The Willard Straight Papers at Cornell University

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January 5th, 1914.

My dear Blando:

Thanks for your striking physiognomy and for your cheering note of December fifteenth. We heartily reciprocate your good wishes and wish that you might have been in these parts during the last couple of months, when your friend Fletcher, of the horse-face, has been breaking the hearts of ladies in and out of society.

We are building the humble domicile for the express purpose of receiving you in an appropriate manner upon your visit to this country next year and trust that you will extend your greatest appreciation of our well-meant, but ineffective, efforts on your behalf.

With us the situation is little changed. We flit from New York to the country and from the country to New York, discuss the affairs of nations with our friends; I curse the Administration and am reproved by Dorothy who, while she may concur in my sentiments, is disgusted by my language.

Your friend Morse Stephens spent Sunday with us and spoke of you in most affectionate terms. You seem to have been the bright particular spot in his recollection of his visit last year.

We shall look forward with pleasure to seeing your book. I have read some of your lucubrations in the "Atlantic Monthly" with much interest.

With best wishes to you both from us both and, as Hashimura Togo says, "trusting you are the same".

Yours,

J.O.P. Bland, Esq.,
The Clock House,
Shepperton-on-Thames,
England.

January 8th, 1914.

My dear George:

I cannot thank you enough for your two very full letters of the 22nd and 24th of December. We were both of us greatly disturbed to hear that you have been unwell and sincerely trust that by this time you are all right.

Your outline of the situation regarding the Banque Industrielle de Chine confirms the impression that I myself had formed in talking with our friend the Prince and I have taken the liberty of acquainting Mr. Roberts with what you have said. Doubtless when the Prince finds that he cannot deliver to people over here the goods which he claimed to have in his hands he will probably withdraw and then if the situation still looks good we might be able to do something on a permanent and mutually satisfactory basis. As I told you when you were here, the whole proposition appeals to me very greatly, especially because it might give us an opportunity to work together again.

Dorothy would send you her love did she know I were writing. She keeps very well as long as she stays in the country. We are planning to come in town next week and I am afraid this will be too much for her. If it is we shall go back again to Westbury. You have no idea how glad we were to have you with us and how much we miss you now that you have gone.

With much love, Y

Yours,

M. Casenave, Esq.,
87 Avenue Malakoff,
Paris, France.

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January 30, 1914.

Dear George:

I understand from some friends of mine here that the people who control the Hanyang Iron Works are, as usual, hard-up and very anxious to sell and that it would perhaps be possible in case this deal could be put through to get additional concessions for iron mines along the Yangtsze. You will remember that we discussed this question for some years and I now write to ask whether you think it would be possible to arrange to get control of this property through the Banque Industrielle de Chine. You will of course appreciate that in view of the very delicate relations between this country and Japan it might be highly inadvisable for an American concern or an American capitalist to attempt to acquire control of the Hanyang Iron Works at this time. French interests, on the other hand, while they might be opposed to Tokyo, could undertake the task without making any serious complications. It occurs to me, therefore, that perhaps the Banque Industrielle de Chine could arrange to pay off the debt and purchase the properties and lease the same to the United States Steel Corporation, which would of course expect to be able to make a large profit out of the operation of the plant but which would be able at the same time to pay a pretty handsome return to French investors. If this could be put over we might arrange to take over in this country a fairly large proportion of the securities which the Banque Industrielle de Chine would have to issue in order to secure the necessary funds.

Under this scheme Chinese interests in the plant would come through the Banque Industrielle de Chine.

Another proposition would be that we in this country might take an interest in the Banque Industrielle de Chine, take up our share of the bonds to be issued for the purchase of the property and then organize a company in which the Chinese would have say a third interest, or less if



possible, with the Steel Corporation as managers, acting on behalf of the bank.

These ideas are merely put forward as suggestions. Think them over and, if they seem good to you or if there seems anything in them, send me a wire that the proposition appeals to you and your friends, in which case I, at this end, will try to work something out so that by the time a letter can reach me we can have some ideas in shape and the necessary people will already have been consulted.

Trusting that you are feeling much better and with much love from us both,

Yours,

M. Casenave,
87 Avenue Malakoff,
Paris, France.

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February 11th, 1914.

My dear George:

I am anxiously awaiting word from you as to the Hanyang Iron Works. In the meantime I am answering your letter of January 21st. I was very glad to have the information contained therein and sincerely hope that things may eventually work out to our mutual satisfaction.

You may be interested to learn that the American Red Cross has secured from the Chinese Government a year within which to exercise its good offices in securing contractors to undertake the Huai River conservancy, the scheme which Jameson has so long advocated. With this you are doubtless familiar. Messrs. J. G. White & Co., about the largest contracting firm in this country, has been selected to do the work and are now awaiting the arrival of our old friend Dr. Chen Chin Tao to negotiate the necessary contract. They have not officially approached us regarding the financing as yet but I expect them to do so as soon as Dr. Chen arrives. President Wilson has written the Red Cross a letter expressing his approval of the idea and assuring the support of this government for the contract, intimating, however, that no battleships will be utilized for the collection of the interest. Despite this qualifying clause I think the letter may be considered as very satisfactory. As I understand it about $20,000,000 will be required during the next five years, with possibly as much more later, the total area to be reclaimed is about 17,000 square miles and it is expected that the taxes derived from this contract will be utilized in the service of the loan. It may be found desirable to issue securities at once but my own impression is that the best way to handle it would be for the bankers to take about $4,000,000 treasury bills each year according to the progress of the work, redeeming such bills from a loan to be issued when the security is a little more tangible. In view of the very excellent bond market which we have here at present, however, and the sentimental value of



the connection of the Red Cross with the enterprises it is not impossible that we may dispose of the whole issue at once, even in this country alone, provided the Chinese will be willing to make such issue at the present time.

The foregoing information I communicate to you in the strictest confidence, with the thought that perhaps some scheme might be worked out under which we could co-operate with your Banque Industrielle de Chine.

Everything is going very well here and Dorothy, thanks doubtless to your urgent advice, has been behaving herself and not trying to do too much. We are all well and send you a great deal of love. I hope that you are entirely recovered from your recent illness and that Paris now enjoys your genial smile once more.

Yours,

M. Casenave,
87 Avenue Malakoff,
Paris, France.

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This memorandum is submitted in the hope that the considerations presented merit attention, no matter what may be the ultimate decision with regard to again undertaking Chinese business.

(1) Our situation increasingly favorable to creation market for foreign bonds.

Popular opinion in the United States, federal and state regulation of public utilities, and business generally, would seem to be creating market conditions which will soon approximate those already existing in Europe.

Our period of extraordinarily rapid domestic development seems to have passed. We appear to have entered upon an era of conservation, rather than of promotion. The country is now committed to currency reform and either by the bill recently enacted, or amendments thereto, large sums which have heretofore been unavailable should be ready for foreign investment. Owing to the provisions of the new Tariff Bill, moreover, American manufacturers are evidencing an unusual interest in the possibilities of the export trade.

There seems to be a widespread, though perhaps generally unintelligent, feeling that in every way we must endeavor to extend our foreign trade.

(2) China as a field for development.

The resources of China are great and virtually untouched. There is a sober and industrious population of nearly 400,000,000 and the easy success of the recent revolution indicates the readiness of the people to accept any government under which they can do business, rather than their interest in political propaganda of any sort. These facts are unquestioned.

[2-17-14]



Accepting them and admitting the industry and essentially commercial character of the Chinese people, the development of China's resources and the creation of a vast and profitable trade is only a question of time. It may not come this year, or in three years, or in ten years, but it will come, for, despite the political unrest of the past decade, the progress in China in this period even has been very great.

Recent disturbances, moreover, have resulted apparently in creating for the first time a general popular, as well as official, willingness to utilize foreign financial and technical assistance in the development which all desire.

Reports from China show that under Yuan Shih Kai's administration conditions are becoming more stable throughout the country, while the officials, it is stated, now evidence a willingness to negotiate along intelligent and reasonable lines.

The Maritime Customs returns for 1913 were the largest on record, notwithstanding the outbreak of last summer. The Salt Gabelle, effectively administered for the first time by Sir Richard Dane, even in the limited area in which the collectorate has been reformed, has shown returns far greater than were anticipated. It is estimated that the collections for the coming year will amount to almost $60,000,000. U. S. Gold. This sum considerably exceeds the figures given by the Chinese themselves when the Reorganization Loan was negotiated.

A new issue of $40,000,000. is now proposed, the proceeds of which will be devoted to clearing off the floating debt, to redeeming provincial notes,

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to currency reform and to administrative reorganization. It was anticipated that the land tax would necessarily be hypothecated as security but the returns from the Maritime Customs and the Salt Gabelle, it is now believed, will be sufficient to meet the service of existing, as well as the contemplated loan.

Currency reform will facilitate general development and the increase in the Chinese customs tariff to which Great Britain, the United States and Japan are already committed and which ultimately must be accepted by the other powers, will more than double the customs returns and afford unquestioned security for additional borrowing for development purposes.

With a view to future development, therefore, should not Messrs. J.P. Morgan & Co. and their associates consider the advisability of again undertaking Chinese business, not with the sole object of securing participation in Chinese loans but for the purpose of establishing a permanent organization capable of purchasing bonds but prepared also to finance industrial development and to do a regular banking business?

(3) The attitude of the Administration.

It will be asserted perhaps that in view of its action in March last. the Administration must declare a radically altered policy ~~from~~ before American bankers can reenter this field. Is this, however, the case?

Is there not some justification for feeling that the former activities of the American Group in China were predicated too largely upon the premise that they were undertaken as a favor to the last Administration, rather than as intrinsically sound banking business?

[2-17-14]



During its Chinese negotiations the American Group quite properly took no step without the approval of the Department of State. It was always ready, moreover, insofar as possible, to act in accordance with the Department's suggestion.

Such co-operation with the Department is doubtless not only desirable but necessary.

But might not critics have asserted with some justification that the Group considered itself the Government's financial instrument, and, as such, would attempt to hold the government responsible for the course of events and therefore looked to it for unqualified support?

Unwarranted and unjust though such suspicion may have been, would it perhaps have been unnatural for President Wilson and Mr. Bryan to have felt that the Group in laying the question of the Reorganization Loan before them was attempting to force upon them responsibilities for transactions they did not and could not thoroughly understand.

It should be remembered that this matter was "put up" to the Administration six days after the inauguration of President Wilson. Whatever the President's and Mr. Bryan's intention may have been it was physically impossible for them at this time fully to have acquainted themselves with the history of four years of negotiations. They were, not unnaturally, disinclined to accept the advice of Mr. Huntington Wilson, who had held office under the preceding Administration, and whose "Dollar Diplomacy" had been severely criticized. Mr. Bryan was informed that the American Group was dissatisfied with Chinese business as business and advised that if the Administration desired the Group to go on it would consider doing so if the business were satisfactory.

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●. Taking all the circumstances into consideration, is it not possible that the President and Mr. Bryan felt that had they requested the American Group to continue the negotiations they would, in making such request, have committed the United States to an unwarrantable extent and in an unjustifiable manner? No such proposition was ever made by the Group to Secretary Knox. No Administration in this country - Democrat or Republican - could afford deliberately to ask a certain Group of Bankers to undertake a foreign loan. The implied, if not the direct, obligation to the Bankers would be too great. The Government might very properly advise bankers, in response to an enquiry, that it would approve a contemplated contract, would be pleased to have the bankers undertake it, and would extend all proper diplomatic support in case they did so. The Government could not, however, pledge gunboats in advance for the country at large would protest against such action, though it might approve the subsequent use of gunboats should the need arise.

The declaration subsequently made by President Wilson on March 18th, 1913, was perhaps false in its premises and unfortunate in its terminology. Because of this declaration, however, is it just to assume that the Administration will not give proper diplomatic support, which is all we can rightfully expect, to legitimate American enterprise abroad?

With the exception of Mexico, where a very large question of policy is involved, the Administration has in specific instances, notably in Nicaragua and San Domingo, given prompt support to American interests, even to the extent of despatching its armed forces for this purpose. As regards Mexico, the Administration has declared that all legitimate claims will be satisfied.



As far as China is concerned the President has endorsed the Red Cross Conservancy scheme and the Department of State has expressed its approval of the contract recently concluded by the Standard Oil Company.

In fairness to President Wilson and Secretary Bryan, therefore, while the Government may not request bankers to undertake a Chinese loan or pledge itself in advance to give more than the usual diplomatic support, is it not proper to assume that it is prepared actively and effectively to assist American business abroad?

From a business point of view, moreover, would it not be better, a business policy for bankers and merchants, to regard propositions on their immediate merits or in the light of their potential value; to act independently of the government insofar as possible, keeping the government advised of important developments and by not requesting continuous assistance attempt to avoid the introduction of political complications; to establish American business abroad, and build for the future rather than become too closely identified with the foreign policy of any particular administration?

(4) Prospects for an American Bank in China.

The Administration and American merchants in general would welcome the establishment of a strong American bank in China. Such an institution, inaugurated under the provisions of the new Currency Bill, would undoubtedly receive the Administration's active encouragement. It would constitute a natural and permanent basis for assuring to the United States a share in China's trade and in this respect would differ materially from the unnatural

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and experimental representation formerly maintained by the Group.

The Standard Oil Company's new contract, the Huai River Conservancy scheme, if satisfactorily arranged, and the handling of the funds for the present Hukuang lines and their probable extensions, would form the nucleus of what should be a very large business. In addition the Standard Oil Co., the British-American Tobacco Co., the Singer Sewing Machine Co. and other American concerns would all doubtless prefer to bank with an American institution.

A strong American institution might be established in either of the following ways -

(1) By the purchase and reorganization of the International Banking Corporation.

(2) By the establishment of a branch, say, of the National City Bank.

Whichever of these two means were adopted, the following suggestions would apply -

(a) The bank to endeavor to arrange with the Standard Oil Company, the British-American Tobacco Co. and the Singer Sewing Machine Co., all of which concerns make large remittances from China, to deposit their funds in Shanghai, for investment in China under the auspices of -

(b) A Shanghai Board, which would consist of the Manager of the Bank and the local managers of the Standard Oil Co., the British-American Tobacco Co., the Singer Sewing Machine Co. and possibly one or two other prominent American business men.



(c) The maintenance of the Peking Office under a manager to be the direct representative of the bank in loan negotiations.

(d) The bank to act for the Group in all such negotiations and loans secured by the bankto be issued in New York through the Group, with which, for political reasons, as well as to ensure the distribution of bond issues, there should be associated a permanent organization, composed of houses, such as Harris, Forbes & Co., White, Weld & Co., Potter, Choate & Prentice, Kissel, Kinnicutt & Co., etc., who, while not committed in advance, would be offered and would be entitled to take participation in any contemplated issue.

If the International Banking Corporation were purchased, J.P.Morgan & Co. would, as leaders in the Group, retain controlling voice and the fact that this bank was purchased by the Group would give it a standing which it does not now possess.

If J.P.Morgan & Co. did not wish to assume such responsibility, it might be well to consider the advisability of recommending that the City Bank establish a branch in Shanghai, or perhaps itself acquire control of the International Banking Corporation. J.P.Morgan & Co's interest would then be only in such loan contracts as might be secured from time to time.

It will perhaps be felt that the time is not yet ripe for discussing the questions raised herein. At the same time, this memorandum is submitted in the belief that it might be well now to take steps for effecting an organization which will enable us to participate in what promises to be a very profitable development in China.

W.D.S.

Feb. 17th, 1914.

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23 Wall Street.
New York.

February 25th, 1914.

My dear Dr. Reinsch:-

It was a great pleasure to meet Dr. Hornbeck and to hear at first hand of recent developments in China. We have followed your activities with great interest and I wish to congratulate you most heartily upon what you have accomplished.

We were glad to hear of the conclusion of the Standard Oil contract and your friends at 26 Broadway are keenly appreciative of the part you played in bringing these negotiations to a satisfactory conclusion. I hope that provincial discontent reported in the newspapers here will not be serious and that the oil fields may be developed at once.

The Red Cross "option", although I understand it is not called an option, for the Huai River reclamation scheme also has great promise. Perhaps it may be the bridge over which we can enter once again upon Chinese business.

We understand from the Standard Oil people that they have promised their good offices in assisting the Chinese to secure a loan and proper financing arrangements are necessary before J.G.White & Co. can undertake and carry out their proposed work.



It is impossible now to formulate any idea as to the loan which may later be proposed as the result of the discussion with the representative of the Standard Oil Company. J. G. White & Co., however, have already approached us informally regarding the financing of their proposition. We may not find it possible to assist them but in the hope that we may be able to do so, I am writing you personally in this way and touching on certain points which will have to be dealt with.

Dr. Chen, who arrives here in a few weeks, will doubtless cable his government regarding the progress of his negotiations and it has occurred to me that it would be useful to anticipate your probable discussions with the Chinese officials by familiarizing you more fully than is possible by telegram with our general ideas.

The problem of financing the reclamation project will be a difficult one. The Chinese, as I understand it, desire about twenty millions of dollars to be expended over a period of five years, thus averaging about $4,000,000.a year. While all this money is not need at once, it is essential from the point of view of the contractors, as well as the Chinese Government, that work should not be commenced until arrangements are made to have the sums needed available as required.

Two methods of financing are possible. First, the bankers to contract to issue a loan for the entire amount when market conditions are favorable, agreeing if necessary to make advances up to a certain amount to permit the immediate commencement of work, such advances to be paid off when the loan is issued. Second, temporary

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financing by means of treasury bills to be redeemed by the subsequent issue of a large loan. There are certain objections to both plans but I am inclined to think that the former is the more feasible.

The bond market is at present rather good and we might be able to make an issue within the next few months but this is by no means certain. The objection to an early issue from the Chinese standpoint would be that they would have to pay at least 5% interest and receive only 2% or 3% on their balance held by us.

The objection from our point of view would be that the security, which I presume will be the taxes collected from the reclaimed district, will not be available until the work is completed and possibly for some time thereafter.

To secure an immediate issue therefore, as soon as conditions are favorable here, it would be necessary to reconcile the Chinese to the loss of interest on the one hand and on the other to secure from them as security the temporary allocation of certain revenues, which could be replaced by revenues from the reclaimed lands as soon as such were being collected.

This raises the question as to whether it is possible for the Chinese Government to offer satisfactory security at the present time. One hears that negotiations have been opened with the Five Groups for a loan of £40,000,000., and there are constant rumours regarding other negotiations for smaller loans, all of which, if concluded, will increase



the indebtedness of the Republic, while, as far as we can make out, there is no immediate prospect of any substantial increase in revenue collections.

Assuming that it is impossible to arrange to issue a loan until the reclamation work is either completed or well under way, it would be necessary to finance the project by the issue of treasury notes at the rate of about $4,000,000. per year. It would probably be undesirable to have notes for different terms, say for five years, four years, etc., and it would therefore be necessary to have all the notes for a one year term, it being understood that they would be rediscounted each succeeding year until redeemed by the issue of a large loan.

The cost to China of such successive discounts, even if they could be arranged, would in the end probably be greater than the loss of interest they would have to bear if a large loan were issued within the near future.

