OF A STATEMENT WHICH I PROPOSE TO ISSUE MONDAY FORENOON
IN MY CAPACITY OF SECRETARY OF STATE AND NOT (REPEAT NOT) IN MY
CAPACITY AS CHAIRMAN OF THE AMERICAN DELEGATION.

"I NEED NOT ADD FURTHER TO MY STATEMENT OF YESTERDAY EXCEPT TO
SAY WHAT THE WORLD KNOWS THAT THE UNITED STATES WITH VIRTUALLY THE
SOLID SUPPORT OF ITS BUSINESSMEN AND GENERAL PUBLIC IS ENGAGED IN
THE CAREFUL EFFORT TO BRING ABOUT AN ORDERLY INCREASE IN COMMODITY
PRICE LEVELS.

THE PRESENT ECONOMIC UNDERTAKING OF THE UNITED STATES ALREADY
SHOWING SIGNS OF SUCCESS SHEDS FULL LIGHT UPON ITS ATTITUDE TOWARD
ANY GOVERNMENTAL MEASURES AFFECTING WORLD CURRENCIES WHICH MIGHT
INFLUENCE OR BE CONSTRUED AS INFLUENCING DIRECTLY OR INDIRECTLY THE
STEADY ADVANCE OF THE AMERICAN PROGRAM.

THIS DEFINITION OF THE AMERICAN POSITION DOES NOT CARRY WITH IT

Conf 2

TELEGRAM RECEIVED

PAGE 2 OF NUMBER 37

FROM

ANY IMPLICATION THAT THE UNITED STATES IS NOT IN FULL SYMPATHY WITH THE DIFFICULTIES OF OTHER COUNTRIES OR IS NOT READY TO JOIN IN ANY COMMON EFFORT LOOKING TO THE BETTERMENT OF WORLD CONDITIONS FOR WHICH PURPOSE THE LONDON CONFERENCE WAS CALLED. THERE IS ABSOLUTELY NO REASON WHY THE CONFERENCE WITH THE MANY IMPORTANT MEASURES NOW BEFORE IT SHOULD NOT GO FORWARD TO A SUCCESSFUL CONCLUSION."

SINCE I HAVE NOT YET DETERMINED UPON THE PRECISE HOUR OF RELEASE HERE PLEASE DO NOT (REPEAT NOT) RELEASE IN WASHINGTON. HULL"

CARR, ACTING

1-126
PREPARING OFFICE
WILL INDICATE WHETHER

Collect
Charge Department
OR

Charge to
\$

TELEGRAM SENT

Department of State

BF
London Econ Conf *Washington.*

1-126

TO BE TRANSMITTED
CONFIDENTIAL CODE X
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

JULY 3, 1933

4 P.M.

SECSTATE

WASHINGTON

21
FOR HULL

YOUR 91, JULY 7. AM DISCUSSING WHOLE TARIFF SUBJECT
TODAY AND TOMORROW AND WILL WIRE YOU WEDNESDAY.

ROOSEVELT

Enciphered by

Sent by operator M., ..., 19....., ...

E. Conf 2

TELEGRAM RECEIVED

PSF
London Econ Conf

GRAY

FROM WASHINGTON

DATED JULY 3, 1933

REC'D. 11 A.M.

THE PRESIDENT

PRIORITY

38, JULY 3, 10 A.M.

YOUR 20, JULY 2, 10 P.M.

SECRETARY HULL TELEPHONED THIS MORNING THAT HE ISSUED AT
10:45 A.M. LONDON TIME THE STATEMENT FROM YOU TRANSMITTED IN YOUR
19, JULY 2, 6 P.M.

HE DECIDED THAT IT WOULD BE INADVISABLE TO ADD ANYTHING
THERE TO AND THEREFORE HAS NOT ISSUED HIS PROPOSED STATEMENT AS
SECRETARY OF STATE WHICH WAS TRANSMITTED TO YOU IN THE DEPART-
MENT'S NO. 37, JULY 2, 4 P.M.