The plan for issuing treasury notes, moreover, would be unsatisfactory for, as you will readily understand, the bankers would probably be unwilling to pledge themselves in advance to discount a certain number of treasury bills each year. It is impossible for us to anticipate market conditions and, while we might be ready to take bills at one time, three months later we might not be willing to do so. It would be difficult for this reason, by any scheme for temporary financing, to

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assure to the Chinese Government, and to the contractors, the regular availability of the sums upon which they must be able to depend before undertaking the work contemplated.

Whichever way the scheme for financing may be worked out, it will be essential for us, if we intend to issue securities in this country, to be able to assure prospective bond purchasers that the hypothecated revenues will be administered by a Chinese service, of course, but by one under foreign direction. In view of the special character of the work, therefore, would it not seem to you practicable to create a special "Reclamation Service" and tax collectorate for the reclaimed area, either under the auspices of the Customs Service - that already heavily saddled organization - or under the new Salt Gabelle collectorate. From the point of view of the Chinese themselves, it would seem to me highly desirable that experts should be engaged to assist the people in this district in every way and the "Reclamation Service" after having demonstrated its efficiency might be called upon to do like work in the Yellow River valley and other parts of China where more or less similar conditions have prevailed.

You will understand, of course, that we entirely appreciate the necessity of saving China's face and it really makes very little difference to us how this "Reclamation Service" is worked out, provided we are satisfied as to its efficiency. We should not insist upon the appointment of Americans. All we desire is that the work be properly



done and where so many of our friends are clamoring for jobs it might be well to throw a sop where it will be most appreciated and most effective.

We shall, I presume, in this case, as in all others, have considerable argument regarding the price which we will pay for Chinese bonds. Dr. Chen, however, I think understands that our market is not accustomed to foreign issues and that we would, therefore, be obliged to make our offer to the public perhaps more attractive than would be necessary in London. If we undertake this financing we shall wish to do so entirely on our own account. It is possible that we may attempt to place a few of the bonds in London or elsewhere, but, if we do so, it will be through our own connections and we shall not complicate the situation by entering into any binding agreement with the other groups.

The foregoing will, I hope, acquaint you with our position. You will of course understand that it is an entirely informal and personal expression but I trust that it may be of some service and sincerely hope that we may be able to assist you in putting through this splendid work and, incidentally, that we may reestablish connections which this time will be permanent and which will ultimately be so profitable that we may even hope to make up some of the deficit which, with experience, is our only heritage from our last adventure.

With kindest personal regards, believe me,

Yours very sincerely,

Willard Straight

His Excellency
Dr. Paul S. Reinsch,
The American Minister,
Peking, China.

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Peking,

March 24, 1914.

PERSONAL

My dear Mr. Straight:

I have your welcome letter of February 25th, and desire to thank you for keeping me so fully informed.

In my despatches to the Department, in connection with the reclamation project, I have gone quite fully into the question of the securities and their administration. You speak of additional security for the purpose of assuring the payment of interest until the revenue resulting from the work begins to come in regularly. It had been my belief that during the progress of the work interest might be paid out of the proceeds of the loan, with the prospect of making a supplementary loan, if necessary, to complete the work. As you know, the Chinese Government is so much in need of its revenues at the present time that I believe it would be desirable to arrange for the interest payments in this manner. However, if it should seem essential to the bankers, we should, of course, make every effort to get some additional security. It is possible that we might get the land tax; or, again, a similar arrangement as in the case of the Reorganization Loan might be made, having the two provinces of Kiangsu and Anhui guarantee the payment of interest during the progress of the work.

With respect to the issue of the loan: would it be possible to issue it in two instalments of £10,000,000. each, three years apart? In that case the loss of interest to the Chinese Government would not be a serious matter. It would seem a comparatively easy thing to float a loan of this amount at almost any time outside of financial crises.

In my report to the Department, I spoke of the desirability of having one of the established Chinese services take over the administration of the securities: it might be arranged that the Salt Gabelle would administer the revenues, but that in case of default the administration should pass to the Maritime Customs Service. I believe that the creation of a special branch for this purpose is desirable, as it would facilitate in every way, not only the collection of the revenues, but the development of the region after the improvement has been made.

I hope that it will be possible to induce Americans of influence and means to come to China to see the situation for themselves. It is one that is eminently attractive to the American spirit of enterprise. As you well know, the opportunities that exist at the present time will not last long, and it is of the highest importance that we should now take a more important position here before things have set and crystalized so as to make entry next to impossible.

An unusual opportunity was afforded for the exercise of American influence upon the economic and financial development by the Bank of China loan offered to the Standard Oil Company. I believe that a greater influence can be exerted upon economic development in China from this point of vantage than from any other, and I still hope that a way may be found for American capitalto take up this matter. The proper safeguards in an investment of this kind would result in liberating the economic energies of China, giving

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powerful support to her credit and improving the efficiency of administration at all points. If undertaken by men of our nation, it would natually result in a great legitimate influence in Chinese enonomic affairs.

With sincere personal regards, believe me,

Faithfully yours,

Willard D. Straight, Esquire,
No. 23 Wall Street,
New York, N. Y.

March 24th, 1914.

My dear Blando:

With the Ulster situation so near at home, I can't for the life of me understand why you do not there find an outlet for your belligerent instinct, instead of trying to set out Russian and Japanese friends by the ears by stirring up the Chenchow-Aigun once more.

However, knowing your sporting instincts and your catholic mind, I can quite appreciate that you may be able to do the intellectual straddle, even over such a great stretch as that between Ireland and Manchuria. I sympathetize with you; I admire you; my affectionate regard for you is superlative. I should like nothing better than to join you in starting another Far Eastern war, but the appeal which you make is to my spiritual and moral self, rather than to the mind which, with increasing experience in Wall Street is, I trust, becoming more and more practical.

Blando, it can't be did. There is nothing to it.

I still claim a certain parental interest in this changeling child, but ffrench has been nursing the baby and if it won't thrive at his breast, I doubt very much if any of our bottled wisdom will be of much avail,

I had the matter up with the State Department, which is very chary about doing anything. In view of the California situation, our Government, the foreign affairs of which are not, I regret to say, very intelligently managed at the present moment, is anxious to avoid any other complications with Japan. Washington is afraid of being placed in the position of pulling China's chestnuts out of the fire in Manchuria. After conferences with Mr. John Basset Moore, who recently found the Government Service too impossible and to our great chagrin gave up his position in the Department of State, I had some converse with the Japanese Ambassador, told him what our rights were and asked him what he had to suggest. Since then, we have heard nothing. Mr. Moore was about the only person who had any conception of

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playing this game in any way and now that he is gone, I should hesitate to broach the matter again. We have served notice on the Japanese that we had certain claims and I rather think that our action has made them feel that they must go slowly for the time being. It may eventually work out that they will desire to effect some sort of a combination with us.

I see by the papers that the Russians are apparently talking of building south from Aigun. I should think that when the time comes it would be well to approach them in the same way. The idea of ever building a purely Chinese railway in Manchuria is chimerical, unless the British and American Governments are ready to send troops to back up the contractors. This, as you know, they will never do, and I myself am convinced, therefore, that either we must sit tight or try to work something out in cooperation with the Russians and the Japanese.

As I understand it, this whole matter was taken up with Pauling last autumn by Morgan, Grenfell & Company, but we never got very far. Pauling did not seem to have any more information than we did ourselves.

"The "Republic", of which you speak, will be launched we hope sometime in November, after the coming elections. We had thought at first that we would go into this fight, but the issues are so muddied at the present time that we finally decided that it would be wisest to comment on the election results rather than attempt to influence the same before-hand. The editor, Herbert Croly, wrote a very interesting book, called - "The Promise of American Life," which you probably have read, or at least heard of. We have a number of other bright young lights and I think the experiment promises to be a very interesting one. We shall be delighted to receive any contributions from you, at the usual rate - two cents a word. Any philosophical inquiry which you may make into the spirit of the new Democracy or any fluff about feminism, as exemplified in the attractive person of



Gaby Deslys, will be received with interest. Seriously, I think a little light stuff from your facile typewriter would be very well in order. Just froth, nothing heavy. I imagine we can get all the serious stuff that we can handle, and probably more than the public will digest.

Thanks very much for the new book, which reached me safely. I have read the articles which appeared from time to time in the Atlantic with interest.

Old C. D. is back again. I saw him in Washington some time ago, but since his arrival in New York, of which I have heard, I have not set eyes on him.

The Red Cross business is tied up all right, but I very much fear that the financial difficulty will be a very hard one to overcome. I don't think we care to undertake any Chinese financing at the present time and unless that can be done, you might as well kiss the conservancy scheme good-bye. However, we will do our best.

We are all very well, despite the long winter in town. Dorothy joins in best wishes to you and Mrs. Blando.

Yours,

JOP Bland, Esquire,
The Clock House,
Shepperton-on-Thames,
England.

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March 24th, 1914.

My dear Thomas:

Very many thanks for your letter of the 18th of February. I am glad to hear that your business is prospering.

You statement that in these days all of the Boards in Peking are giving balls and inviting foreigners, does not surprise me, for if my recollections of Peking are correct, not only the Boards, but most of the foreigners have been talking balls for a great many years past.

I see by the newspapers that the British have revived that old Pritchard-Morgan claim as an excuse to protest against the Standard Oil Company's concession. They may be able to get away with it, but if they do, it will be largely because of the ineptitude of our own Government rather than because of any intrinsic merit in the claim, which, as I understand it, the British Government has consistently ducked for the last ten years.

The Red Cross project is, of course, interesting, and the J. G. White people could put it through, provided they got the necessary financing. That would be the difficulty. It will be very hard to handle Chinese bonds on this market at the present time, even with the best of security, for rightly or wrongly, the public is under the impression that the Administration will not support American capital abroad. Mexico is continually cited as a glaring example. Of course, no comparison between Mexican and Chinese conditions would hold water. Nevertheless, in the minds of the public, both are heathen countries and although a battleship would never be necessary for the collection of interest on Chinese bonds, the man in the street it not aware of this fact, and before he purchases a foreign security he likes to feel that he is going to be looked after. Still, I hope

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we can pull something out of it. Maybe we can, if the negotiations, which I understand you are now engaged in, are successful.

Your idea about the right to build railways in the conservancy area is a good one, but I fear we would run afoul of some of the claims of the British and Chinese Corporation. However, we can climb that wall when we come to it.

Best wishes always, in which Mrs. Straight joins.

Yours very sincerely,

J. A. Thomas, Esquire,
Peking, China.

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23 Wall Street.
New York.

March 25th, 1914.

My dear Dr. Reinsch:

Very many thanks for your letter of the 13th of February, which apparently crossed that which I recently sent to you. You are quite right, it seems to me, in your view regarding the potentialities of the Red Cross "option" which you have secured in so able a manner.

The great difficulty, however, will be the question of finance. As you know, the American public is not accustomed to foreign securities. We felt at one time that we might sell Chinese bonds, but unfortunately, the Administration's action in March last has, whether rightly or wrongly, created an impression that our Government will not support American bankers in China. The fact that the President's declaration stated that he would urge the legislative measures necessary to insure to American contractors, engineers, etc., the banking and other facilities which they now lack, was largely lost on the public, in view of his specific action with regard to the American Group and the Reorganization Loan.

His attitude was, of course, generally applauded through the country. The expressions of approval, however, came, I imagine, from that - by far the greatest - portion of the public, which has no particular interest in



or knowledge of foreign affairs, but a sentimental and unreasoning regard for anything designated as a "republic." I doubt very much if most of the people who cheered the President's action as an evidence of American friendship for China would practically manifest their sympathy by purchasing Chinese securities at the present time. As you will appreciate also, the man in the street regards China as a heathen land, full of revolutions and capable of defaulting on its bonds. He feels, therefore, that he should be assured that the American Government would protect his investment in case China did not meet her obligations. You know, and I know, that battleships would probably never be necessary, but it is difficult to sell a security if you have to go into the history of China in order to prove that ultimate payments are undoubtedly assured.

Despite this handicap, we shall do our best with the Red Cross scheme. I am, however, much less optimistic now than when last I wrote you, as the general financial situation in this country is not now as satisfactory as it was at that time. Investors are disturbed about domestic conditions and while this might perhaps lead them to purchase foreign securities of a certain character, it would not, I fear, turn their minds toward China.

As to your views regarding the need of a strong commission house, directly representing a number of American manufacturers, this matter has frequently been discussed with us by Shewan, Tomes & Company, the American Trading Company and the China and Japan Trading Company. These concerns

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afford the bases at least of what might be developed into excellent selling units. It may be that they have not seized their opportunities, but I imagine that on investigation you will find that it is perhaps less their fault than it is that of the manufacturers in this country who demand cash payments, as well as due to our lack of banking facilities wherewith to finance our trade with China.

There is now some discussion as to the advisability of exempting commercial or industrial combinations, entered into for the purpose of foreign trade, from the operation of the Sherman law. If our banks also could make some combination and establish joint, not individual, branches abroad, our prospects for extending foreign trade would be greatly improved. Here again, however, we meet the same difficulty we find in attempting to issue Chinese bonds; our people are not sufficiently interested. The country seemed more nearly ripe for undertaking foreign business five years ago than it does today. Anti-trust and other legislation, which makes business apprehensive, has made our attention ingrowing once more.

Despite all these discouraging features, we are trying to do what we can, and it is only by consistent effort of the sort that you are giving and by plugging along steadily here that we can hope to accomplish what we have in mind.

I sincerely trust that the Standard Oil concession, which you so successfully engineered, is not going to fall through on account of the British



protest, which the "Herald" stated has been made. It seems rather ridiculous to bring to life the Pritchard-Morgan contract, which the British Government has consistently side-stepped for so many years. At the same time, it is perhaps not an inappropriate answer to our own action in the case of the Hukuang Loan.

With warm personal regards and repeated congratulations on the splendid work you are doing and regarding which I hear the most flattering reports on all sides, believe me,

Yours very sincerely,

Willard Straight

His Excellency
Dr. Paul S. Reinsch,
The American Minister,
Peking.

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Peking,
March ~~21~~ 31, 1914. [pg]

PERSONAL
AND CONFIDENTIAL.

My dear Mr. Straight:

While in my last letter to you (March 24th) I mentioned the Bank of China loan, I do not believe I emphasized sufficiently my opinion of its great importance.

A few weeks ago Mr. G. M. Gest, a New York contractor who was visiting here and who became intensely interested in the local situation and in the opportunities for American enterprise, got from the Chinese Government a preliminary agreement for a G$30,000,000. loan. I tell you this for your private information, although I believe it is Mr. Gest's purpose to present the matter to your firm. The agreement offers a basis upon which to negotiate. The cardinal features of the matter are as follows:

The money is desired to provide capital for the Bank of China, but the proceeds of the loan will be used <u>in toto</u> as a metallic reserve for the note issues of the Bank of China, which is to be the national government bank of issue.

The Bank is further to act as the sole fiscal agency of the Government except in matters connected with railways and posts which are in charge of the Bank of Communications.

The Chinese Government admits American supervision in this form: a Chinese banking expert, nominated by the bankers, will be made co-Director. He will have associated with him an American banking expert adviser. I suggested this arrangement because it would save the susceptibilities of the Chinese and obviate popular clamor, while, at the same time, giving the bankers a very direct insight into and check over fiscal operations.

I believe you will agree with me that the creation of a strong central government bank, with branches in all parts of China, - a governmental agency for issue and fiscal operations - would be a work of the utmost importance in the development of China, and it would give those engaged in it a very great legitimate influence.

As far as the security is concerned, I am convinced that the underlying conditions are so sound that the present public debt is far within the limits of safety; and a loan of G$30,000,000. for the purpose of reforming the bank note currency in a nation of four hundred millions seems indeed a very moderate requirement. Should the worst administrative incompetence occur, the result might be bankruptcy of the Government, but never of the nation. Nobody here fears the insolvency

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insolvency of China, although apprehension may be entertained by many as to the immediate financial situation. But this is the point: by coming to the aid of China at this particular juncture, American bankers would have the power to restore the credit of the Government through a comparatively small investment; and the liberating influence of this action upon the economic and financial life of China would be great, as would be the resulting influence of those who helped to bring it about.

I therefore believe that an unusual opportunity is here afforded for performing a great service to Chinese development, which will bring returns commensurate to its importance. I have thought this matter over from all points of view and have considered it most carefully, and I believe that it is an undertaking which American capital may enter safely and with splendid results, as it would give to America a position of great influence in Chinese economic life.

While the general credit of the Government and the share capital of the Bank would, in my opinion, give sufficient security for the loan, considering the effect that would be produced upon the whole situation by stabilizing the Government currency in this manner; it will be possible further to get specific security in the form of certain taxes, which will at the lowest estimate cover the annual interest



interest charge. The specific security included in Mr. Gest's option is not entirely satisfactory from every point of view, but it would be possible to get other revenues substituted if it should prove necessary.

With sincere personal regards, I remain,

Faithfully yours,

Willard D. Straight, Esquire,
No. 23 Wall Street,
New York, N. Y.

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| Apr | 4 | Battle of Gettysburg | 15 | | | |
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| " | " | Bombardment of Island No. 10 | 7 | 50 | | |
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April 6th, 1914.

Dear Prather:

Your letter of the 10th of March, enclosing draft on his Nibs, received, for which many thanks. Also the long letter written on the steamer, which was a much more human document. I suppose that this is always the case, for a long-hand letter, or one personally written on the Underwood of commerce, seems to be a more direct communication than that which goes through the stenographer's pencil. However, my little Underwood is hitched in the country and my long hand is so darned long that, even for your beaitiful eyes, I refuse to take on the writer's cramp.

I was delighted that you had received a communication from the old school house. This would indicate a degree of friendliness which promises well for your sitting on the job. During all the time that I have been cabling you about the yelping of the wolves, I have been unable to get in touch with the old man, who is hanging out somewhere in the South, but who is expected momentarily in Washington. He was supposed to reach there last week and Mrs. Bordie promised to see him as soon as he reached the Capital. She also promised to communicate with me, which she has not done up to date. I,myself, am laying for him as soon as he reaches New York, and when I have interviewed him I will write you another long, sweet letter.

Considerably before this letter reaches you, you will have seen Summy, who will give you all the dope. He was in Washington when the rumors about your connections with a cannery started. In fact, he and Mac got me on the long distance and started me after Dudley Field Malone. He said some nice things about you, but his statesman-like manner confirmed rather than allayed my fears on your behalf.

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Of course, if the Democrats don't feel that they can make you Ambassador in Chile, they may have you transferred to some European mission, and have some European Minister made Ambassador in Chile. Brand Whitlock might be a good man for the job. I doubt very much, however, if you can expect such a degree of finesse from the plumbers who now occupy the high places in the Department of State. They are looking for nice fat salaries for nice sleek Democrats and the idea that they should merely give one man, who already has a good thing, an increase in salary by promoting him to the rank of Ambassador, and not take advantage of the vacancy in the mission ranks by rewarding some other long-haired apostle of free silver, would never occur to them. However, as Mr. William Shakespeare says, "Qui vivra verra."

You will be interested to learn that Martin Egan has been ensnared by the Octopus and now occupies an office as near as possible to mine. We will probably have adjoining rooms in the new building. I do not know exactly what his official designation would be, but I presume he is to be employed as a sort of a human oil can, to squirt parrafin on our troubled political waters. It is a wonderful chance for any man and Martin has already been delivering the goods, tied up in little tissue-paper parcels, all wrapped 'round with red, white and blue ribbon. No better man could be found for the job and the fact that he has been overwhelmed with work during the month that he has been here, shows that the job was waiting and that a man has been needed for a long time.