GARR, ACTING

E Conf. 2

PSF
London Econ Conf

October 6, 1964

Memorandum for the Files:

For a photostatic copy of the President's
longhand draft of the July 3, 1933 message
to the London Economic Conference, see
Item 640, Master Speech File.

JVD

President's Secretary's Files- box 32

London Economic Conference Folder

PSF
London
Econ Conf

I conceive, therefore, that the great problems which justified the assembling of the nations are as present today and as deserving of exploration as was the case a few weeks ago; and I find it difficult to conceive that the view which it has been my obvious duty to take, on the minor issue of temporary stabilization, which was not before the conference and has not figured on its agenda, can in any way diminish the advisability of such discussions.

and quite
H

[This fragment is believed to be the final paragraph of Louis Howe's original draft of the President's Message to the London Economic Conference, July 2/3, 1933 (cf. photostat of the longhand draft of this Message in this folder). FDR used a portion of Howe's draft and discarded the rest; the fragment above was evidently retained for possible use. FDRL- GWR 6/25/56]

PSF
London Econ Conf
TELEGRAM RECEIVED

File
"77"

A PORTION OF THIS TELEGRAM
MUST BE CLOSELY PARAPHRASED
BEFORE BEING COMMUNICATED TO ~~FROM~~
ANYONE. (C)

WASHINGTON

DATED JULY 3, 1933.

REC'D. 9:30 P.M.

THE PRESIDENT

41, JULY 3, 8 P.M.

(GRAY) THE FOLLOWING TELEGRAM HAS BEEN RECEIVED FROM
THE AMERICAN DELEGATION AT LONDON:

"95, JULY 3, 10 P.M.

URGENT AND CONFIDENTIAL FOR THE PRESIDENT. NOT FOR
DISTRIBUTION.

YOUR VERY ABLE AND COURAGEOUS STATEMENT GIVEN WIDE
PUBLICITY. ITS SUBJECT MATTER HIGHLY PRAISED BY THOSE
WITH WHOM I HAVE TALKED EXCEPT THERE IS A SERIOUS DIFFERENCE
OF OPINION AS TO MEANING OF REFERENCE TO THE DOLLAR AND ALSO
THE LANGUAGE AS TO ULTIMATE GOLD STANDARD. (END GRAY) SOME
CONSTRUE THE LANGUAGE AS TO THE DOLLAR TO REFER TO A COMMODITY
PRICE LEVEL BY THE UNITED STATES SUCH AS WAS SUGGESTED BY
KEYNES IN 1930; OTHERS THAT IT MEANS AN ULTIMATE MANAGED GOLD
STANDARD. I HEAR MANY EXPRESS THE HOPE THAT WHEN YOU CLARIFY
THIS LANGUAGE IT WILL DEFINITELY CONVEY THE LATTER MEANING.
THE ONLY GENERAL CRITICISM AGAINST WHICH I AND ALL AMERICANS
AND OTHERS ARE STRONGLY DEFENDING YOU, CHARGES HARSHNESS AND

TELEGRAM RECEIVED

PAGE 2 OF NO. 41
FROM

UNTIMELINESS TO YOUR LANGUAGE. THE FIVE GOLD COUNTRIES
PROFESS TO BE VERY ANGRY AND MACDONALD FOR THE MOMENT SEEMS
MUCH DEPRESSED. THE PREVIOUS DESULTORY TALK FROM DAY TO
DAY ABOUT SOME SORT OF ADJOURNMENT PRETTY WIDE SPREAD TODAY.
MANY CONSIDER THIS PHASE OF THE SITUATION ACTUALLY GRAVE.
THE AMERICAN DELEGATION IS BUSY TAKING EVERY POSSIBLE STEP
IN RESISTANCE OF ANY MOVEMENTS TO ADJOURN.

(GRAY) THAT PORTION OF RESOLUTION NUMBER FOUR RELATING
TO GOLD STANDARD HAS BEEN AMENDED BY THE SUBCOMMITTEE OF THE
CONFERENCE AND APPARENTLY LIBERALIZED. I WILL SEND THIS
AMENDED COPY AND IF DESIRED OTHER LIKE BACKGROUND MATERIAL.
HULL" (END GRAY)

CARR, ACTING

1

PSF
London
Econ Conf

THE WHITE HOUSE
WASHINGTON

7/3

Phillips

For Hull and Delegation.

Will cable you more at length about tariffs tomorrow but as a preliminary I send you the following thoughts.

First: I think you can make definite offer to any nation to discuss with us reciprocal tariff agreements in Washington at their convenience.

Second: Would it be possible to work out a formula for an extension of tariff truce and for tariff adjustments downward basing this on (a) the only changes in existing schedules could be made by a surcharge or rebate that would be automatically added or deducted to offset fluctuations of exchange during period in which we are working toward more stable conditions; (b) the standard tariff on which this surcharge or rebate is based should be founded on thought that as to manufactured goods it should not

E. Conf - 2

RECEIVED
THE WHITE HOUSE

THE WHITE HOUSE
WASHINGTON

-2-

in any case be a complete embargo but should be low enough to allow some goods to enter even if the percentage these bear to a nation's own production is as low as two or three percent; (c) as to agricultural and raw metal products I hope we can press for international production limitations on as many products as possible even if such agreements are made on experimental basis for a limited period.

I think it vital for our whole delegation to stress the many things of world importance which the conference can accomplish and that a defeatist attitude just because temporary gold stabilization is overboard is a serious responsibility for any nation to assume. I hope Great Britain and most of the smaller nations will go along with us in our sincere efforts

Roosevelt

RECORDED
INDEXED
JUL 11 1933

THE WHITE HOUSE
WASHINGTON

July 3, 1933.

Phillips
Acting Secretary of State
Washington

Your 93. In discussing effect of recovery
legislation on instructions with cabinet
it would be helpful to us if you could suggest
to us more particularly in what way and where
you fear possible conflict between instructions
and general policy.

Roosevelt

E. Conf. 2.

12

Z NAA V NABD WHITE SIXTYFOUR P GR51

FROM: USS INDIANAPOLIS
ACTION: RADIO WASHINGTON
PA



1904 FOR MCINTYRE WHITE HOUSE PLEASE TELEPHONE MOLEY AND SAY

PRESIDENT THINKS WE SHOULD OPPOSE ANY ADJOURNMENT BECAUSE EVEN SIXTY
DAY ADJOURNMENT WILL BE CONSTRUED AS IMPOSSIBILITY OF PRACTICAL RESULTS
PERIOD TELL HIM TO READ MY LAST 2 DISPATCHES OF
TODAY ONE ON MONETARY SITUATION AND OTHER ON TARIFFS ROOSEVELT 1405

1410 CA 4JUL

*PSF
London Conn Conn*

TELEGRAM

The White House
Washington

PSF
London Econ Conf

(From Naval Communications, 10:15 a.m., July 4, 1933).

McIntyre,
The White House,
Washington, D.C.

Inform Hull that I am still on board Indianapolis and that I will talk to him from White House at nine o'clock a.m. Washington standard time tomorrow July 5.

Roosevelt.

STANDARD FORM NO. 14A
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM

The White House

PSE

Washington

London Econ Conf

July 4, 1933.

Howe For President.

Hull asking if possible talk with you ten o'clock this morning
am reporting impossible also wants know when you returning
please advise.

McIntyre.

Phoned Naval Communications
758a-mo-TA

STANDARD FORM NO. 14A
APPROVED BY THE PRESIDENT
MARCH 10, 1925

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

PSF London Econ Conf
FROM **The White House**
Washington
[July 4, 1933]

U. S. GOVERNMENT PRINTING OFFICE: 1925

Howe For President

Sent tariff memorandum by Navy seaplane stop Talked with Moley again and gave him your message stop Moley would like to talk with you before your conversation with Hull and I told him would ask you to telephone him tonight stop He feels temporary adjournment advisable to reconstruct our delegation and says ~~max~~ Couzens would have left except for embarrassing you stop ~~Plan~~ Plan is to leave committees at work but final decision awaits American action stop Says all other delegations favor