The general dope, as I get it, is that the President is psychologically losing ground. He will probably win on the Canal Tolls issue, as he deserves to do, but unless the ground available to our ear sings a false tune, the country at large is getting a little fed up with this rarified atmosphere of high moral purpose, the broader life, moral regeneration, attainment of ideals, purity of purpose, and all the rest of the



bull con which most of our lady friends like to pass about over the tea cups.

Mind you, I doubt very much if the country knows its own feeling in this matter,-- if it has really diagnosed its own state of mind, but as you know, we are really a nation of jingoes. We like to hear the Eagle scream and, while we are prepared to give the little peace bird a chance to chirp every now and then, it is really in order that we may pat ourselves on our bulging chests and admire our own self restraint, rather than because we really prefer doves in our millinery. Therefore, quod erat demonstrandum. Nineteen sixteen will show.

The corner grocery sages are already beginning to prophesy a Republican Congress this autumn. Personally, I doubt if it can be pulled off, and very much hope that it can't, for I believe that two year's more of rope will effectively hang our Democratic friends, and that William Jennings Bryan and all his cohorts will pass permanently into oblivion. Like the Phoenix, these birds of prey will doubtless rise again from some political conflagration, brought on by the conceit, the over confidence and the ineptitude of an overfed and liverous Republican Party.

T.R. is, of course, still in the bush, but if he plays his game right when he returns he ought to be landed in the White House. Some of our Republican friends who have been feeding for the last sixteen years at the Government trough, are willing to bury the axe if they see any chance, in any way, of getting once more on the Government payroll. If there is a combination, the Pinchots and some of the uplift crew will doubtless go by the board, but this sad parting will not cause me personally to go into any permanent mourning. In any case, the boys are beginning to get together and necessity is the mother of invention.

Croly has been here for the last month and is organizing

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his "Republicans." He has a rattling good staff collected. In fact, it is by far the best crowd that has been brought together in New York for many a day and I think that we are really going to be able to pull something off. We shall not start publication until after the Congressional elections in November, as if we did go into the campaign we would have to take sides, which, of course, means making enemies and it seems to us wise that we should take this controversy, summarize its results and be ready for the fight in 1916.

Beatrice, as you know, has gone to Europe. Harry is back and expects to begin Polo practice at Lakewood this week. The season has been very backward, and for this reason I suppose we will not be able to do much playing on Long Island until the first of May.

I have been sticking very closely to the office, with all manner of enterprises, most of which have the life of the traditional May fly,--they blow in and snuff out, with no commission to the undertaker.

We moved out to the country on Saturday, and thank Heaven, we will be there from now on. Dorothy is very well and your Godson shows an increasing sweetness of character and an intellectual capacity which is positively astounding and which I attribute to your guidance and council.

Yours,

The Honorable Henry P. Fletcher,
American Minister,
Santiago, Chile.

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[4-21-14]

PERSONAL

Peking,
April 21, 1914.

My dear Mr. Straight:

I thank you for your letter of March 25th.

While I am not surprised that you apprehend certain difficulties in raising the Twenty Million Dollar loan for the Huai River improvements, I have a very strong feeling that the exceptional character of this enterprise, and the manner in which the name and fame of our country is connected with it, will bring the desired financial support.

At present the thing that is most occupying my thoughts is the last opportunity for our people to enter into China's railway construction and development on a large scale. I have to encounter on all sides the skepticism of the Chinese and diligently cultivated by the Europeans, as to our ability to come forward and take our share in Chinese industrial development. The arrangement which is now being concluded in Europe by Dr. Chen Chin-tao for the creation of an international construction



construction company affords, to my mind, the only escape for China from foreign pressure leading to the political and economic partitioning of the Republic. It also affords the last opportunity for America to enter and participate in China's economic life on a sufficiently broad basis to keep the door open for future growth, but I need not talk to you about the desirability of bringing all this about.

As to the feasibility: American participation will not mean the necessity of immediately raising a large loan. Necessary surveys would consume at least two years; then construction would gradually begin: so that the demand upon American cash resources would never be large in amount. If we allow this opportunity to pass by, our iron and steel industry will have only a very small share in China's trade. The position we would acquire by participation in railway building would react favorably on all branches of American enterprise in China. Participation, therefore, presents an investment which will bring returns manifold beyond the immediate profits of the undertaking.

What you say about the necessity of making special legal arrangements for organizations engaged in our foreign trade, I fully agree with: nothing will help us more than

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more than a banking syndicate for foreign commerce in which individual banks at home could participate in large numbers. From the point of view of our needs in China, I shall lay this matter before the Government.

If we could only get some of the people really in authority in our business world to come to China at this critical time, we could hope to do something. The great opportunities and the game that is being played among nations for large stakes in China would appeal to and fascinate our men of daring enterprise. I hope that one of the big men of the Standard Oil Company may come over. While they have a contract, that is only a beginning: to secure the full advantages of their opportunity will require a first rate generalship.

I am very glad to have, from time to time, visits from your friends to whom you have given letters. Yesterday Mrs. Clark and Miss Austin sent in their letters and we had them as our guests last evening.

With warm personal regards and with best wishes for your continued well being, I remain,

Very sincerely yours,

Willard D. Straight, Esquire,
No. 23 Wall Street,
New York, N. Y.

April 29th, 1914.

My dear Mr. Minister:

Many thanks for your most interesting letters of the 24th and 31st of March, which have been very greatly appreciated.

As regards the Huai River conservancy, you have doubtless already been advised that the Red Cross has made an arrangement with J. G. White & Company, whereby an engineering board will be despatched to China to make a detailed survey. The matter of financing was brought to the Group, who felt it impossible satisfactorily to discuss this question without more definite information regarding actual conditions and the probable cost of the work contemplated.

When, upon receipt of the report of the engineering board, we take up the discussion of the financial problem, the suggestions contained in your letter of the 24th of March will be very valuable. It might, as you say, be comparitively easy toiissue a loan of ten million dollars at almost any time. That would depend, however, not on the size but on the nature of the loan. There is no market for Chinese securities in this country at this time and it would be difficult if not impossible for the bankers to create one within any reasonable time without the active and intelligent support, or at least the declared approval of the Government. The public

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would buy Chinese bonds, if at all, only because they were issued by Messrs. J. P. Morgan & Company, or their associates, not because they were guaranteed by the Chinese Government. This fact, which we appreciate, forces us to be extremely careful. With our immediate responsibilities in this country we cannot afford, nor in view of conditions in China would it be right for us ourselves actively to urge the investing public to spend their savings for the development of China, unless the Government can see its way to approve and endorse such efforts. The returns offered do not justify risks, and conservative banking houses do not in any case care to embark on enterprises that could be termed speculative in character.

When the American Group first entered upon negotiations for the Hukuang Loan, conditions in this country were good. Business men were looking abroad for new trade openings, the Taft Administration was anxious to encourage the extension of foreign trade and the Chinese Governmental Bubble had not been pricked. During our four years of experience a not inconsiderable public interest in China and her development was aroused, and had we issued the Reorganization Loan, as we had hope to do, in February, 1913, we probably could have sold our twenty million dollar share to investors throughout the country. This we would have been able to do despite the revolution and uncertain governmental conditions in China, because of public confidence due to the support of our own and the other interested Governments

Neither Mr. Taft nor Mr. Knox ever promised to send American battleships to threaten China, or to land marines to occupy Chinese territory, in case of default in interest payments. The public was misled by no false statements, but there was, nevertheless, a general belief that our

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Government was actively interested in the preservation of China's credit and in the development of that country.

This, as I told you in our conversation at the Century Club, was changed by the President's declaration of March 19, 1913. The fact that the President and the State Department felt that China, as a young Republic was entitled to extraordinary consideration and sympathy; the fact that our Government recognized Yuan Shih Kai's political machine: and the fact that the Administration subsequently gave out some general expressions regarding the Government's interest in the development of American trade, did not in any way restore in the mind of the investor the confidence which had been destroyed by the specific condemnation of the activities of the only American banking group which hadhhad the enterprise, the courage and the patience to enter and remain in the Chinese field and which, despite its unpopularity among certain yellow journals and a number of western congressmen, stood for integrity, fair dealing and sound business in the minds of the bond purchasing public, upon which readiness to buy the success of any bond issue must depend.

This confidence which would have enabled us to sell Chinese bonds, had been created by four years of hard work on the part of the bankers and the Government. Once destroyed, it can be restored only by general governmental declarations, which will probably have to be stronger than any of those made by the Taft Administration, or, in the absence thereof, by

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effective, consistent and repeated specific proof of the Government's willingness to assist and encourage our merchants, contractors and bankers. As you know, it is more difficult to correct a bad impression than it is originally to create a good one.

I quite appreciate that it will be difficult for the President to take any action which would seem to be a reversal of his former position, but I hope that the last paragraph of his declaration of last March, in which he stated that he would urge "all the legislative measures necessary to assure to contractors, engineers, etc., the banking and other financial facilities which they now lack" may be interpreted and developed along lines which will permit him actively to support the Red Cross plan.

If the Administration will publicly evidence its interest in and its support of this project during the next few months, so that when the matter is finally brought up to the bankers for decision they may be able to feel that the public has become interested and assured that our Government is behind the plan, it may prove to be the means by which we can again enter China. This I have pointed our to Miss Boardman who, I feel sure, fully understands the situation.

The proposed bank of China would, as you say, be of great benefit to the Chinese people and would afford a splendid opportunity for American enterprise to assist in Chinese development and the extension of our own trade. The arguments regarding the loan, which I have set forth above,

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however, apply in this case also, only more so. You will remember that we were formerly interested in the "Currency" loan, from which we withdrew, and it would seem that Mr. Gest's project contemplates measures which, to be made effective, must be worked out in connection with a general scheme of currency reform. Our understanding is that the other groups have now under consideration a loan for this purpose. As you of course understand, their interest in China is greater than ours and I am afraid that if we should attempt to organize, to finance and in any degree to control the operation of a "Bank of China," we should find ourselves opposed by them so actively as to render our task extremely difficult, if not impossible.

Aside from the other considerations which I have laid before you, it is necessary also to point out that the business and banking community has little confidence in the present Administration's desire to encourage, or willingness to support American enterprise abroad, for the Government's Mexican policy has not stimulated a desire for over-sea adventure, while the activity of Congress in attempting to penalize "big" business, in the hope apparently, that "little" business may benefit thereby, makes the former hesitate to undertake any unnecessary commitments abroad until the domestic situation is clarified.

Much to my regret, therefore, I can see no way in which we could interest ourselves in the proposed loan, unless China should request our Government to assist her in this matter and our Government, in turn,

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should request the bankers to undertake the task, and even if this could be brought about, I fear that present conditions would make it virtually impossible for us to assume such a heavy responsibility.

I sincerely trust that your great interest and your energy in endeavoring to extend our interests in China may have an effect upon our own Administration. I believe the bankers will always be willing to help if they are able to do so, but we are not, like our Continental friends, anxiously looking for chances to invest abroad, especially at the present time when we have so many troubles of our own, and instead of being merely shown the opportunity, we must be persuaded in the first place that it is sound business and in the second place that it is our patriotic duty to undertake it. And we must feel, in addition, that if we should undertake it our enterprise and energy will not serve merely to rouse a storm of jealousy on the part of those who will not assume any risks themselves, but who cry "monopoly" as soon as an interest capable of handling foreign business is given the active support of our Government.

I am sorry that it is impossible to give a more optimistic picture, but I assure you that I shall do all in my power to support you and your efforts, which I sincerely trust may be attended with the success they deserve.

With kindest regards, believe me,

Very sincerely yours,

His Excellency,
Dr. Paul S. Reinsch,
The American Minister,
Peking.

May 26th, 1914.

Dear Colonel:

It would have been much more satisfactory had you been able to give me an opportunity to talk rather than to write. However, since the former was impossible, I should like, if I may, to add my mite to the wealth of wisdom that has been hurled at you since your return.

It seems to me that the country is weary of uplift, weary of the high moral plane upon which, we are lead to believe, affairs are at present being conducted, and weary of hearing that we are a laughing stock abroad.

You have truly said that we cry for "Peace with Insult." We have been given "Peace with Platitude" which, while popular for a time perhaps, because of its very novelty, and pleasing to the Evening Post and the New York World, is beginning to be resented by the country. The dinner pail is empty and the theory of Democracy is an after dinner diversion. For this reason I do not believe that in the next two years people will be inclined to discuss at great length, specific issues regarding the machinery of Government, such as the recall of judicial decisions, the short ballot, and the initiative and the referendum. Other

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matters will bulk larger in the popular mind.

The people have been side-tracked, some on one line, some on another, in following one leader or another, Bryan or Barnes, Cannon or Lafollette. We need a leader to bring us back to the main road again. We've lost sight of the forest and stumble against the trees. We are groping amidst a flock of remedies for our political ills, investigations and inquiries, resolutions and all the rest.

The country needs more than anything else Construction - Nationalism - Americanism - hopeful, effective, and above all things, sane. You can sound the note and enunciate the broad policy that is required and I believe the people would respond.

When you first went after "big business," we were suffering from indigestion; of late we've had a brain storm. Neither condition is salutary. We need application and thought, not legislation and oratory. We have chased words and theories too long, avoided facts. We have been blind to conditions which have not fitted in with the measures heralded as panaceas to cure ills due to our national character and to the nature of the whole people and not to the perversity of the individuals whose chief fault was that increased responsibility did not uplift them morally above their fellows. The time has come for a national stock-taking and readjustment on the basis offthings as they are today, not as they were a hundred years ago.



The old vocabulary about monopolies, the wicked interests and corrupt big business, is pretty well out of date. Some still use the old phrases, but we need and must have something new - constructive and helpful, not mean and envious and withering. We need a rest cure, for the surgeon's knife has done its work; a guide, not a jailor; an architect, not a parson or a professor. Business morals today are different from those which you assailed ten years ago. It was necessary to tear down and to cleanse, in order that a new structure might be built. We need you now as a builder. The pin-heads and the dubs, and the little demagogues have been playing too long in the workshop. They have strutted in the glare from the opened furnace doors, and the fires have died down. They have used the whistle and not the indicator. As President, you forced a new business conscience. In 1912 you fought for political reform. Would it not now be possible to forestall and disarm some of your opponents, like Bryan and Lafollette by recognizing the soundness of some of their ideas, admitting that they have been actuated by patriotic motives, and damning them because of their inability to square their theories with the practical facts of our national life? Could you not grant the necessity of conservative, but constructive, action, but condemn the blindness of the standpatters. Wont you now lead for national sanity, for the square deal, and constructive progressivism, make these the issues and let the lesser things work out in due course?

From all I can learn the influence of the old bosses is gradually

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diminishing and most of them will, I think, die a natural death within the next two years, as the younger Republicans get more and more in control. I am very much afraid, however, that any violent attack along the old lines, such as I understand is advocated by some of the Progressive leaders, will retard rather than accelerate their demise. I believe that there is no question that the mass of Republican voters will follow their younger leaders, voting for constructive, progressive - with a little "p" - policies, both in the coming autumn and two years hence, for only thus can a repetition of the Progressive-Republican fight be avoided. During the last few months some of our very good friends have seemed to be much more concerned about exterminating the Republican Party than they have been in building up an organization which really can do constructive work and make effective some of the principles laid down in the Progressive platform. I hope that in next autumn's campaign you will not feel that loyalty to those who went into the Progressive fight in 1912 will compel you to let them use you now.

In ending this letter, I have a feeling of freshness borne in upon me, but I hope you will understand that my intentions, at least, are good.

It was fine to see you on Sunday, seeming better even than you did on Saturday. We all hope that the trip to Spain will do you a world of good and look forward to seeing you when you come back.

With love from Dorothy and myself, to you and Kermit, believe me,

Yours ever sincerely,

Colonel Theodore Roosevelt,

Oyster Bay, Long Island.

June 3rd, 1914.

My dear Prather:

The face arrived in all its glory, accompanying your letter of the twelfth of May, which followed closely after that of the twenty first of April. I note that in your very free translation of the inscription under the face you do not confirm the statement made there anent, to wit, "Existence without toil." Pardon me for calling your attention to this little omission.

On receipt of your letter this morning, I made a search through my files to see whether or not I had written to you after the exchange of telegrams regarding your little job. Much to my surprise I found that I did not do so. This was due, I presume, to the pressure of business about this time, for we have been attempting to run a national foreign trade convention, which was finally pulled off on the 27th and 28th of May, and this consumed about all the time of which I felt I could conscientiously deprive my employers. It was a serious oversight on my part, knowing full well how anxious you would be to hear the inside story, and I should not have neglected writing you.

As Sammy has told you, we got the news that the wolves were after your job. We at once got in touch with Mrs. Harriman, who said she would take the matter up with the Secretary of State and Colonel House. Mrs. H. did speak to W. J. B. and got quite a rise, which was not at all encouraging for your prospects. House was delayed in his arrival at New York about three weeks. As soon as he got here I went to see him and laid the situation, as stated in one of your previous communications, before him, and told him that you would make no show in any case, but that you felt that long service entitled you to some consideration. This he quite appreciated and said he would take the matter up with the President when he went

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to Washington the following day. He came back to New York with Mrs. Harriman and she called me up early in the morning to say that everything was all right, but that you must keep very silent, - why, she did not say. I then called up House and he told me that the situation was promising, but that it was essential that nothing be said. I told him that I was going to cable you and he asked me what I proposed to say. I said, something about the clouds having rolled away, or some cryptic message like that. He said, "No, you can say more than that. You can tell him everything is all right, but that silence is essential." This message was forwarded to you, as you wot.

The Colonel did not enlighten me as to the reasons for urging the closed face, but from what I have been able to gather since, I imagine that Mr. W. J. B. has a friend whom he wants to put in your job and that the President is anxious to keep you where you are. In view of the domestic political situation and the loyal support Mr. Bryan has given to the President, the latter does not want to cross Mr. Bryan in any way. He is therefore anxious that nothing should be said in regard to this matter, in the hope that Mr. Bryan will forget that a $12,500 (or $17,500 when it is raised to an Embassy) job is still in the hands of a renegade Republican. The President does not apparently want to go to the mat with the Secretary of State on this issue, and undoubtedly the Secretary of State does not wish to press the President too far, but if Mr. Bryan pricked too much he will probably take off the muffler and then good night Henry.

We had our Foreign Trade Convention in Washington last week and it was a great success. I am sending you herewith a small dossier of the different papers which were delivered. I call your particular attention to the paper on "Foreign Trade and Foreign Loans" by my favorite author, which I don't mind saying aroused a great deal of favorable comment and was by some, including myself, considered by far the best paper presented at the Convention. Thank you!