E. Conf-2

STANDARD FORM NO. 14A
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM

The White House
Washington

U. S. GOVERNMENT PRINTING OFFICE: 1925

recess or adjournment stop Denies today's story that he assured
Litvinoff that U.S. contemplated Russian recognition saying it
was a casual two minute talk stop Moley plans to leave Thursday

and some

McIntyre

STANDARD FORM No. 14A
APPROVED BY THE PRESIDENT
MARCH 10, 1925

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

PST London Econ Conf

FROM

The White House
Washington

July 4/33 *Howe Kms*
1228p

U. S. GOVERNMENT PRINTING OFFICE: 1925

Priority - Navy Code

M Howe For President

fully
Roper Wallace and Tugwell have prepared memorandum you requested on Tariff in reply to Hull's communication stop They believe it accords your attitude in last message and vitally important in relation to consideration of adjournment stop also feel it will complete the picture of our whole position stop They want me to

FORM No. 14A
BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM

The White House
Washington

U. S. GOVERNMENT PRINTING OFFICE: 1925

get it to you at once as you may want to forward instruction to
Hull immediately stop Shall I get it to you or hold it until
you get here tonight stop They also feel it might be well if
something of sort were released today.
McIntyre

200

MET

GRAY

London

Dated July 4, 1933

Rec'd 10:41 a. m.

*PSF
London
Econ Conf*

Secretary of State,
Washington.

RUSH. TRIPLE PRIORITY.

99, July 4, 3 p. m.

URGENT AND CONFIDENTIAL FOR THE PRESIDENT, NOT FOR
DISTRIBUTION.

Conditions calculated to disrupt further regular sessions of Conference developed considerably over night. Many of us felt late last night that an improvement would occur over night but the contrary is evident. The five gold countries, namely, France, Italy, Belgium, Switzerland and Holland speaking through their leading representatives are united in the contention that the Conference cannot hope to make satisfactory progress and therefore should adjourn. The British seem to be about in the attitude of only feebly and haltingly resisting this course as set forth in MacDonald's statement below. Naturally the American Delegation will continue in every possible way to avoid adjournment in the first place but if this cannot be prevented then to urge a recess with

as

E. Conf. 2

MET

2-#99 from London, July 4, 3 p. m.

as many important committees continuing to function over a period of weeks or months as can be agreed upon. This would be our second or alternative position the present plan unless broken up will result in one of these two courses being taken on Thursday morning.

I shall again confer with the British Prime Minister early this afternoon in a desperate effort to find common ground on which the British and Americans can stand in opposition either to adjournment or to a recess.

Governor Cox and James Warburg were present at the meeting of the committees and subcommittees this morning when the very emphatic and most unfavorable conversations and utterances on the part of the representatives of the five gold countries took place. Cox and Warburg agree upon the following summary of these utterances by representatives of these five governments and also Prime Minister MacDonald:

"At usual morning meeting of MacDonald and heads of two commissions it was reported that all subcommittees yesterday refused to continue work on ground that your message made continuance futile. Colijn speaking for economic commission said that in his view it would be pure waste of time to continue Conference although certain subcommittees dealing with specific matters such

as

MET

3-#99 from London, July 4, 3 p. m.

as restriction of production of certain commodities might profitably be kept at work. Jung and Bonnet each agreed with Colijn as to futility of continuing Conference in economic field as did Krogmann. Jung and Bonnet speaking for monetary commission said that continuation in this field was even more unthinkable, Jung who has been our staunch friend throughout stating that Europe could not throw overboard the accumulated experience of centuries for the sake of an untested experimental theory and that experimentation would have to be left to those who have sufficient resources to be able to afford it. MacDonald made eloquent plea for continuation but said that he fully realized serious nature of situation which had arisen due to your yesterday's message. He said that Europe had no desire to interfere with internal American policy or to render your task any more difficult than it already is, but that until your yesterday's message he had harbored the hope that you would cooperate towards finding an arrangement which would not bring chaos on Europe as the price of American success, and that while he still hoped for such cooperation from you he could not conceal that he was hurt by the tone of your yesterday's message which he felt to be that of one who
stood