While in Washington I saw your friend Jack de Saulles. He has left the payroll and joined his cousin, young Heckscher, in some sort of a nefarious real estate transaction. I expected he was looking for your job as Ambassador. He told me that he had heard that you were to be transferred to Denmark. I tried to follow it up, but without success. Bill Phillips idea is that although the big noise wants to land your place for a friend, the President will not stand for it and that you will be retained. This, of course, confirms what House said and is of a considerably later date. Bill, by the way, is making extremely good. He apparently is dearly loved by both Papa and Mamma Bryan. The statement which Mr. Bryan made at the Foreign Trade Convention dinner, with regard to foreign loans and the support which the Administration would give to Americans abroad is about the most practical thing he has said while in Washington. You might be interested to know that it was prepared by Bill Phillips and Lansing, the Counsellor of the Department, which doubtless explains its practical character. On the night of the Convention banquet, however, Mr. Bryan made an extremely good speech; cut out the friendship, hot air, Prince of Peace, piffle and talked earnestly and practically and with obvious sincerity. We all went to see the President on the second day of the Convention. A friend of mine has sent me a letter which he has received from Redfield, in which he said that the President, the Secretary of State and Secretary Redfield were all much more impressed by our Convention than any which has been held in Washington during the present Administration. They regarded it as more serious, less personal, and therefore more effective. Things seem to be moving our way and before you know it we shall witness, not a revival of "Dollar Diplomacy" -- perish the thought - but the creation of a new foreign trade policy, where the bankers will be made to serve the interests of the community rather than exploit the weaker nations abroad. The business of diplomacy, as I understand it, is to split hairs, and I commend the foregoing for your careful

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execution.

Polo is the only topic of conversation at present. The Englishmen had their first practice yesterday and I understand they were pretty poor, which is not at all surprising, as they are just off the steamer and played without Cheape, who is the strongest man on their team. Our aggregation, however, are better than they have ever been, and in the practice games have shown up in a most extraordinary manner. Whether without Harry's steadying influence they will be able to stand up through the nervous strain of a match, I do not know, but at present the prospects for our victory seem excellent.

We have been running a little team of our own, consisting of Walter Dillingham, two other fellows and myself. Up to date we have had very little success, but we are playing today as the India House team in an inter-club tournament. The India House does not yet exist, but we have a house in Hanover Square, which was formerly occupied by W. R. Grace & Company and by next autumn it will be the home of the National Foreign Trade Convention and will be a center of foreign trade activities, and also serve as a luncheon club. Hence our team, which consists of Captain Mitchell, of the General Staff, Walter Dillingham, one Leavitt Hunt, who was brought in as a Far Easterner because his brother has a Japanese servant, and myself. I hope that we may be successful, but polo is like kissing and other ball games, goes by favor and the victory does not always go to those who most deserve it.

I see from the tone of both your letters that Chilian beauties apparently do not hold your entire thought. If you have designs on any of the young women you mention, I advise you to get back to the post, for many call and only one is chosen and the spot is the best place for Johnny.



Mrs. Harriman and General Wood are both going to be with us for the International Matches and when I get some more dope I will send it down to you.

In the meantime, I trust that your conduct is not such as to cause the blush of shame to suffuse my puritan cheeks, either one of which is accessible to your osculatory endeavor at any time. You know the kind of cheeks I mean.

Yours,

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23 Wall Street.
New York.

June 11th, 1914.

My dear Turkey:

I have your letter of the first of June and would have answered it before this, but I have been making some inquiries as to doctors who would best be able to look after your wife.

I understand that Doctors Howard Taylor, William A. Downes and Alfred Taylor, are all men who can be relied upon. If you want to bring Mrs. Clemmings down to New York and have her go into the New York Hospital, that would be the best thing to do. Of course you will realize that she would have to be here for some time and the expense would probably be very heavy.

I will be glad to lend you a certain amount to help you defray the cost of this, but fear that at the present time I cannot let you have more than $200.

If you expect to come to New York, please let me know and I will endeavor to do what I can for you. I am sorry you have been having such hard luck.

Sincerely yours,

Bert Clemmings, Esquire,
Oswego, New York.

23 Wall Street.
New York.

June 18th, 1914.

My dear George:-

Many thanks for your letter of the third of June. All that you say is true but you can't kick a dead-horse. Everybody in this country has so many troubles of their own that they haven't much "pep" left to go out borrowing additional difficulties in order to protect their future markets in China. However, we are doing our best and can only hope that something may come of this.

With best wishes, believe me,

Yours ever,

George Bronson Rea, Esq.,
Care Messrs. Pauling & Co.,
26 Victoria Street,
London, England.

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[6-18-14]

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[6-20-14]

23 Wall Street.
New York.

June 30th, 1914.

My dear Dr. Reinsch:

Many thanks for your letter of the twenty-sixth. I am glad to hear that you are expecting to be in Europe during the summer, as I am sure you need, as much as you deserve, the rest.

When you return to this country I shall hope to go over with you the whole ground of our own situation and its relation to Chinese finance. I quite agree with you that any administration, if confronted at the very outset by a question such as we propounded, would doubtless have given the same reply. You can easily imagine, however, what the situation of the bankers would have been had we signed the loan agreement and then, just prior to the issue of the loan, been greeted by a broad-side from Washington, which would have practically prevented us from selling any of the bonds in this country and would have hung us high with the most of the $20,000,000 issue. The situation was a difficult one and much more so for us than for the Administration, for in one case it was a question of acting on information received with the chance that there might be a mistake in policy, while in the other it was a case of assuming a very considerable financial obligation, with a chance of being unable to dispose of the bonds to the public.

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From all the pleasant relations which I have enjoyed with Mr. Bryan and from what I hear in Washington, I quite agree with you that the administration will now be prepared to support American financial enterprises in China. As I endeavored to show in my last letter, however, the willingness of bankers to undertake commitments of this sort is very largely dependent upon the confidence in their ability to dispose of bonds when purchased. The solution of this problem depends primarily, therefore, not upon the Government or upon the bankers, but upon the American public and much as I should like to see some of our great banking houses take a chance and enter the Chinese field, this appeals to my sense of adventure rather than to my business judgment, for you can hardly expect bankers to assume great obligations in a country whose future is as uncertain as that of China, unless there are pretty sound guarantees for future protection.

I am sorry that we could not interest ourselves in Mr. Gest's plan, but the whole history of our relation with the question of currency reform was such that a careful examination made us feel that while it might technically be within our rights to take up an enterprise of this character, we would, in reality, lay ourselves open to the charge of acting in bad faith.

We are still working on the Huai River conservancy scheme and I sincerely trust something may come of it.

In all these matters, however, I trust that you will realize that bankers



are, after all, only human. Most of us in New York have very heavy responsibilities at the present time. Enterprises with which we have long been identified are in need of funds and it is our first duty to supply those who are dependent upon us rather than to embark on adventures in foreign fields. It would require a good deal of courage, moreover, and I might say rather an unusual degree of patriotism and broadmindedness to undertake a foreign loan in view of the attitude which many of our friends in Congress consistently take on these questions.

Despite all these discouragements, I still hope we may be able to do something, but it is not an easy task if a majority of our fellow-countrymen, at least a majority of those who are most articulate, seem to be more interested in attacking a banker than in endeavoring to ascertain the real truth regarding the service which the banker might be performing for his country.

With kindest regards, believe me,

Yours very sincerely,

Willard Straight

His Excellency
Dr. Paul S. Reinsch,
American Minister,
Peking, China.

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July 10, 1914.

Dear Blando:

Many thanks for your letter of the second of May, which has not been answered before for many reasons, the principal of which is that I presume I have been lazy. I have also been sufficiently busy to give me an excuse for not doing many things.

I have read your screed with great interest and with a certain amount of sentimental approval. As far as practicalities and actualities go, however, I think you are flogging a dead horse. It may all be very well to talk about Britain's policy, traditions of maintining the "open door", and all that, but, while you may find an enthusiastic response from some quarters, I fear that you will get very little answer in the way of action. What is, is - and the armies of Russia and Japan, and the general mix-up in Europe, are such that although one may hate all evil in a wicked world as ours, it is necessary sometimes to choose the lesser.

I am glad, however, that you continue to show a fine Irish spirit in kicking the bricks. Wd don't keep China experts at our Foreign Office. You must realize that this is a democratic government and that experts are tabooed. It is a rule of the plain people and quite right. In fact your recent contribution to the sum total of knowledge of China makes me feel that you yourself ought to be an American. We would place you on a pedestal similar to those which a grateful people will some day erect to Morgan Shuster and George Fred Williams, who has recently been making a few general remarks about the attitude of the Powers in Albania.

[probably 7-10-14]



Don't think that I have become a cynic and that the idealism which was wont to throb through my breast has been stifled by the money governed atmosphere of Wall Street. Far from it! I still claim to be a forward looking man, as President Wilson puts it; my hopes are high; my purpose pure; my aspirations hitched to the proverbial star, while my poetic soul finds the world frequently out of tune. Experience has taught me, however, that it is well to be content with the little things and to endeavour to accomplish bit by bit, rather than to clamour for an immediate millennium.

I am sending you a booklet which may amuse you. We are going to have a nice club in order to entertain you the next time you come to New York.

Sincerely yours,

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THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD.

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The Interstate Commerce Commission, on July 11th, 1914, transmitted to the United States Senate its report on the investigation conducted pursuant to a resolution passed by the Senate on February 7th, 1914.

The report which, with its exhibits, constitutes a printed document of 101 pages, in the most severe language condemns the former management of the New Haven Railroad. To the New Haven stockholder who has been waiting a careful analysis of this most complicated situation these sweeping generalities will be disappointing.

The affairs of the New Haven Railroad were investigated by the Interstate Commerce Commission in April, 1913. Mr. Charles S. Mellen, for ten years president of this line, retired shortly afterward and Mr. Howard Elliott, a man who enjoys the confidence of all, who had been president of the Northern Pacific Railroad, was elected to the presidency of the New Haven Road in July, 1913. Mr. J. P. Morgan, Jr., who was for a few months after the death of his father a director of the railroad, was responsible, accordingto Mr. Mellen's statements, for bringing about Mr. Mellen's retirement. Feeling that the railroad situation had been materially bettered by this change, the National Administration in Washington was apparently disposed to proceed in an orderly way for the recoveries of such moneys, if any, as had been unlawfully diverted and for the punishment of such of the officials and directors, if any, as had committed crimes. Early in the present year, however, largely owing to the repeated assertions by two or three newspapers of large circulation that the railroad had been "plundered" or "looted" by certain New York banking interests, Senator Norris, of Nebraska, introduced in the Senate a resolution, which



was adopted, directing a fresh inquiry by the Interstate Commerce Commission. As in the case of the recent "Money Trust" investigation, the brunt of the newspaper attack was directed against the late J. Pierpont Morgan, who had been for many years a director of the railroad and whose firm had acted as fiscal agent in the purchase and sale of its securities. Very few facts not disclosed by former investigations were produced. The feature of the investigation was the comment upon these facts by Mr. Mellen, the former president of the line.

An analysis of the Interstate Commerce Commission's most recent report on this situation is difficult. This is due in part to the failure of the Commission to state clearly the specific acts criticised and to designate the persons participating therein.

In an article in "The New York Times Annalist" of July 27th, the various allegations are epitomized substantially as follows:

First: Crimes involving moral turpitude as well as breach of trust, such as deals made with the road by directors of the road for their own profit;

Second: Crimes involving moral turpitude but no breach of trust toward the road's stockholders, such as corrupting of legislators;

Third: Acts which are made illegal by statute;

Fourth: Acts which are alleged to be against the law now, but which were not against the law when they were done, or regarding which there was no certainty that they were in violation of law, and, last of all,

Fifth: Acts which involved no crime but were merely matters of bad judgment.

First: Crimes involving moral turpitude as well as breach of trust. Under this heading would fall acts of a character not uncommon thirty or forty years ago,

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such as the purchase by directors of outside properties for their own account and the resale of them to their own railroad at enhanced prices. Despite the sensational statements made in certain sections of the American Press, practically no offenses of this kind are cited by the Commission. The possible exception is the transaction in which the New Haven Railroad sold its shares of stock in the Boston and Maine Railroad to Mr. Billard and afterwards repurchased them from him at a price which gave to Mr. Billard an allaged profit of from two to three million dollars in securities. Mr. Billard, although subsequently a director of the New Haven Railroad, was apparently not on the Board at the time of this transaction. The testimony is most confusing as to whether or no the first sale of the Boston and Maine shares to Mr. Billard was a bone fide sale or only a transfer made by the Railroad with the intention of reclaiming the shares later. Under this heading, also, would fall the charge made by certain newspapers that Mr. Morgan, Sr., was interested in the Westchester Railroad purchased by the New Haven in 1897. This allegation has been completely disproved by the statement in detail published b y the Morgan firm, showing that all funds deposited with them for the purpose of purchasing the Westchester line were disbursed by them pursuant to the directions of the New Haven Railroad Company; that they did not profit by this transaction and had no interest of any kind in the Westchester property. In fact, it has been shown that the total net profit of the Morgan firm during the past twenty years for its entirely legitmate service in the purchase and sale of upwards of three hundred million dollars of securities was approximately $350,000.

Second: Crimes involving moral turpitude, but no breach of trust. In this

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category should be included the payments to legislators and other public officials. Indefensible as such acts are it is, of course, conceivable that the persons responsible therefor could think at the time the acts were committed that they were of benefit to the shareholders of the road. Unfortunately, the New Haven history furnishes numerous instances of this kind. In Mr. Mellen's four days upon the witness stand he talked freely of his dealings with legislators, newspapers and public officials. The public feeling aroused by his testimony can be largely attributed to his extraordinary recital and his defense of transactions which are indefensible. The extent to which other directors of the company had knowledge of, or participated in, these transactions is not disclosed by the testimony of the Commission's report.

Third: Acts not necessarily involving moral turpitude but forbidden by statute. In this category fall transactions such as the increase of the debt of the New Haven Railroad beyond the par value of the outstanding stock, which was at one time forbidden by the Massachusetts law but afterwards specifically legalized; the purchase of the shares of the Boston and Maine Railroad, which was specifically permitted under prescribed conditions by the Massachusetts Legislature, but which it is now claimed was a violation of the Federal Anti-Trust Law.

Fourth: Acts now alleged to be against the law, but not specifically forbidden at the time they were committed. Allied to payments to legislators and other public officials but of quite a different character, are contributions to national campaign funds. As was shown before the Clapp Senatorial Committee two years ago, campaign contributions by large corporations to the National Committee of the Republican Party, which was at that time the conservative party, were very common. No campaign

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contributions of this kind are shown to have been made by the New Haven directors since the change in the law.

Fifth: Mistakes of business judgment, such as the purchase of properties at exorbitant prices. The Interstate Commerce Commission's report mentions numerous transactions of this character. It is impossible to formulate an opinion of the justice of these allegations, for no attempt is made to appraise the potential value of the properties purchased. Obviously, the loss to the New Haven shareholders will be very much greater if the railroad is peremptorily required to sell at a loss properties which many of the directors feel will ultimately be of great value to the New Haven System. Ex-President Mellen has been quoted recently as saying that the Connecticut trolleys with proper development hold out the promise of very great revenue to the New Haven in a short time.

The report states that the difficulties under which the railroad system have labored have been "wholly due to its own mismanagement." It is to be regretted that the Commission should have made so broad a statement without in any way controverting the facts cited by President Elliott in his recent speeches. In discussing this phase of the subject, the "Commercial and Financial Chronicle" of July 18th, 1914, says:

> "Absolutely no mention is made in the report of the Commission of the part played by these other circumstances in bringing about the downfall of the property. Fortunately, the new executive of the company, Howard Elliott, in recent speeches and statements, has brought out the facts in that regard. What we have reference to is the losses in net occasioned by increased in wages, decreases in freight rates and by new laws, the effect of which has been greatly to swell the expense accounts. As regards the increase in wages, Mr. Elliott last April gave out a statement showing that if the same rates of pay had been in effect in 1913 as in 1903, the total pay-roll for the year would have been approximately $7,200,000 less. This means, of course, that net earnings in that event would have been $7,200,000 larger. Contemporaneously there has been a decline in freight rates. Mr. Elliott's calculations demonstrated that the

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> increase in wages and the decline in freight rates alone have made a difference of over $9,000,000 per annum in income, equal to 6% on $150,000,000 of capital, which is about the amount of the stock in the hands of the public at present. Obviously, if the company had the $9,000,000 per annum which it has lost in this way, it would not now be off the dividend list, and therefore it is unfair so ascribe its embarrassment entirely to its outside investments.
>
> Expenses have been increased, too, in other ways. The Federal nine-hour law, the ash-pan law, the safety-appliances law, the boiler-inspection law and the full-crew bill, have, according to Mr. Elliott, increased the expenses of the company nearly $200,000 per year. The cost of accounting ten years ago was $190,000 per year. At the present time it is about $600,000 per annum, and the increase in business is responsible for only part of the addition, the rest being due to the accounting requirements of the Interstate Commerce and State commissions. Moreover, the Act of Congress requiring a physical valuation of railways will increase the expenses of the company about $60,000 per year for several years, besides which the company is heavily underpaid for carrying the mails."

Following the report of the Commission, the United States Government, under the Sherman Anti-Trust Law, has instituted an action to dissolve what is alleged to be an unlawful combination of the transportation facilities of New England, and criminal proceedings against some of the directors are believed to be contemplated. Whether these criminal proceedings will be based solely upon the violation of the Anti-Trust Law, or whether they will rest upon specific acts of alleged wrong-doing it is impossible to say. A civil suit on behalf of the corporation has also been instituted in Massachusetts to recover for the corporation damages alleged to have been suffered on account of the directors' wrongful or negligent acts. The outcome of these suits will be awaited with great interest by all investors in American securities.

In the meantime, it is fair to predict that the wide publicity given to the affairs of the New Haven will have certain beneficial effects. With or without fresh legislation, it will lead probably to more careful direction by boards of directors. It may also bring to a settlement some important and accute differences between

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federal and state governments. The difficulties caused American company managers by the conflict between various jurisdictions can hardly be understood in England. In the pending New Haven case this point is strikingly emphasized. The Federal Government is trying to punish directors of the New Haven as criminals for acquiring the Boston and Maine share when the acquisition of that line was specifically authorized by the legislature of the State of Massachusetts, which is the State in which the restraint of competition, if any, if alleged to have taken place.

One of the most discouraging features of the investigations of the past year has been the lack of judicial poise and the apparent absence of any constructive effort on the part of the investigators. The task of the new president of the New Haven Railroad and the new directors, like President Hadley, of Yale University, has been made much more difficult by the impossibility of keeping the New Haven situation out of politics. Despite the fact that President Wilson and Attorney-General McReynolds are now in a sharp difference with President Elliott and his colleagues on the New Haven Board, it is fair to say that the Washington Administration apparently has not been in full sympathy with the character of this most recent investigation, the Attorney-General having publicly criticised the calling of Mr. Mellen as a witness on the ground that it would perhaps give him immunity from prosecution. It should also be said in justice to the Interstate Commerce Commission that it is at the present time a much over-burdened body. It has obviously been impossible for all the members of the Commission to read the testimony in this latest investigation. This may account for the lack of clearness in detail which should be expected from a



governmental body of such authority.

The concensus of opinion among thoughtful people in the United States is that court proceedings along will bring out the real facts. Meanwhile, the holders of New Haven shares should remember that President Elliott believes that the road is entirely solvent and that it is possible for it to be returned to a dividend-paying basis if the various governmental bodies, federal and state, without relaxing any of their efforts to remedy past wrongs, will keep steadily in mind the need of New England and the rights of shareholders.

July 27. 1914

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August 1st, 1914.

Dear Prather:

Many thanks for your two letters. You must have felt rather guilty in receiving my long and interesting communication upon the very heels of your letter of reproach.

I failed to write you of late chiefly because of lack of news and because I have been hoping every day to have some definite information as to your situation. I have seen Dudley Field Malone and your friend Jack de Saulles, both of whom have assured me that you would be the first Ambassador to Chile. The most definite confirmation of this rumor, however, is that which you give when you say that the Chilean Government has been asked whether you would be persona grata.

I see by the newspapers that the names of Summy as Secretary of the Embassy and that of Perry Belden as Second Secretary of the Embassy have already been sent to the Senate. It seems strange that no Ambassador has been named. I am inclined to think, however, that with the Warburg and Jones fight on his hands that the President has felt rather leery as to naming an Ambassador. The Secretary makes no difference but the $17,500 job looks awfully good to many Democrats, and I am inclined to feel that the President does not wish to take any more fights on than are necessary at this time. I will cable you as soon as I get any dope.

What a nice mess our Austrian friends have started. It seems about as deliberate a piece of piracy, and as cynical an attempt to upset the apple cart, that has ever been perpetrated in the history of Europe - and that is going some. It is ridiculous to comment very much on this situation, the cables regarding which you are doubtless following closely, and which will have changed so radically before you can possibly receive this letter.

The Vaterland arrived on Wednesday, bringing Beatrice and Mrs.



Bend. Orders have been issued to hold it in New York and the Imperator on the otherside, and we learn that all German vessels which have left port in the last day or two have been recalled either to Bremen or New York. This looks bad. The New York Stock Exchange was closed yesterday in order to protect values, which, if trading were continued, would doubtless slump even farther than they have already gone. In view of the character of our present friends in Washington, we can consider ourselves jolly lucky that we are entirely out of this show, but one is tempted to wish for a little imagination and imperial sense in the State Department which would enable us as honest brokers to profit by these recent developments.

I suppose that our Japanese friends will find a series of insults to the Japanese flag, which will culminate in some particular objection which has exhausted their patience, and as a retribution for which it will be necessary for China to defintely part with Southern Manchuria and to make a permanent transfer, instead of a temporary lease, of Dalny, Port Arthur, etc., thus considerably strangthening the Banderlog in Fukien. In the meantime we will sit by, while Mr. Bryan sends peace treaties to the south for confirmation.

As a household we are rather upset at the present moment. Bill has been ill for nearly a month with sort of a dysentery, which has pulled him down considerably. He is a little better now but is not improving as rapidly as we would like. Dorothy has naturally been greatly worried and this has been most unfortunate in view of our own situation, which happily should culminate in a week or two. To cap the climax, just at a time when I was particularly anxious to be on my feet and about, my pony went down with me, my leg being caught under his thousand pounds of horse flesh, with the result that I have a double sprain in the knee and ankle, and my leg is now in a plaster cast. This letter therefore is dictated from a bed at Old Westbury and as I am particularly anxious to have it go off to you I shall

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not see it before it finally starts on its way. You will therefore be obliged to miss the usual pen and ink comment at the close. This lack of the old familiar touch, however, is to be attributed to my desire to save the blushes of Mr. Fiedler, who is taking this dictation, rather than to any regeneration on my own part.

With kindest regards and best wishes,

Yours,

September 1, 1914.

My dear Excellency:

I humbly apologize for my failure to reply to your telegram of the sixteenth of July regarding American participation in the Brazilian Loan. As you know, the whole matter blew up shortly afterwards. With this fact I assumed you were of course acquainted and while I have been intending for a long time to write you a general letter, this situation did not seem to me to be sufficiently acute to arouse me from the sloth of mid-summer. We were not in Europe, as you presumed, but Carter is now here and he has sent me a copy of your letter to him, together with copies of the telegrams you sent to the Department. Of course the whole situation has changed since these letters were written and there is nothing that now can be done. I was very much interested to learn, however, that some of the hitches were due to German endeavors to secure the traditional pound of flesh. These negotiations were handled, as far as the American Group was concerned, by Kuhn, Loeb & Company, to whom Rothschild originally brought the business. We were prepared to go ahead, but of course the war has changed everything.

As I telegraphed you the other day, the City Bank alone, and not the American Group, is contemplating opening branches in South America. Kermit Roosevelt in fact, has already joined the bank staff and will have some sort of a financial-commercial position in Brazil. They are necessarily working very slowly for the present, as the Federal Reserve Board has not yet formulated the regulations which will govern the establishment of American banks abroad, but they are very actively attempting to assist American manufacturers in building up their South American trade. In this latter effort J. P. Morgan & Company has not, up to the present time, been particularly interested, although as soon as a discount market is established in this country I hope that we shall be able to do something more.

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There has never been a greater opportunity for the extension of American trade than at present. How much we will be able to realize on our chances, however, I would not dare to say. The trouble is, capital has been pounded for so long that no one is in the temper to take chances and where fifteen years ago a situation such as now exists would have brought millions of money for the purchase of a merchant marine and for the up-building of our foreign commerce, everyone now is inclined to lay back and say, "Let George do it." There have been too many attempts to penalize success and too little realization that it is only the big concerns that can effectively handle foreign trade.

There are opportunities for us in every country in the world, I suppose, but particularly in South America and the Far East. However, I am very much afraid that it will be difficult to persuade our people to attempt to do very much.

We often speak of you and wonder what you are planning to do with yourself. We have heard rumors from those who saw you in Europe last winter, that you intended to leave the service, as the climate does not agree with you and you thought that in any case it would be well for you to lay off for a short time. If this is going to result in bringing you nearer to us, we shall all be pleased, but I cannot help but feel that it will be a great loss to the Service, particularly if you should leave Brazil, where you have made such a wonderful position for yourself, at the present most critical time.

Our coffee people, as you know, are very much upset at the present situation and we are trying to work out some scheme whereby we can establish better direct exchange relations between Brazil and the United States. Whether anything will come of it, I do not know. At least we shall do our best.

We now have a small daughter, who arrived about a month ago, and Dorothy is up and about again. She joins me in affectionate regards.

Yours ever,

His Excellency
Edwin V.Morgan

23 Wall Street.
New York.

September 14th, 1914.

Dear Turkey:-

Your letter of September 11th received. I would suggest that instead of coming down with Mrs. Clemmings and the children you arrange to come alone. This will give you an opportunity to look around for a place and make any other necessary arrangements. You can then send for Mrs. Clemmings and the children and when they arrive they will have a place to go to. I am sure this will be much more convenient to Mrs. Clemmings and in general more satisfactory. You can of course fix up everything before you leave, making it unnecessary for you to return to Oswego. If this is agreeable to you please let me know. When you arrive in New York you can either telephone Mr. Fiedler (5180 Hanover) or come down to my office and see him. He will advise you how to get down to my place.

Any household goods or other articles which you want to ship should be billed direct to Roslyn, Long Island, and labelled as follows:

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Bert Clemmings,
Care Willard Straight, Esq.,
Roslyn, Long Island.

Trusting that Mrs. Clemmings is better, believe me,

Very truly yours,

Willard Straight

September 18, 1914.

My dear Blando:

Thank you for your letter of the thirteenth of August and for the worse than verse transmitted therewith.

If, as you opine, this war should end with American possession of all your available funds, it would serve you damned well right. Considering myself fortunate as I do, in the possession of many British friends, including one or two wild Irishmen like yourself, and having from the days of my early infancy had a horror of all things Teutonic, including Goethe, Schiller, Wagner, beer, sgusage and German toys, I naturally hope for the success of the Allies in this titanic struggle. But dear Blando, I must say that I believe that British diplomacy has lived up to its best hypocritical traditions. Your record in the White Papers is splendid, but Sir Edward Grey, with all the tongues of men and angels and the power over a servile press cannot make your Uncle Dudley feel that Great Britain has not prepared for this day with the hope of smashing Germany's foreign trade, not fearful because it was a real menace to British commerce, but because Englishmen believe that all trade is theirs by Divine right and furthermore that they are entitled under the same dispensation each day to have tea and cricket, or tennis, or tiddleywinks, at four o'clock. Hence, when the sausages came to build up their trade and were willing to stay and work until eight or nine o'clock in the evening and to get drunk with yellow, or brown, or black men, in order that they might sell admittedly inferior "Made in Germany" goods in place of the products of Manchester and Birmingham, your excellent God-fearing, till-robbing, idealistic Government built up a German military bogy with the barbarians of the north and charmingly intelligent and wealthy nation across the Channel and proceeded to await the day when you could knock sauerkraut off the world's market list. However, I love you all just the same. This combination of psalm-singing and practical business

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seems to be a heritage of us the Anglo-Saxons. I do not resent your being hypocrites, for you are no more hypocritical than we are ourselves. My chief objection is that you do it more intelligently than we do and get away with it. I am jealous and envious, -- not critical.

I understand that you are about to favor George Marvin and "The World's Work." We may try to sign you on for the Republic a little later, but in these hard times you come too high.

With best wishes, believe me always,

Yours,

JOP Bland, Esquire,
The Clock House,
Shepperton-on-Thames,
London.

September 18th, 1914.

My dear Prather:

I regret to note that you have gone into the art business. As you know, that line is almost entirely occupied by Jews. However, owing to your fondness for Scotch, as well as your Scotch descent, I presume that there is no great difference, except perhaps the nasal one, and this, after all, is easily overcome. I shall make careful inquiries as to the possible worth of Velasquez and will let you know. All works of art, including some of our best and most elaborately engraved bonds, are now more or less a drug on the market, but doubtless by the time you get up here with your Velasquez we will be able to do something.

The City Bank, as you know, is making efforts to establish branches in South America and doubtless will have something going before long. Just between ourselves, there is a very great emergency in New York to find the credits to handle our South American businss and while we are not interested in the South American trade at present, at any rate, I have been on one or two of the committees which have been trying to work out this problem and am already talking about milreis and pizatos and the other kinds of foolish wooden money that you have down in your bailwick.

Dorothy is up at Onteora with the family and will be back next week. Peter Bowditch has blown into town and I wish that you were going to be here for the reunion. Although the barometer has been going up we expect a wet night next week. Even if you were here I don't know that I would invite you in view of your performance at the dinner given to Robert Collins. While I could not hope that the ladies would be less attractive than they were before, it might be that you would be less susceptible.

Yours,

His Excellency,
H. Prather Fletcher,
The American Minister,
Santiago.

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23 Wall Street.
New York.

September 24th, 1914.

My dear Turkey:-

Thanks for your letter of the twenty-third. I am very sorry to hear that Mrs. Clemmings has had a bad spell and trust that by this time she is feeling better.

I shall expect to hear from you in the near future as to when you expect to come down to Westbury.

Sincerely yours,

Lucas Straight

Mr. Bert Clemmings.
Oswego, N. Y.

23 Wall Street.
New York.

October 5th, 1914.

My dear Turkey:-

I have your letter of the first of October and am sorry to hear that Mrs. Clemmings has been so ill. You need have no worry about coming down. It will be quite all right any time you are ready.

Sincerely yours,

Lucas Straight

Mr.Bert Clemmings,
Oswego, N. Y.

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[encl. 10-20-14]

# LATIN-AMERICAN TRADE

Report of Latin-American Trade Committee Appointed by the Secretary of Commerce, Hon. W. C. Redfield, Under a Resolution Adopted at the Informal Latin-American Trade Conference Called at Washington, D. C., Sept. 10, 1914, by the Secretary of State and the Secretary of Commerce. . . . .

Members Print
Not for publication.

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# LATIN-AMERICAN TRADE

The informal conference assembled at Washington on September 10, 1914, by the Secretary of State and the Secretary of Commerce brought together a number of diplomatic and consular representatives of republics of South and Central America, and representatives of American business and of commercial and industrial organizations, including the Chamber of Commerce of the United States of America, the Southern Commercial Congress and the National Foreign Trade Council. After a general discussion, which brought forth prominently the commercial needs of both the United States and the sister republics, a resolution was adopted requesting the Secretary of Commerce to appoint a general committee on Latin-American trade to consist of the members of the Latin-American Committee, already appointed by the National Foreign Trade Council, and representative men from various parts of the United States.

Secretary Redfield accordingly appointed as members of the committee:

JOHN BARRETT, Director General, the Pan-American Union, Washington, D. C.
WILLIAM BAYNE, President of the New York Coffee Exchange, New York, N. Y.
W. B. CAMPBELL, President, Perkins-Campbell Co., Cincinnati, Ohio.
ROBERT DOLLAR, President, Robert Dollar Co., San Francisco, Cal.
JAMES A. FARRELL, of New York, Chairman, National Foreign Trade Council.
WILLIAM A. GASTON, President, National Shawmut Bank, Boston, Mass.
J. P. GRACE, President, W. R. Grace & Co., New York, N. Y.
FAIRFAX HARRISON, President, Southern Railway Co., Washington, D. C.
ALBA B. JOHNSON, President, Baldwin Locomotive Works, Philadelphia, Pa.
C J. OWENS, Managing Director, Southern Commercial Congress, Washington, D. C.
LEWIS W. PARKER, President, Parker Cotton Mills, Greenville, S. C.
WILLIAM E. PECK, President, William E. Peck & Co., New York, N. Y.
WILLIAM SCHALL, Müller, Schall & Co., New York, N. Y.
W. D. SIMMONS, President, Simmons Hardware Co., St. Louis, Mo.
WILLARD STRAIGHT, with J. P. Morgan & Co., New York, N. Y.
E. P. THOMAS, President, United States Steel Products Co., New York, N. Y.
J. H. WADDELL, Hard & Rand, New York, N. Y.
DANIEL WARREN, American Trading Co., New York, N. Y.
HARRY A. WHEELER, Vice-President, Union Trust Co., Chicago, Ill.



In his letter of appointment of members, the Secretary of Commerce, wrote:

"The enlarged committee will, it is expected, organize itself as it sees fit, will consult as may be required with the diplomatic and consular representatives of Latin America, and will be assisted in any way practicable by the Departments of State and Commerce. It should be understood, however, that the committee has no official relations with the government, but that it represents an effort on the part of the commercial and financial world to deal in a practical and business-like way with the problems of the business relations between Latin America and the United States, on which so much of the welfare of all the countries concerned depends. It is my earnest hope that much may be done through the above-named committee of lasting and general benefit."

The Committee met at the New Willard Hotel, at Washington, D. C., at 10:30 A. M., Friday October 2, 1914. The Secretary of Commerce and Robert Rose, foreign trade adviser of the Department of State, were present.

James A. Farrell was elected Chairman and Robert H. Patchin Secretary of the Committee.

Mr. W. E. Peck presented the report of the Latin-American Committee of the National Foreign Trade Council as a basis for discussion. This report was the result of an investigation of Latin-American problems by persons engaged in that commerce.

After a general discussion and certain modifications and amplifications, the report was adopted by the larger committee. It is herewith published in full.



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# REPORT AND RECOMMENDATIONS
*of*
# LATIN-AMERICAN TRADE COMMITTEE

*Appointed by*

*The Honorable W. C. Redfield, Secretary of Commerce of the United States*

Pursuant to resolution of the informal Latin-American trade conference at Washington, September 10, 1914.

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Industrial, commercial and financial conditions throughout the world have been disorganized by the European War. The trade of the United States with Latin-America has been seriously affected. The present period of confusion will, however, be succeeded by one of readjustment and reorganization. Your Committee was appointed to investigate this situation, and to suggest measures to relieve the emergency and to place the trade of the United States with the sister republics on a permanently satisfactory and mutually profitable basis.

The products of Argentina, Brazil, Chile and Peru, exported to the United States differ each from the other, and are dissimilar in turn from those which we in this country import from Bolivia, Colombia, Ecuador, Paraguay, Uruguay and Venezuela, from the Central American States, and Panama, from Mexico and from Cuba, the Dominican Republic and Hayti. These products for the purposes of this analysis, may be considered together as raw materials, just as the goods which we export to these countries may be classified as manufactures. Mutual advantage for both the United States of America and the other republics lies in a wider interchange.

In a properly comprehensive report the trade of the United States with each of the Latin-American republics should be separately considered. We realize that in each case the problem is different and demands an individual solution. In general, however, this trade rests solely on exchange of commodities; that it has, in its essentials, been barter, with a settlement of balances through London, and has not been built up by extensive investment of foreign capital as has been the case with British and German trade.

The accompanying report deals with certain underlying principles applicable to our Latin-American trade as a whole. We feel that recognition of basic facts affords the only proper basis for meeting problems which while they differ in the several countries are, nevertheless, fundamentally the same.

Your Committee feels that articles recently appearing in the press regarding commercial opportunities in Central and South America have unduly emphasized the promising aspects thereof, and have, in most instances, failed to state that our exporters already doing business with these regions find that their sales have been decreased, rather than increased, owing to the war.

Your Committee recognizes the present time as one when competition is less effective than in the past and than it will be in the future, until European bankers, merchants and manufacturers recover from the effects of the war.

Your Committee, moreover, believes that an opportunity is now afforded to place the trade of the United States with other American



nations upon a firm foundation, supporting a more comprehensive structure which may be built as the situation again more nearly approaches normal.

Your Committee feels, however, that there is great danger that our merchants and manufacturers unfamiliar with Latin-American conditions may be induced by recent publicity to undertake ventures in that field which not only will be unremunerative but actually disastrous, and, in their ultimate result, make for a reaction of the very healthy and much to be desired interest in foreign trade now manifest throughout the United States, an interest which, if properly directed, should be of great permanent value.

### South American Trade Conditions.

The trade of the principal South American countries with England, Germany and the United States is shown by the following table:

Imports and Exports of the South American Countries from and to England, Germany and the United States for the years specified.

Compiled by the Bureau of Foreign and Domestic Commerce, Department of Commerce, from official reports of the respective countries.

| | | England. | | Germany. | | United States. | |
|---|---|---|---|---|---|---|---|
| | | Imports. | Exports. | Imports. | Exports. | Imports. | Exports. |
| Country. | Year. | Dollars. | Dollars. | Dollars. | Dollars. | Dollars. | Dollars. |
| Argentina | 1913 | 126,305,556 | 116,154,937 | 68,815,721 | 55,888,788 | 59,861,703 | 22,096,385 |
| Brazil | 1912 | 77,509,079 | 43,006,473 | 52,945,352 | 51,856,965 | 48,043,322 | 141,720,216 |
| Chile | 1912 | 38,599,282 | 55,340,706 | 33,189,070 | 28,321,776 | 16,806,341 | 24,526,811 |
| Peru | 1913 | 7,779,616 | 16,561,235 | 5,138,902 | 2,970,857 | 8,541,934 | 14,761,355 |
| Equador | 1911 | 2,835,854 | 986,148 | 2,385,758 | 2,139,552 | 2,591,629 | 3,190,069 |
| Uruguay | 1912 | *12,575,508 | 6,508,127 | *7,849,094 | 7,860,272 | *5,638,402 | 2,655,371 |
| Paraguay | 1912 | †1,295,248 | ‡799 | †1,500,958 | †843,459 | †304,888 | †590 |
| Colombia | 1912 | †7,838,878 | †4,376,182 | †4,201,125 | †1,854,211 | †7,612,037 | †15,832,882 |
| Venezuela | 1913 | 3,994,733 | 767,031 | 2,586,986 | 5,563,768 | 6,944,136 | 8,470,563 |
| Bolivia | 1912 | 3,528,042 | 26,044,974 | 6,423,802 | 4,357,101 | 1,787,321 | 152,583 |

* Figures are for 1911 and are taken from the Almanach de Gotha.
† Figures taken from U. S. Daily Consular and Trade Reports.
‡ Figures are for 1911 and are taken from Pan American Union publication.