MET

43-#99 from London, July 4, 3 p. m.

stood apart and had little interest in the problems of the other nations. MacDonald, Jung and Bonnet all stated very clearly that your yesterday's message was entirely inconsistent with what you had said in Washington. MacDonald suggested calling plenary session with a view to passing some general resolution pointing out possible ways out of the depression so as not to disappoint the entire world by complete failure and second he urged continuation of bureau or an executive committee thereof to keep alive contacts and eventually call Conference again when present obstacles to progress removed. First suggestion found no favor on grounds that general discussion would only make impression of failure worse and vague general declarations would be useless; in other words that frank failure was better than travesty. Second suggestion agreed to subject to approval of bureau which called for six p.m. today. MacDonald will recommend to bureau drafting committee consisting of Chamberlin, Jung, Bonnet and Colijn to prepare resolutions for adjournment of plenary and continuance of bureau and such subcommittees as bureau feels can usefully continue. Plenary meeting to be called Thursday 10 a. m.

This completes the Cox and Warburg summary of
aforesaid

MET

5
4-#99 from London, July 4, 3 p. m.

aforesaid conversations. Is there anything more that you care to say or do in support of our position as above outlined first preventing adjournment and second standing for recess. The situation is thoroughly alarming with respect to these two phases. We are anxious to keep you fully advised at each stage without a moment's delay.

HULL

RR

MET

GRAY

London

Dated July 4, 1933

Rec'd 10:55 a. m.

*PSF
London
Econ Conf*

Secretary of State,
Washington.

96, July 4, noon.

Timber was discussed yesterday at the sub-committee on control of production. Poland suggested setting up a sub-committee consisting of principal exporters and importers with a view of concerting in bringing adjustment between world supply and demand. Czechoslovakia, France and Italy supported. Canada suggested the sub-committee consist of exporters and one or two importers of soft woods and gave assurances of Canada's willingness to cooperate in all reasonable efforts. Germany emphasized the need of having practically 100 per cent of all exporters in agreement and said it saw great difficulty in measuring requirements of importing countries in connection with export quotas. The United Kingdom is quite sympathetic to agreement and thinks it is primarily an exporter's problem; it suggests that the principal exporters should first agree and that inquiry should be limited to soft woods. Russia feels that the importing countries should be included in the agreement; it is willing to participate in the subcommittee and would insist upon entering agreement

MET

2-#96 from London, July 4, noon.

agreement on equal footing with other supporters. A special subcommittee on timber was appointed to meet today at 11 o'clock.

The American Delegation will not participate in the discussion of this subject unless you instruct it otherwise. It may be that if the lumber industry organizes under the industrial control act a purpose might be served by fostering an agreement in this field. Please advise.

HULL

RR
MET

—
London Econ Conf
B.F.

THE WHITE HOUSE
WASHINGTON

hms
[July 4, 1933]

Phillips

urgent and confidential for Full and
Delegates.

Your 95. I do not think the two constructions of language about the dollar are incompatible. In other words through internal control we can seek to keep its domestic purchasing power fairly constant and at the same time maintain a gold and silver bullion reserve against currency. If every other nation would do the same the world would have in effect a managed gold standard.

The original instructions to Delegation contained a clause which in effect meant that all gold should eventually be government owned and not privately speculated in or shipped back and forth between nations. This plan involves of course a moral obligation on governments not to debase their paper currencies below the agreed on

E Conf 3

THE WHITE HOUSE
WASHINGTON

bullion reserve basis and also suggests
that the ideal of foreign trade is a balance
material between exports and imports thus preventing
losses or gains of gold between nations.

As I have intimated I see no reason
why we cannot eventually distribute some of
our gold to such nations as agree to receive
it on fixed condition that it will be
permanently held by them as bullion reserve.

Establishment of such policy by a
nation means notice to world that it will
not debase its currency below a definite
collateral basis. This would give definite
stimulus to world trade.