The above figures show that exports from Great Britain and Germany to South America considerably exceed imports from that region.

This balance in favor of Europe may, in a measure, be explained by the fact that proceeds of loans issued by the South American Governments in Europe are remitted, not in cash, but in goods.

### American Exports Concentrated.

Our export trade to South American countries particularly, and to a lesser degree the Central American States, is concentrated. It is estimated that 75% of our principal exports to South America are the products of large organizations. Our principal exports to the River Plate may be roughly stated to consist of agricultural machinery and allied products, steel products, oil products—kerosene, gasoline, etc.—and printing paper of various kinds. Our exports to Brazil, Chile and Peru are largely limited to steel and oil products, locomotives and electrical machinery. Our trade in cotton cloths, shoes, stockings wearing apparel, and miscellaneous goods, has not made up an important part of the total because of our unwillingness or inability to meet British and German competition.



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Even before the war our export trade to all Latin-America, and notably South America, had begun to decrease on account of the prevailing financial stringency. Our imports, however, increased in value, and the trade balance adverse to the United States for the fiscal year 1913-14 greatly exceeded that of 1912-13 both for all Latin-America and for South America alone.

The accompanying table shows the distribution of this trade:

Exports

| | 1913 | 1914 |
|---|---|---|
| Central America, West Indian Republics and Mexico | $177,627,892 | $157,530,244 |
| South America | 146,147,993 | 124,539,909 |
| | $323,775,885 | $282,070,153 |

Imports

| | 1913 | 1914 |
|---|---|---|
| Central America, West Indian Republics and Mexico | $224,685,344 | $246,405,592 |
| South America | 217,734,629 | 222,677,075 |
| | $442,419,973 | $469,082,667 |

Trade Balance Adverse to United States

| | 1913 | 1914 |
|---|---|---|
| In trade with Central America, West Indian Republics and Mexico | $ 47,057,452 | $ 88,875,348 |
| In trade with South America | 71,586,636 | 98,137,166 |
| In trade with all Latin-America | $118,644,088 | $187,012,514 |

**Effect of the War on South American Countries.**

Since August 1 of this year the countries in South America whose currency is not already on a gold basis have experienced a serious depreciation of their paper money.

The export of copper, tin, nitrates, coffee and other products has been curtailed because of loss of the normal European markets. As indicative of financial conditions, bank holidays and moratoria were declared at the outbreak of hostilities which were extended in certain countries from sixty to ninety days. The effect has been damaging to American exporters as, under such circumstances, drafts due in August will not be liquidated until November or December. This means a large accumulation of draft indebtedness never contemplated by the shipper. Specie payments were suspended.

Collections throughout South America, therefore, are difficult, orders are falling off, and after our exporters have completed their contracts for this year, there seems less prospect for new business, unless steps are taken to relieve the situation.



**Difficulties of Settlements for South American Trade.**

Since the balance of our trade with South America is heavily against the United States, there should be exchange facilities which would enable our exporters to obtain payment from balances created in New York in settlement for goods imported into this country from South America.

Such balances, however, are not maintained in this country.

The external debt of the South American Republics (Federal, State and Municipal), amounts approximately to $1,632,488,580. The bulk of those funds were borrowed from Great Britain. South America therefore invariably has payments to make in London.

The greater part of South American banking business, moreover, is conducted by British owned institutions. These facts, together with the facilities offered by the London discount market, have induced German and other European owned banks trading in South America, to maintain London agencies. Sterling credits, therefore, have been the basis of South American trade.

Our exports to, and imports from, Latin-America are shipped direct. They are, however, (almost exclusively in South American trade, and largely in Central American trade) paid for in sterling bills of exchange.

United States exporters have, in the past, converted their dollars into sterling at the rate of the day, drawing against their South American customers at 90 days sight, payable in 90 days bills on London. Importers have accepted 90 days sterling bills, which they have liquidated at the current rate of exchange. This has necessitated the conversion of dollars into sterling in the United States, and a re-conversion in South America from sterling into the currency of the buying country.

Thus, although the balance of the South American trade of the United States has been increasingly heavy against this country, we do not make settlement direct. We have been obliged, either by the shipment of gold or goods, to settle this adverse balance by remitting to England either gold or goods, to meet interest charges on the South American debt, and to pay for goods purchased in Europe by the South American countries.

Recent attempts to establish direct exchange with South America have not been successful in relieving the trade congestion incident to the dislocation of London exchange. A few New York banking institutions have been ready to extend accommodation to American exporters, but the credits available have been wholly inadequate. This fact, together with the difficulty of making collections in South America, has seriously embarrassed our exporters, while our importers, finding it practically impossible to dispose of New York bills to bankers in South America, have been penalized by the almost prohibitive cost of London credits.



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**Present Problems.**

(1) Because of the war the Latin-American countries are confronted by the necessity:

(*a*) of marketing their products despite the shrinkage of world purchasing power.

(*b*) of obtaining funds to move crops and to continue indispensable industrial and agricultural development normally financed by Europe.

(2) The United States is confronted:

(*a*) By the necessity of holding its normal export trade with Latin-America.

(*b*) By the possibility of increasing that trade by filling Latin-American needs for merchandise hitherto purchased in Europe, which Europe cannot now supply.

The solution of these problems depends upon:

(1) Production.
(2) Transportation—Shipping and Insurance.
(3) Financing:
  (*a*) of Production.
  (*b*) of Transportation.
  (*c*) of Settlements.

Production in the United States can be maintained if there be a sufficient market at home and abroad for American goods. Production in South America may continue but cannot be further developed unless financial assistance be obtained.

At the present time steamships are available and sailing regularly from this country to the principal ports of Latin-America and from those ports to the United States. Many of these vessels are unable to obtain full cargoes. Although only a limited number are under the United States flag the above will clearly indicate to exporters, importers and manufacturers that they need not hold back from entering the field on this account.

Before trade can resume its normal course, the exchange problem must be solved, either by the restoration of old, or by establishment of new credit facilities.

**New Credit Machinery Needed.**

Old methods may no longer be serviceable in the situation which will result from the readjustment following the war. It should now be possible indeed, in the mutual interest of the Latin-American Republics and ourselves, to create new credit machinery to perform the functions of the old, and which will at the same time rid us, at least partially, of a dependence upon the London credits and European financial markets which, though essential in the past, has proved to be seriously embarrassing.



Deprived of the European loans with which their resources were being developed, Latin-American countries are now undergoing a serious curtailment of industry and development. The consequences in many instances will be serious, not only to these countries themselves but also to the countries which expected to supply the materials.

It has been increasingly the practice of European bankers to stipulate the use of European material in the projects which they financed. Latin-America is now turning to the United States for funds. This country is hardly in a position to undertake considerable investments at the present time, *but industries with an already considerable trade at stake may well consider the necessity of protecting that trade by obtaining for their customers some relief from the present stringency. Such investments, if judiciously made, would yield an ultimate fair return and meanwhile provide a market for American materials which cannot now be sold.*

The question of creating a market for Latin-American securities in the United States, therefore, is highly important. The development of our trade with those countries is largely dependent on its satisfactory solution.

**Establishment of Commercial Credits Most Important.**

Unless the restriction of commercial credits be remedied, however, we will not only be unable to extend our trade but we will lose a considerable portion of that which we already have.

The present effort to secure co-operation of American bankers in massing a gold fund to satisfy our obligations abroad by promising to cause London exchange again to approach normal, will lessen to the American importer the expense of liquidating in London his South American indebtedness. It will nevertheless give effect to the old alienation of the selling power we *should* derive from purchases of South American products. Liquidation of our South American indebtedness in London will pay for British exports to Latin-America, at a time when American merchandise, intimidated by moratoria, remains congested on our docks. Our available money will serve Great Britain's effort to capture South American markets vacated, perforce, by Germany.

Whenever there is a great disturbance of the world's finances, American exporters and importers in South American trade are injured, because of their dependence on London. *This has happened four times in twenty-five years.*

So long as South America must meet interest settlements in London by shipment of goods to the United States, under the old three-cornered system, our South American trade must, to a certain degree, depend upon London exchange.

But in view of the facts above mentioned, it has seemed to your Committee that the need for independence, emphasized by the present situation, should be recognized. We feel that an attempt should now be made to evolve some plan whereby we might take advantage of our large direct trade with Latin-America to make a market for bills drawn in dollars, and establish a direct exchange, not with the view to eliminating sterling credits now or later, but in order to provide



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an exchange channel which will supplement, offset or compete with London, and be available in an emergency when London exchange is disorganized.

The maintenance of exchange relations depends on a credit machinery and reciprocal balances. This machinery will partially be provided under the Federal Reserve Act, which permits American banks to open branches abroad and permits a rediscount in this country of commercial paper, based on shipments of commodities in foreign trade. These steps, however, have not yet been effected, and your Committee appreciating that the installation of this machinery may require considerable time, has considered means for temporary relief.

**Co-operative Exchange as Emergency Measure.**

A plan for the establishment of a Merchants' "Co-operative Exchange," or clearing house for Latin-American trade, has been proposed. This, it has been suggested, would enable importers and exporters of goods to and from Latin-America to watch credits, balances to be remitted on certain definite settling dates. The chief argument for such an institution is that it would bring together exporters and importers among whom there is now no cohesion. Both know their cash requirements each month. If the exporters require say $5,000,000 to pay for their October shipments to Brazil and the importers a like amount to pay for their imports from Brazil, such an exchange might be able easily to liquidate transactions in New York.

The plan, however, is open to serious objection for the following reasons:

(1) The necessity and difficulty of securing the co-operation of a sufficient number of importers and exporters.
(2) The necessity and difficulty of standardizing credits.
(3) The difficulty of reaching an agreement as to the rate of exchange between South American currency and United States dollars.
(4) The difficulty due to the seasonal variations of shipments of South American produce and the consequent fluctuation in the demand for balances in New York or South America.
(5) The disorganized financial situation in South America, which increases the risk in securing settlements in the South American republics.
(6) The necessity of creating and maintaining an expert and, therefore, expensive organization.

The difficulty as regards South America, however, would still remain, for it would be impossible within any reasonable time to organize in the principal cities of South America sufficiently extensive co-operative associations of importers and exporters of American products.

Standardization of South American credits, therefore, could only be secured by the guarantee of American shippers or importers, or by the guarantee of the South American governments themselves.

Your Committee, therefore, after careful consideration, feels that the suggested "co-operative exchange" would not be practical, although a powerful banking group or large banking institution willing to assist in maintaining and developing our Latin-American trade might be able to secure and render mutually beneficial the organized co-operation of exporters and importers in matching credits.



**Recommendations.**

Your Committee, however, believes that the extension of credits might be facilitated and some relief afforded, pending the establishment of the Federal Reserve Banks if, in addition to permitting national banks which have signified their intention to enter the Reserve Associations, to accept commercial paper, action be taken by the Federal Reserve Board to make immediately effective the rediscount provision of the new banking system thus assuring early establishment of a discount market.

Your Committee, while appreciating the necessity of conserving the banking resources of this country for the protection of our domestic situation, nevertheless believes that the *cessation or curtailment of our trade with Latin-America will in itself be highly injurious to American industry,* just as we believe that *the extension of this trade would make for the prosperity of the country at large,* as well as of those directly interested. We therefore hope that American banking institutions may be induced to meet the present emergency, not by tentative and inadequate measures, but by extending accommodation sufficient at least to assure the maintenance of our already established trade.

**Extension of Trade.**

The question of extending American commerce with Latin-American depends primarily, as does the problem of maintaining our trade, upon the establishment of commercial credits, upon our ability to finance Latin-American enterprise, purchase the products of its soil and industries and upon the perfection of our selling machinery.

Your Committee has not attempted to formulate suggestions as to the manner in which the individual manufacturer should proceed to establish a market for his products in South America. Nor does it here dwell upon the importance of adaptation of the product to the needs of the market or proper packing. Too high praise can not be given the government, particularly the Department of Commerce under the Hon. W. C. Redfield, for its effective propaganda on these essential points and for its efforts adequately to assist extension of our foreign trade.

**Caution Now Advisable.**

Your Committee feels, however, that merchants and manufacturers now contemplating an entry into the Latin-American field should be careful to avail themselves of the easily accessible information concerning these markets. It is suggested that they should, at the outset, remember that the cost of maintaining individual representatives would probably be too great for any one of them to bear themselves. It is therefore suggested that associations consisting of the smaller firms or corporations engaged in kindred lines of production might be formed, and that either one or more representatives should be sent to South America to look after the interests of such associations, thereby bringing the cost of representation within a reasonable limit.



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It has been suggested that American manufacturers should combine to send to South America trade exhibits, showing the various articles which they have for sale. Your Committee, however, is not inclined to feel that such measures would be productive of any permanent results. It is suggested instead that manufacturers and dealers desiring to place their products in Latin-America, and who, for any reason, prefer not to send their own representatives there could establish connections with export houses already doing business in those countries and maintaining large branch offices in the principal South American cities fully equipped with efficient sales organizations or who have established connections, and in certain lines of goods—foodstuffs, notions, and miscellaneous articles—join in establishing what might be called for want of a better name an "American Store," in certain of the most important cities.

Ventures of this sort, however, require considerable capital and experienced men, and for the sake of the ultimate development of mutually beneficial commercial relations with Latin-America it is believed that our merchants and manufacturers should not attempt to instal their own establishments in Latin-America unless they are prepared to meet initial losses and disappointments before realizing even moderate profits in what must necessarily be a developing, rather than a ready made, business.

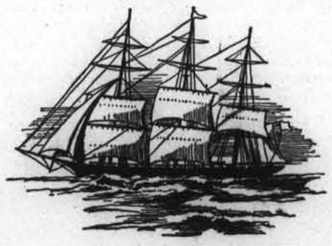
Your Committee begs, therefore, to summarize the results of the investigations and to state its belief that the present disorganization of the trade of the United States with Latin-America may best be remedied and placed on a permanently satisfactory basis as follows:

1. **The establishment of a dollar exchange.**
   - (*a*) By the ultimate creation of a discount market.
   - (*b*) Pending the establishment of a discount market, by the extension of adequate accommodation by banking institutions, and the establishment of reciprocal balances in the United States and in Latin-America for financing Latin-American trade.
2. **Perfection of our selling machinery.**
   - (*a*) By furnishing additional support to commission houses already familiar with Latin-American business.
   - (*b*) By forming associations of merchants and manufacturers to be jointly represented in Latin-America.
   - (*c*) By obtaining information as to the possibilities of developing retail stores in large Latin-American cities.



[encl. 10-20-14]

# INDIA HOUSE



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# INDIA HOUSE

HANOVER SQUARE
*New York*

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*India House Hanover Square*



## GOVERNORS

TO SERVE UNTIL THE SECOND MONDAY
IN FEBRUARY, 1915

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E. A. S. Clarke,
W. L. Clark,
Col. Samuel P. Colt,
E. P. Cronkhite,
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Robert Dollar,
James A. Farrell,
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Alba B. Johnson,
Waldo H. Marshall,
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Frank Presbrey,
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*Library at India House*



# *India House*

ON the threshold of what promises to be a new era in the foreign commerce of the United States, the activities of which will center largely in New York City, there is obvious need for a downtown club as a gathering place of those who are interested in oversea trade. Of all enterprises, this is most dependent upon interchange of information and opinion. Although steamships and submarine cables have drawn producing nations and their foreign markets together since the days when the merchants and master mariners of Salem gathered at the East India Marine Museum to discuss their ventures, the value of agreeable human intercourse in the cultivation of foreign trade has never been diminished.

In New York City downtown clubs have been provided for lawyers, railroad men, merchants, and business men generally; but the peculiarly interdependent elements of foreign trade are either scattered among existing clubs, or remain without any downtown club facilities whatever. Business men from all parts of the country are constantly called by foreign business to the nation's greatest port, but find no club peculiarly devoted to the interest of oversea commerce. Since existing clubs are devoted to particular classes of the business and professional community, or to the accommodation of all classes generally, manufacturers looking to foreign markets, exporters, importers, merchants seeking business abroad, bankers who finance foreign transactions, steamship men, engineers engaged in foreign enterprises which should create an increasing market for American products, and railroad men who realize the importance of export trade to their carriers, lack a gathering place wherein the activities and atmosphere of foreign trade predominate.

The fine traditions of the days when our argosies filled the seas,



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provide in themselves an inviting atmosphere for a downtown club. It has been fortunately possible to lease the building facing Hanover Square, formerly known as the Hanover Building, once occupied by the Cotton Exchange, and subsequently by W. R. Grace & Co. This dignified three-story structure, built during the first half of the nineteenth century, has been remodelled, lending itself effectively to the purpose of a club devoted to the perpetuation of the best traditions of American foreign commerce, and as a gathering place for those engaged therein.

The high-ceilinged rooms, spacious hall and winding staircases are a natural background for prints and paintings of famous American merchant vessels, and scenes in the Indian and European markets, to and from which our clipper ships carried the freights of the world. A large number of pictures of this character have already been collected and will be placed in the club.

The interior has undergone extensive alterations, and will be furnished in such manner as to recall the foreign trading traditions of the first half of the nineteenth century. As a characteristic and suggestive name it was decided that the club be known simply as INDIA HOUSE. "The Indies" was long the accepted generic term for venturesome foreign enterprise, and the discovery of America itself was a result of such a project. At Salem, Massachusetts, still stands East India Marine Hall. A visit there cannot fail to inspire a desire for, and a confidence in a new foreign trade movement worthy of the potentialities of American industrial and commercial genius.

East India House, in Leadenhall Street, London, was a cradle of British commercial success and power, and has a permanent place in English history and literature.

It is needless to dwell upon the completion of the Panama Canal, the enactment of a competitive tariff, a new currency law and recent legislation for encouragement of an American merchant marine, as stimulæ of a greater forward movement in foreign trade. Its earliest manifestation was the co-operation of the various foreign trade



activities of the nation, as reflected in the National Foreign Trade Convention held last May at Washington. The representative character of the delegations sent by commercial and industrial organizations indicated the nation-wide desire for more systematic and constant development of foreign commerce. The creation of a National Foreign Trade Council directed to endeavor to bring about an effective co-operation between the government and the industrial, commercial, transportation and financial interests in the extension of foreign trade, was a notable step. Nowhere will this movement find greater expression than in New York, and all indications not only emphasize the need of India House but promise its success from the start.

Although India House is located in New York City, its membership will be not only national, but international. It is particularly hoped that non-resident members living beyond the continental United States will avail themselves of the club when returning home, and in this manner bring to India House the latest information regarding foreign markets, much as the merchant adventurers of former days were wont to bring from the furthest ends of the earth valuable information to their business associates at the East India Marine Museum at Salem.