I wish the delegation would also con-
fidentially explore the possibility of
establishing a unit of measure in which *international*
trade transactions would be conducted.
While this would not affect national currency
values it would simplify mental processes

THE WHITE HOUSE
WASHINGTON

-3-

of trade by giving a unit which at all times would mean the same thing in grains of gold. A similar silver unit is a possibility.

For your information and that of Macdonald I purposely made language of my message a bit harsh because I felt at this distance that conference was getting into stage of polite resolutions about temporary stabilization only and that it was time to be realistic and work towards main objectives.

Roosevelt

Recd
July 4th
12:30 PM
WA

BF
London Econ Club
B.I.

Secstate Washington

July 4, 1933

Triple Priority - Urgent - Confidential

Secret from Moley to President alone and exclusively *wink!*
no distribution in the Dept. of State

quote

~~Thanks~~ I shall telephone between nine and ten
this morning your time today and this cable is to
provide guidance in our conversation. We can discuss
topics without specific references to content by
number. The topics follow:

Topic 1. I believe best immediate course would be a
recess for from two to ten weeks permitting formulation
of your ideas into resolutions.

Topic 2. On personal side, Pittman is only member of
delegation able intellectually and aggressively to
present your ideas to Conference.

Topic 3. Expert group ^{needs STRENGTHENING} ~~respects~~ on progressive program.

Topic 4. Reconstituted delegation would be helpful in
view of developments, hence ~~desirability~~ RECESS

Topic 5. MacDonald not favorable recess because political
life depends on continuation of conference. Cox emotional-
ly stirred by MacDonald's plight.

Topic 6. If you reply regarding fourth resolution with a
new draft radically ²² different from present form Pittman
might get general approval from committee and conference
but it is doubtful.

Topic 7. Saw Keynes ~~and~~ day following my arrival ex-
plaining situation to him. We can depend upon him for as-
sistance although he is not in favor with government here.

Topic 8. I consider your message splendid. It was the
only way to bring people to their senses and do not be dis-
turbed by complaints about severity of language. It was

~~the~~ ~~most~~ ~~frank~~ true, frank and fair. *unquote* *Burgham*

July 4

Begin quote

PSF London Econ Conf

In my communication to you of July 2, I endeavored to make it clear that I saw no utility, at the present time, in temporary stabilizations ^{sums} ~~of~~ the currencies of countries whose needs and policies are not necessarily the same. Such stabilizations would be artificial and unreal and might hamper individual countries' ⁱⁿ realizing policies essential to their domestic problems. I urged the Conference to move to consideration of its fundamental task of facilitating policies by the different nations directed, not to temporary expedients, but to mitigating and, if possible, remedying the harassing evils of the present economic situation. In the hope that I may be of some help to the Conference, to whose success and friendly cooperation I ^{continue to} ~~have always~~ attached the greatest importance, it ^{may} ~~might~~ be useful that I should develop this thought somewhat more fully.

In saying that the value of the dollar has not fallen so far as I should like to see it fall, I naturally intended ^{to express} ~~its value~~ that the expression of its value should be in terms of American commodities, which alone matters to us in remedying our maladjustments. The revaluation of the dollar in terms of American commodities is an end ^{from} to which the Government and the people of the United States cannot be diverted. I wish to make this perfectly clear: We are interested in American commodity prices. What is to be the value of the dollar in terms of foreign currencies is not and cannot be our immediate or our ultimate concern. The exchange value of the dollar will ~~entirely~~ ^{be} depend upon the success of the nations in raising the prices of their own commodities in terms of their national monies, and cannot be determined in advance of our knowledge of such facts.

I seek no competitive exchange depreciation going beyond actual and ^{anticipated} ~~market~~ price movements. I have no intention of encouraging American domestic prices to rise beyond the level

required by the American debt structure and American costs. And I have every intention and ample resources to prevent any inordinate and uneconomic rise of prices. There is nothing in my policy inimical to the interests of any other country, but I ~~cannot~~ ^{must not} allow the American government to be embarrassed in the attainment of economic ends absolutely required for the economic health of our country.