Provision has been made in the by-laws for the extension of the privileges of the club for certain periods to officers of the Army and Navy, the diplomatic and consular services and of the foreign trade service of the Department of Commerce of the United States, and the Governors are empowered to extend the privileges of India House to such persons as they may desire, thus permitting the use of the club by distinguished visitors and others identified with the upbuilding of trade among the nations.

While India House is primarily a luncheon club by the nature of its location, the purpose of its founders is to make it, within the limitations of its social organization, a helpful force in the healthful development of American foreign commerce.

India House will be opened about November 16th.



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*A Dining Room at India House*



## MEMBERSHIP

(FROM THE BY-LAWS)

The number of members shall not exceed 500 resident members, 500 non-resident members residing in the continental United States, and 500 non-resident members residing beyond the continental United States. Any person not less than 21 years of age and engaged or interested in the development of the foreign commerce of the United States and its related activities, may become a member of India House when elected as herein provided, and upon payment of the entrance fee and yearly dues.

Persons not residing within fifty miles of the City of New York and not having their principal place of business in New York City, may be elected non-resident members, and shall have all the rights and privileges of membership, except that of voting. But no one shall hold the status of a non-resident member who shall remain within fifty miles of the City of New York during a period exceeding three months, or who shall have provided a place of residence within this limit for such period; and in estimating such period no allowance shall be made for temporary absences. Such persons, when living within the continental United States or Canada, shall be considered non-resident members of Class A. Those living beyond the continental United States shall be considered non-resident members of Class B.



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## ENTRANCE FEES AND DUES

(FROM THE BY-LAWS)

The entrance fee of resident members shall be $100.00 and the annual dues $100.00.

The entrance fee of non-resident members of Class A shall be $50.00 and the annual dues $50.00.

The entrance fee of non-resident members of Class B shall be $25.00 and the annual dues $10.00.

The annual dues of both resident and non-resident members shall be payable semi-annually, on the first days of May and November of each year.



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October 20, 1914.

Dear Prather:

Thanks for yours of the fourteenth, since which date the Administration has gone and done it. It so happened that on the day you were confirmed we were sitting in banc in Washington discussing Latin-American trade. The result of our deliberations I am transmitting herewith. I might add, in parentheses, that this which is universally regarded as one of the most comprehensive able composition,/insisive and instructive reviews ever written on South American trade, was largely the product of the masterful brain whose outgivings you are, in reading this, enjoying. You will observe that the Angels were afraid to tackle this particular problem. Do you get me? I am also sending you a report of the National Foreign Trade Convention, together with an editorial from the Evening Sun, which seems to me about as able a piece of newspaper writing I have ever run across.

I have been in Washington once or twice lately and am going down again this afternoon, anent the French Government Loan, which I trust we may be able to pull off.

George is very much on the job and so is little Basil. George is looking extremely well and for the present firmly occupies a seat on the much-abused water cart.

The position of the Administration has been very much strengthened by the war. If anything goes wrong, they can blame it on Europe. If everything goes right, they can point with pride to the constructive and conservative and able manner in which they met the emergency. As a matter of fact, I think the President has done extremely well and I am becoming quite a Wilson rooter myself.

Our family is at the present moment healthy and happy. The small daughter is doing very well. Bill is fat and noisy once



more and Dorothy is again playing golf and tennis. I myself am able to get around, limping a little, but still riding a horse every Sunday. Between you and myself I am getting darned fed up on sitting around the office for I have not been away for over a year. I hope, however, that as soon as I am able to straighten up a few matters I will be able to get away for a little while. We move into the new building, christen the baby, publish the first issue of the "New Republic" and inaugurate the new lunch club "India House" all within the space of two weeks. After that I hope to get away. As I have already written you, I have paid your dues at the Brook Club and will have their book sent to you. I am sending you herewith a copy of the "India-House" booklet. You are eligible to membership under Class B, non-resident, the initiation fee for which is $25., and the dues $10 a year. I expect you to come across.

Lovingly,

His Excellency.
H. P. Fletcher,
American Ambassador,
Santiago.

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003005

October 20, 1914.

My dear Excellency:

Very many thanks for your letter of the eighth of September. I have read it with great interest and much profit.

There has been considerable excitement up here regarding South American trade, one of the results of which I take pleasure in transmitting herewith. Most of it, I might add, was written by my favorite author. I presume that the next step for the Latin-American Trade Committee will be to take up the question of credits with the Federal Reserve Board. This I trust we may be able to do with some success. It is all very complicated and very interesting and the chief results, I think, will be that we will know a great deal more about foreign commerce than we now do. I am afraid, however, that the lesson will be expensive, but if it results in the establishment of more direct credit relations with South America it will be cheap at the price.

I flutter down to Washington now and then on one job or another, but I must say that as a general thing there is not a great deal of profit in these trips.

I am wondering to what extent you are able to follow the war news in the Brazilian papers. I presume, of course, that in addition thereto you have the English illustrated papers and probably an American daily and surely your inevitable Weekly Times.

We expect to be in our new building here by the beginning of the month, which will be a great blessing as our present quarters are terribly cramped and uncomfortable.

There seems to be no possibility of the Stock Exchange opening for some time to come and Wall Street is a very depressed place these days. All our broker friends are dismissing their office forces and chasing around



after war orders. It reminds me of the old days in Korea when the harpies were everywhere.

The net result of the war and attending confusion seems to have been a very general approval of the Wilson Administration. In the first place, the President handled himself admirably and has met the emergency with cool intelligence, which was much needed in view of the wild outburst from every side. Now, if anything happens the Democrats can blame it on the war and if everything goes all right they will get the credit.

T. R. is still making a large noise up-state, on behalf of one Davenport, who is, I believe, a very exemplary man. If he succeeds in drawing enough votes from the Republicans to defeat Whitman I shall be satisfied. I myself am going to vote the Democratic ticket for the first time in my life, not that I believe Glynn is the best man, but because I believe the only way to bring the Republicans and the Progressives together is to defeat the Republicans again this year. They seem inclined of late to get their tails up.

We are all well, thank Heaven, and touching wood. Your many friends, whom we see from time to time, always inquire for news of you and when you do come home, which I trust may be soon, you will receive a very warm welcome.

With much love from us both,

Yours,

His Excellency.
Edwin V. Morgan,
American Ambassador,
Rio de Janeiro.

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COPY

October 24, 1914.

My dear Straight:

I am informed that the Foreign Trade Council, or at least that portion of it that was interested in the meeting in Washington on the tenth of September when the Latin American Trade situation was discussed, has made a report on the trade opportunities in South America.

I am very anxious to get copies of that report, first, for our use here and, second, for the use of our diplomats and consular officers in South America.

I am told that Patchin is in charge of the distribution of the report but I do not happen to know his address. I wonder if you could ask Tilford to send this note to someone who could give me the necessary information.

With kind regards, I am,

Yours sincerely,

Director of the Consular Service.

Willard Straight, Esquire,
23 Wall Street,
New York, N. Y.

COPY

WILLARD STRAIGHT
23 Wall Street,
New York.

October 24, 1914.

My dear Carr:

Your note of the twenty-fourth received. I had understood that in these days the Department of Commerce and the Department of State were working in the closest harmony. I am therefore extremely surprised that you have not received from the Department of Commerce the report on Latin-American trade. My understanding has been that the report of the Committee was to be published as a public document. I do not know, however, whether this has been done as yet. I am told by Patchin that he has no more copies of this report available. If you desire me to do so, however, I will suggest to him that he communicate with the Department of Commerce and ask them to send you copies.

With kindest regards,

Yours ever,

(sgd.) Willard Straight

The Honorable
Wilbur J. Carr,
Department of State,
Washington, D.C.

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COPY

October 27, 1914

My dear Straight:

Many thanks for your letter of October 24th. The Department of Commerce and the Department of State are supposed to be working in the closest harmony but the difficulty seems to have been that one man was away on leave and consequently when I inquired the other day I was told that the report of the Latin-American Trade Committee was not to be had. Since the receipt of your letter, however, the gentleman has returned from his leave and on calling up today I was able to have a few copies of the report sent to me.

I will not ask you, therefore, to have Patchin write to the Department of Commerce and will not ~~here~~ need to give you further trouble in the matter.

With many thanks for your letter I am ,

Very sincerely yours,

Director of the Consular Service.

Willard Straight, Esquire,

23 Wall Street,

New York, N. Y.

16 Hoban Cho. Tokyo-
Oct. 25, 1914

Dear Mr. Straight: It is just about a year ago that you gave us that splendid gift to our school, while I was on my visit to America. I have meant several times to write you on my return and send you a photograph of the school which you so kindly helped, but I have been a long while in carrying out my intention.

As I am sending out a little report of my school to American friends by this mail, I am at last ~~mailing~~ sending to you the photograph also to show

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you how large we have grown and how much. Therefore, you gift to us is meaning, for with growing numbers, our needs also grow, rather than lessen. The little pamphlet which I send you with the photographs will tell you of our present conditions, and something of our women of the present day and I hope you may look it over. While this terrible war going on, however, no one can have much interest or thought for anything outside, and Japan and the Orient must wait for the present.

I want to add that had it not been for the good start made on our endowment fund last

Year I do not know how the school could have managed the present crisis, for the amount of fees we are also obliging each student to pay is affecting conditions here as elsewhere, and [illegible] down. As it is, our enrollment this year is 1916 and we have about 2,100 already, and 30, even 40 more will be coming in January, as the American Legation will not accept all students for the present. I must tell you of our gratitude for your kind interest in us & have had from time to time various gifts from [illegible] & Co. and from Mrs. Sloan & Mrs. Hepburn. Mrs. Sloan & Mrs. Hepburn have been very kind to us, and Mrs. Hepburn has undoubtedly, by the enemy is not known

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among us. The Higher Normal School people are many of them unchanged, and still at their post.

Mr. Takamine is no longer there, however, but I know his son, and I told him about ~~our meeting.~~ Do you remember him?

Some day I hope you will visit Japan. When you do so, I hope Mrs. Straight may come, and please be sure and stop and see us.

With kindest regards and many thanks again and again,

Sincerely yours,

Umeji Tsuda.

[11-29-14]

ROSLYN

OLD WESTBURY

THREE, ROSLYN

Sunday Nov. 29

Dear Willard:

I hope this week's paper got to you on time. We mailed on Friday. The editorials are better than they used to be, but they muddle and the book department is the best we have yet had. Such at least is my opinion. But as my friends in this country do not seem to have much

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[illegible] ... I [illegible]
with John B. Moore
yesterday. He thinks
that inflation is
carrying things with
a very high hand
so far as neutral
rights are concerned,
and put up a
strong argument. He
[illegible] did [illegible]
for Randolph as the
best man to deal
with the subject in
the new Republic. You
[illegible] Moore
Randolph to be as
long associated with
the Foreign Trades

Council. I have a
letter from R. T. Cannon.
I received your
letter and [illegible]
to do something
about the merchan-
dise matter. I also
received your very
welcome little gift
which did make me
much wiser and
for which we are
all very grateful.

I am deeply
grateful to you, my
dear Willard, for the
generosity and the
forbearance with
your attitude. I was
what you considered

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to be our mistakes.
If you did not
show such generosity
and forbearance
it would scarcely
be possible for me
to go on. I am trying
to do a very difficult
thing. I am
trying to build
a Radical
and Political
Policy pursuant
to an
audience. Such
as it is
radical. I succeeded
in my first book.
with deep soul-
searching I did so.
As far as my own

[11-29-14] [2]

personal work is
concerned. I could
continue to succeed.
But I cannot write
this book paper
myself and yet
in order "carry on"
that work in the
Republic I had to
find a group of
radicals assistants,
who would also believe
as I would radical.
I must pursue and
accomplish. I did this
best I could, but I

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needed sincere and
able men & could
not find them
among lady. heated
oodtbals. I am
depending on my
own influence &
them & gradually
to make them feel
as the problem and
the work as I see it.
I may fail and
have to close shop.
In the mean
time, some mistakes
may and will be
made. my own
judgment is equal-
lables at fault-
and I've had to
pass on to many
doubtful questions

of policy and to
human relation-
ship during the day
that to 7 P.M. my
attention flags. I
shan't be to tell
you all right. Writ-
ing in detail as
much as you think
right, but you can
might be judged as
a whole. as a whole
we have not progressed
the speed of better-
ness and so mi-
temperance which
you fear. In the
contrary many of
our best friends
believe that we are
moving too fast,
and that we are

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I'm willing. We must hit harder and draw more blood. I am willing to do it. When the time comes, but the time is not yet. By J do not consider it much attach to much importance to these. any one of them.

You will get them for the 1st night of our last dinner and I'll thank you for the return of my document.

Faithfully yours

H. C.

ROSLYN
OLD WESTBURY
THREE, ROSLYN

Saturday Dec. 5th, 14

Dear Willard:-

Here we are back at Westbury after another week and another issue of this paper with its pleasant task of a quiet Sunday ahead of us. I do not know whether this week's paper is any good or not. They all seem to look at it differently, but I don't feel very well today. I find. Paragraphs do not and so poor. My leading editorial's good. The middle

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articles fair and the book
shows unusually
strong. But it is packed
gay enough & just me. I
hoped Habeeb's article would be
amusing but I
wish he treated the
subject less impersonal-
ly. I hope it will not
make trouble and any
action. Philip little
Bill or Bryan is I think,
sure just in the right
to read. He has written
a most entertaining and
graceful portrait of your
friend Norman Hapgood.
Much we all grow &
ought publish next week.

Business is not very
good. Only about 200 to
250 new subscriptions last
week. but I suppose that
we cannot expect to
do much until after
Christmas. We are trying to
get people to give the N.R. to
their friends as a Christmas
gift. Probably they will
refuse. In the meantime
somebody in the world
needs to read the New Re-
public must be there now
to look at.

I shall probably put on
another man next week. I
shall found a very promising
fellow named Dey. He pulls
well the right training
equipment. Point of view
and he I shall try to
make of him a manag-
ing editor - little by little
he will be able to take some
work off mine. One of

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003015

Off Th'Emerald Isle,

December 2nd.1914.

My dear Herbert;-

The good ship "Adriatic" is bobbing a bit. She has been for four days past and each day I have postponed writing in the hope that the seas might subside sufficiently to enable me to write legibly on this long unused instrument . Wh at with the roll and long lack of practice, as well as congenital impatience with the mere mechanics of expression , you'll get a stenographic prize.

We've had a really most pleasant trip. Dorothy Paish , his alter ego one Basil Blackett, Davison and myself at a table with, food , drink, turkish baths, conversation and bad bridge- bar Dorothy's- pour passer le temps. And it has gone very quickly. The more so I presume as we males have usually staid up until one or two G.M. gamboling , and in consequence passed the mornings on the feathers.

Paish - say it not in Gath or Beersheba- is a nice old lady and the reall man of H.B.M.'s Financial Mission is Blackett who is one of the very best and a charming and extremely intelligent and well read fellow , one of those Englishmen who with a generally argumentative turn of mind , dispenses Lewis Carroll and similiar nonsense by the way.

Now for the New Republic;-

1. Dwight Morrow has some very interesting dope, anent the New Haven, on the conflicting attitude of State Legislatures and the National Government. This is along the line of your railway policy I think , and would make excellent grist for the mill. You might also , perhaps , persudae him to do an article on this subject.

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There is one point which I tried to bring out in that thing I wrote in the summer and which Ishowed you in the country. To wit; that the persecution , the word is used advisedly, of what is essentially a New England Corporation, was instigated by a New York journal, focused by a resolution by a Senator from Nabraska, and conducted by an attorney from Missouri. These two gentlemen in other words were making political capital in their rural communities and appearing before the nation in the guise of Inspired Nemises, at the expense of the New England stock-holder. Of course this point is really only incidental, but it seems to me that in fairness it should be stated though not emphasized.

Again , in the "Financial and Commercial Chronicle" of November 21st. you will find some very interesting discussions of the railway problem. One paper read by a man named by Van Antwerp, is especially illuminating.

This issue seems to me to be very acute, and I feel you are on the right track. It therefore appears to me that the Republic has a fine chance to go ahead now and make a real reputation for constructive criticism by fully discussing this subject. I would suggest that you get in touch with Van Antwerp who is one of the most intellignet and fair minded men on the stock exchange. You may not agree with his point of view. At any rate however a discussion with himm should be fruitful and I am inclined to think you would find him both willing and really pleased to help give light , as he sees it. It occurs to me that a Railway Supplement might be a good thing if you find you cann put it over. You can reach Van Antwerp through Egan to whom I am writing about bringing you two together.



In this connection might I suggest that you follow the "F.& C. Chronicle". It's attitude on the labor question is intensely reactiona-ry , so keep it out of Walter Lippmann's sight. If he ever started to go back you'd have a controversy on your hand that might win for the Republic a reputation which the Masses might envy, and then I am afraid the apple cart would go over.

You know of course how I feel in regard to these matters. I am devoted to both Lippmann and Weyl. I agree with their aims as I understand them . Just for this reason I am anxious that the Republic should go slow , discuss these vexed questions fai ly and without any trace of bitterness or sarcasm , for there is no joke good enough , nor no humour sufficiently subtle, and alluring , to make it worth while risking permanent constructive work for the sake of a quip or a well turned phrase.

This is much on my mind after reading the major part of Drift and Mastery- we havent finished it yet. There are many interesting thoughts. The book is extremely clever. But Idont see that it is quite justified. An essay or two perhaps, but not a book. Walter it seems to me is carried away somewhat by the music of his own words, which are very well used indeed. I cannot feel , however, the sense of power arising from close study and investigation. He has a fine fresh point of view, but it's too sharp, and has not as yet been sufficiently broadened by experience and investigation. If he will talk with Young and others like him he will find that many besides himself are striving very honestly and sincerely to solve the riddle, and that they may be hurt , and his own cause injured, unless discussion can be made more judicial and less " smart".

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You will I am sure know what I mean , and understand the spirit in which the criticism is made. Show this to Walmter if you want to. I'd write him myself had I the time and the patience and will do so later in any case.

" Progressive Democracy" I like greatly. You have written a really monumental work. It's the philosphy of political American development . I can quite understand however why you havent had many come-backs. Youre book is too good and too little suited for pupular consumption. These two works , by the Editors of the Republic are the best assurance it seems to me for the success of the paper. You and Walter ought to supplement and react on each other as you are of course now doing. If I may say so you are in this book too profound for the ordinary reader and he is too superficial for the serious student of affairs. The cross is excellent for you are both getting at the same thing. Though not an intellectual I like to think of myself as a serious person and youre book therefore appeals to me more than does his. But as you know I have always considered myself one of the orginial members of the Croly Club. Dorothy has not read P.D. as yet but is going to .

By the way , in the Turkish Bath the other day I discovered a copy of an Englsih Weekly , the "World". There was an interesting quotation ~~from~~ from Ruskin- you cant prove it by me- about the soldier the doctor,the judge, the parson, and the things they would respectively die- and stand- for. The merchant slides in with discredit. Apparently he would stand for anything and die for nothing. The point is then made regarding the difference between the captain of industry , and the captain of a ship or of a company of brutal and licentious soldiery. In the case of the latter , the commander looks ~~fixix~~ first for the welfare of his men, in the former case not so. Isnt that a good text. Give it to Walter!