If other countries represented ^{in London} at the conference ~~would~~ desire a rise of prices in the same or in a different degree, according to the special circumstances of each, I suggest that it is the task of the XXXX Conference to consider ways and means of putting into circulation the additional XXXX purchasing power by which alone their object can be attained. I see no necessity for uniformity. But no progress can be made until the different needs of the different countries have been elucidated and determined. If ~~there~~ ^{there} are countries where prices and costs are already in equilibrium, I do not regard it as the task of the Conference, as it certainly is not the ~~purpose~~ ^{purpose} of the American government, to ~~persuade~~ ~~or~~ ~~compel~~ them to ~~XXXX~~ pursue policies contrary to their own conception of their own interests.

But if it should emerge from the discussion that there is a group of countries whose requirements are broadly the same as those of the United States and if ~~these~~ ^{these} those countries were to make it clear that they were prepared to take appropriate measures for an effective movement in this direction, I should welcome informal ~~XXXX~~ ~~XXXX~~ arrangements between the XXXX Central banks of these countries and the Federal Reserve System of the United States for the avoidance of ~~exchange fluctuations~~ ^{meaningless and harmful} exchange fluctuations, ~~which did not correspond to price policies~~ though such arrangements should be, in my judgment, of a day-to-day character and without embarrassing commitments of either side.

There is also to be considered the policies appropriate to the period after the existing ~~maladjustments~~ ^{maladjustments} in the price structure have been remedied. It is not sufficient to escape from the present

(3)

evils. It is our duty to consider together how to avoid their recurrence in future. The first task is to restore prices to a level at which industry and, above all, agriculture can function profitably and efficiently. The second task is to preserve the stability of this adjustment once achieved. The part which gold and silver should play as reserve monies after price adjustment has been secured would seem a further subject suitable for consideration by the conference. I would link with this the problems of exchangers and of commercial and tariff policies, with a view to the avoidance of unbalanced debtor and creditor positions between nations which have been so fruitful a cause of the present evils. It would be chimerical to hope that much progress can be made in diminishing the excessive ~~hindrances~~ hindrances to profitable international exchange during the period before prices have been adjusted when each country is endeavoring, by any means at its disposal, to protect what seems a perilous domestic situation. But it is not too soon to consider the general lines of a code which should attain the mutual advantages of legitimate international trading, when the special causes which have led to widespread action of an injudicious and mutually injurious character have passed away.

455

This telegram must be closely paraphrased before being communicated to anyone (B)

London

Dated July 4, 1933.

Recd. 8:06 a. m.

Secretary of State,
Washington.

RUSH TRIPLE PRIORITY.

202, July 4, noon.

CONFIDENTIAL SECRET FROM MOLEY TO PRESIDENT ALONE
AND EXCLUSIVELY WITH NO DISTRIBUTION IN THE DEPARTMENT.

"I shall telephone between nine and ten this morning your time today and this cable is to provide guidance in our conversation. We can discuss topics without submitting references to content by number. The topics follow:

TOPIC ONE. I believe best immediate course would be a recess for from two to ten weeks, permitting formulation of your ideas into resolution.⁵

TOPIC TWO. On personal side Pittman is only member of delegation able intellectually and aggressively to present your ideas to conference.

TOPIC THREE. Expert group needs strengthening on progressive program.

TOPIC FOUR. Reconstituted delegation would be helpful

202 from London, Embassy -2-

helpful in view of developments hence desirability recess.

TOPIC FIVE. MacDonald not favorable recess because political life depends on continuation of conference. Cox emotionally stirred by MacDonald's plight.

TOPIC SIX. If you reply regarding fourth resolution with a new draft radically different from present form Pittman might get general approval from committee and conference but is doubtful.

TOPIC SEVEN. Saw Keynes day following my arrival explaining situation to him. We can depend upon him for assistance although he is not in favor with government here. Topic eight I consider

TOPIC EIGHT. I consider your message splendid. It was the only way to bring people to their senses and do not be disturbed by complaints about severity of language. It was true, frank and fair".

BINGHAM

RR.