As a matter of fact Walter does make this very point in his discussion of the salaried managers of big industries. That it seemed to me was one of the most interesting thoughts in his book. If we can make leaders in business really leaders, commanders, not exploiters we will have accomplished much. That line of approach is the soundest one moreover, for what so many people fear , in all this social agitation, is that it is in reality an assault upon leadership itself. What about it?

Speaking of the President and the New Haven Railroad agitation, look into the cotton pool for a moment, and ask the question when is a combination to maintain prices not a menace to democratic institutions. The answer is of course when it is in the interest of the Southern voter. As a matter of fact it brings in the rule of reason and recognizes an economic fundamental, one of those things which will always eventually assert themselves. Isn't there a chance for something on this. Not adverse criticism perhaps, by merely a little ~~firmm~~ friendly comment to show that we are not all as simple as we seem and that these things cant be covered by a mere cloud of verbiage. Another chance Hereber t to attack bunk, which I trust may be one of the chief merits of the Republic. Fly at it!

Please thnak Mrs. Herbert for the lighter. It was very sweetbof her to think of it , and as you know such things are dear to the smokers heart.

With love to y u all , Let me hear from you,

Yours,

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003018

[12-6-14]

Claridges,
December 6th.1914.

Dear Herbert;-

We are anxiously awaiting the next American mail and copies of the Republic. You are all much in our minds each day. We are seeing many things that seem worth writing about and I am having a hard time to keep my hands off the cable forms.- thus far fortunately - with success.

I've not really seen many people as yet, and presume that I have but little information not already in your possession. I am however thrilled by the streets. They are fully as London streets always are, but there are men in khaki everywhere. Smart fellows- with their swagger sticks, gawky youths who are obviously rookies, quiet little moustached men who have probably been selling ribbons or doing chores in a bank , but who have joined the colours and are walking London in uniform with their frowsy little wives , doing their country's job as proudly as the noblest nuts of all. Rather stout officers with glasses and the falbbiness of long peace and much good cheer in their faces and on their pussons. Then fellows, bronzed and thin and cleaned limbed and jawed , with a limp or a sling and a bandage . Some of em driving their cars down Piccadilly as of yore. Placards about enlistment everywhere, flags everywhere khaki everyweher. The whole thing got me and were it not for Dorothy and children and I suppose for some rays of sense, I'd be off and at the sausages myself.

On the steamer Paish gave me an article by Valentine Chirol which appeared in the last Quarterly Review. It referred to Germany's efforts to induce England to enter into a combination against us at the time of the Spanish American war, the subsequent attempt to make trouble for us at the time of the joint intervention in Venezuela, and



the most recent endeavour , when taking advantage of the disatisfaction over here with our Mexican policy Germany suggested that e joint no-participation in the San Francisco Fair, and even offerred to come to a definite general understanding with England all along the line if England would grant her a free hand in South America. You may remember that there was some newspaper excitement about this particular game in the November last year I think it was. As a matter of fact Chirol did not I think give me the last thought in his article , This was Paish's own statemant. As corroborative evidence Fletcher last autumn when he came back to the United States was very much afriad of this very game. He had dope to go on but felt of course that any suggestion of this sort would be laughed at at the State Department and might have cost him his job . He knew that William the Juicer was not looking for issues. F . also told me of the anti-American press campaignes being conducted by German papers in Soith America. Stories of lynchings etc, and of American designs on the sister republics. Fletcher as you may or may not remember came to the U. S. with Sir William Tyrrell , Sir Edward Grey's Private Secretary. I have a theory , it may be right and may be wrong that Tyrrell told the President what the game was , and that a deal was fixed whereby England should turn down Germany, the United States be given a free hand in Mexico , and at the same time repeal the Panama Canal tolls. This may be bunk but a lot of things tie up quite well . Paish if you will remember was fluttering about Washington at the same time. I shall see Tyrrell within a few days and try to confirm these theories. It would all make an interesting footnote to history. My suggestion would be that the Republic use the dope in connection with a little attack on Herr Dernburg's activities. As we discussed this subject before I left , it does seem a piece of effrontery

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that he should go on trying to stuff things down our throats. His little game taken in connection with Germany's various moves referred to above, and her systematic efforts to influence public opininion in this country before the war as shown by Chirols article , ought to be roundly damned as an insult to our intelligence. Mind you I am none the less against British bunk than I have been throughout. It makes me somewhat sore - sorer in away than German knavery- because I hate pious hypocrysy worse than I do outright deliberate and machiavellian lies. I confess however that the few talks that I have had with people here have impressed me tremendously. They arebso fair , they curse their own newspapers for making them seem to be bad sports. they are losing their sons and brothers, ( so are the Germans of course) but they'll tell you how jolly well the Sausages fight, and how the atrocity stories are bally nonsense , and go along getting killed as if it were all in the days work. The English Nut , is a fine product there's no doubt about it. These devils if connections are right reach London in nine hours from the trenches in Flanders . Whigham( in our office) has a brother who is on one of the Staffs,He left some place whatever it was, at seven in the morning and had tea with his wife at half after four. They dined and went to the theatre m and he has the week end at home. One fellow had three days leave- this apparently is the regular thing for the men who have borne the brunt of the fighting- and rode to hounds every morning. What do you know about that!

I've spent the day at Bath and this afternoon we motored over to see the Wells Cathedral. In every little village through which we passed there were soldiers- not quartered- but apparantly lads who had come from near by camp to spend the dayd with their people. Another thing which impressed us was the large attendance at the little churches which were just closing their aiternoon services as we came home.



I have been told that this unusual attendance was one of the changes wrought by the war.

Whigham , the Colonel, is a quiet modest Scotchman, so Davison whomdined withnhim last night tells me- I hav nt seen him. He has stormies - not the so-called atrocities where little gilrs lost their hands and women their breasts and little boys their arms - but of the Germans driving women and children before them when they attack. He says this has ha pened not once but dozens of times. I would believe any Whigham that Ive seen . He has the greatest admiration for the Germans as fighters , and says they are well disciplined prisoners, but that in action they will do anything. On one occasion they captured a company of Senegalese. As night came on they advanced on the French trenches shouting"dont shoot, we are the such and such regiment " Some one , no one knows who, among the captives yelled " Fire , in the name of God". The French let fly and killed all the Senegalese and the Germans behind them . The attck was repulsed. Frequently Germans who have had a knowledge of English have put on British uniforms and jumping into the trenches yelled Fall Back . Once or twice they put it across m but they are not doing so any more.

Whigham and his General on one occasion were in consultation with seven officers of their supporting division. They met in a room in an old chateau, and were talking when the General called Whigham out for a moments private talk consultation. They had barely closed the door, when a shell burst in the room they had just left and killed the seven officers. Some one who saw Whigham about an hour later said that he didnt even tell the story. This fellow heard it subsequently from some one else. !

Our friend General Percin, he who put the despatches in his pocket was disgraced with the Army . His colleagues attempted to have him courtamartialled but being a political general nothing could be done. The Government refused to

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E12-6-143



touch him. His Commanding eneral thereupon came to him saying " The Government has refused to courmartial you . Here's what the Army thinks of you", and hit him across the face . It had been hoped that Percin would strike back whereupon he would have been shot for having struck his superior. But he wilted.

These are stories that may amuse you. They keep my record in any case. So if you are afflicted think of the carbon copy diary which my letters to you will enable me to keep.

Again , Please smite Humbug, and go after bunk in any and every form. I wish you would do Mexicno at length. Draw a little story about the changes that have been rung onpublic opinion , our letting them work out their own salvation now , and our failure to let Huerta have a chance, the contrast between the man who was suspected of having a hand in the murder of Madero and he who is believed to have killed Benton, this and al l the rest. Itmakes me hot even to think of it.

With love to you all.,

Yours,

8th December 1914.

Dear Herbert,

As I cabled you last night, the "Republic" for Novr. 28th seems to me by far the best yet. I have read the paragraphs very carefully and thoroughly approve. My only criticism - and I hesitate to make any in this respect - would be that the treatment of the various subjects is a little bit the same. This refers to the arrangement of the meter, as it were, rahher than the tone or attitude of mind. There seems to be in almost everyone of them a sort of preamble with the editorial kick or opinion at the end.

I wonder if it would not be possible on some occasions to start the paragraphs with the editorial view. The tone, however, I thought was admirable. I particularly liked the one about the President and Congress, about the President's Mexican policy, and the quotation from the letter from Sergeant James.

I entirely understood, at least thought I did, the paragraph about the French attitude toward the war. I only hope that our very much excited friend, the French Ambassador, if he sees it, will not construe the paragraph to mean that the "Republic" considers France a blood-thirsty nation . All the middles seem to me of a very high character. I liked the "Faith of Broadway" and Phil Little's work at the end.

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[12-8-14]

(2)

I see that France still refuses to print my review of the Fakeres. Please tell him that I am very much hurt, and, if I do say it myself, I think it a blamed sight better than "Wapping Nights" even though that contribution may have been written by Henry James himself.

I am not at all sure I like the names on the cover. I thought the policy of the "Republic" was to emphasise the character of its contents rather than the notoriety, or fame if you will, of its contributors. Somehow I am inclined to think that that is better dope. It makes the paper then, rather than the writers. However as you will.

You will note what they call in Law a change in venue on this letter. Lavison has borrowed a bright young fellow from the office. His clothes and his accent are impeccable, and hes very very nice , but Ohlord he cannot stenograph. He's slower then the proverbial stage mollasses. Hence this bright spot in your life .

More dope re the German activity. Laughlin of the Embassy told me this morning that a colleague of his in Athens who had been in the German Legation in Mexico once confided in him that all his- the minister's activities, while ther- this was about three years ago had been directed

[12-8-14]



towards stirring up trouble between Mexico the United States and Japan. Bernburg incidentally must be a real boon to the financially depressed American press for as far as I can see he is writing for eevery paper in the country. If you touch him up I hope you will do it in such a way that he personally can take no offense for he knows I am interested in the Republic and it would hard ly be gracious. Poor fellow hes playing his country's game just as we want to play ours and so have all the rest of been doing .likewise according to their lights. So one must be chary and fair dont you think. Another point we in the United States are too apt to feel and not enough likely to think. We are pro- or anti as the case may be , but we seem so frequently to be sentimental rather than intelligent . Just as we talked in thos conferences at the outset , we should be neither anti German nor pro Ally - but American . Forget the violation of Belgian neutrality , except in its bearing on the Haugue covention which we signed, and look at the whole thing sanely. I object to German efforts to get us into a row over contraband with Great Britain just as much as I should resent un warranted intereference from Downing Street. But in any case lets have our eyes open. If you handle this stuff please do so carefully as we certainly dont wish to rouse any public sentiment which might get us into the row- even if we could, and some go so far as to think that Germany may try to get us in just to save her

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[12-8-14]



own face. Be that as it may .

I fear me Herbert that th e mere reading fo my effusions will be an impossible charge on your over taken time, whatever this may mean.

Yours,

The New
REPUBLIC
421 WEST 21ST STREET
NEW YORK CITY

December 10th, 1914.

Mr. Willard D. Straight,
c/o Morgan Grenfell & Co.,
22 Old Broad Street, London, E.C.

Dear Willard,

I received your three cablegrams and am very glad that you are continuing to take enough interest in us to send us a cable message. We were all particularly pleased about the second cablegram, which was evidently prompted by an especial liking for the fourth number. As to the contents of the fifth number, I had already written two paragraphs for last week's issue for the purpose of bringing out our need of increasing the military preparations, and you may be sure that we shall keep on hammering at the subject. I do not want to go so far as to advocate any form of enforced military service in this country. The general staff of the army does not think that necessary, and we cannot take a strong attitude in favour of such a matter without getting very far in advance of public opinion and alienating a good many of our friends. One has to approach a thing of this kind gradually, and whether or not it will become possible to come out strongly in its favour, will depend largely on the outcome of the European war. The lines are now being drawn in a very interesting way and the whole issue will afford us an opportunity during the next few months for some vigorous and sound writing.

As I cabled to you, I have registered the word "Replic" as a cable address of the office so that you can communicate with me by that means.

Before receiving the last cablegram, I had already asked Revere to take up the matter of the proposed government steamship line.

We are publishing a good deal of matter this week on the whole subject of national defense. I have written one

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article and three paragraphs on different phases of it. The article is an attack upon the ultra pacifists and the three paragraphs deal with references to the matter in Mr. Wilson's message. I have not made any attack upon the administration and navy department because that matter has already been very much exploited by the Tribune and other daily papers and if we took it up we should simply be playing second fiddle to them. I do not want to make the impression of ~~an~~ attacking Mr. Wilson all along the line and on every possible score. I may add that in order to make a good balance we have taken a crack at T. R. this week, basing it upon the article which he had in last Sunday's Times in which he seems to hit at Mr. Wilson below the belt. The editorial articles in this week's issues are, I think, extremely good. I am not so sure of the rest of the paper, but it has some good matter in it.

Faithfully yours,

Herbert Croly

[12-10-14]

~~Ex~~ ~~Herbb~~ Herbert Croly

55 East 65th street Newyork

Please register cable address advising me thereof Hope you will discuss with Farrell ship purchase by Government which I believe dangerous especially if German boats contemplated stop Message seemed mostly bunk hope you will emphasize need for intelligent militia policy with resultant benifits to public discipline and adequate prepared not danielized navy

Willard

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FORM 5.

# WESTERN UNION

No.

## ANGLO-AMERICAN DIRECT UNITED STATES CABLEGRAM

| No. | Service Instructions | Time Received. | Receiving Office. See back of Form for Telephone Number |
|---|---|---|---|
| 4749 | Via Western Union. | 5.0m | WESTERN UNION CABLE SYSTEM 10 DEC 1914 1, OLD BROAD STREET, LONDON, E.C. |
| Handed in at NEW YORK. | | No. of Words. 21 | |

No inquiry respecting this Message can be attended to without the production of this paper.

To Willard Straight
Morgan Grenfell
and Co
22 Old Broad St
Lon

Registered cable address is Replic favor increased military preparation
Croly

Please hand your Reply direct to this Office.

[12-13-14]

55 EAST SIXTY-FIFTH STREET

Sunday dec. 13th 14

Dear Willard:

We did not go down to ~~Long Island~~ the house this week. ~~Nor did I~~ I stayed in town to see Miliukov who was ~~leaving~~ to leave for Europe early Monday, and dined to-day, to an intelligent well-informed man, but pre-occupied with his own affairs. He is so very much engrossed by the news of the world that I am afraid he will not be as useful to the new Republic as I hoped. But I did him good, and we may be able to work with him.

I planned to take

2 four days out & that [12-13-14]
paper this will be, but-
decided at the last
moment for several

55 EAST SIXTY-FIFTH STREET

reasons. Hallowell pro-
tested mightily be-
cause it feared the
effect on our readers. The
ad surely pained & it
much like them
expected. It actually
cost about $2 v a week
mag & manufacturing
a 24 pag paper than it
does a 32 pag paper. But
in view of publishing the
yellow pag paper just we
have & print a rot sheet,
the eight and the four
which demands these
& an additional press.
The stitching machine
also more expensive. It
saved said about 6 on
the cost & adds, but the
net economy
J. did not was not
enough to justify the
risk. We are however
going & bring up the

[12-13-14]
3 make up and upon
in that way & cut down
the amount & material
published, and raise

55 EAST SIXTY-FIFTH STREET

the cost. after christmas
we can run right to
four pages or eight pages
advertising regularly
and more comfortable,
so that we shall
not be guessing em to
much & red.
I shall put on
another man & pay us
with the default of
getting out the paper.
He will do all that a
broad secretary for me
could do and much.
I call them over to him
and the trouble
has been growing &
my desk. He is a Yale
man, named Ford
who has had six years
training in a publishers
office and who can write
as well as do the millionaire
work. I am only paying
him 30. a week now, which

[12-13-14]
4 is less than he has been
receiving, but his salary
will be raised as
well both & he proves his value.
This 30. a week will be

55 EAST SIXTY-FIFTH STREET

gained by the saving &
Saturday's salary. Also
with Augusta has
decided to quit, and
I shall not replace him
for the present, but con-
tinually we have got & em-
ploy somebody & the
library build up our Pei
library.

The paper appears & be
gaining. We have about
3500 subscribers and
judging by the returns from
the last campaign we
are selling about
7.000 copies a week on
the stands. Now upstate
& get an immediate
circulation & 10.000 a
week - which is more than
the policy was obtained
after forty-five years. On the

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5) Much pupil appeal [12-13-14]
6) Lucie's letter. Glen Graham Brooks lunched with me yesterday

55 EAST SIXTY-FIFTH STREET

and mentioned a lovely string of beads of purple which they bought last autumn. Boarding / report of Harvard and others as good of course / disagreeable this. but. the paper is gaining.

Re last issue I strongly I should editorially but first to good in its individuality. I wish the Paper article and the four first paragraphs. Appraisal of the criticism of J. R. which was disagreeable but true. Very. We had a beginning. Appraisal was long good article on a very high attack on the Socialist party was all of the good. For the next week I had

6) [12-13-14]

55 EAST SIXTY-FIFTH STREET

a good article on Graham and another good one on Dewey on industrial education. I wish you had been here to visit Bryn Mawr Rockefeller Institutions are so exclusively girls but I am trying hard to get some more entertaining matter. Hope for the end.

I miss you very much, my dear Willard & you and Dorothy. So come home soon. Faithfully yours

H. C.

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Claridges , London,

December 14th.1914.

My dear Herbert;-

Your letter just received rather disturbed me for you seemed a little down on your springs which is not at all either comfortable for you nor for your friends nor for that paragon of journals the New Republic. However I trust that the Sunday in the Country did you good . If it did'nt I'll have to come home myself and take you out and fill you full of the wine of France.

My dear Herbert you know, dont you, that I appreciate your aims and your difficulties, and I hope that in anything I have said I have not been inconsiderate of your feelings or of those of any of our friends. I entirely agree with you that up to date , bar a few things which have been unimportant you have succeeded in doing what you have in mind , and have presented a radical programme, suggested perhaps, rather than presented as yet, in a pursuasive way. Some of your best friends may be ratty because there's been no more bloodletting. But that kind will not get any where particularly with people in their present temper and they will merely beget more strife which will prejudice rather than help their cause. That as a matter of fact has been why radicallism has in the past had such a bad name with some very broad minded and essentially fair people. The radicals have been their own worst enemies and have injured by their intemperance, a cause , which has frequently been condemned not on its merits but on its presentation. You know as well as I do that to make your hits really tell it is necessary to conserve them ; that fairness will win its own audience and hold it , though it may make headway slowly , and that temporary gains secured by fireworks are apt to build up the appetite for more turning out in the end under the title of muckraker. This none of us want. But that's where the temptation to be smart , to coin phrases, and to get a punch and draw blood are very likely to land those who yeild. That isnt your idea of the Republic nor is it mine, and the Republic if anything is founded on the purpose of doing as you say , fairly , dispassionately , and pursuaively presenting a programme which we believe in the interests of the country, because its right and progressive and based on human values that are developing and not because it's radical.. Some folk want to be radical just for the sake of the red trimmings, not caring where they land as long as thegoings good, and radicallism unconfined. That is neither helpful nor constructive but selfish and

[12-14-14]



harmful.. I am not aiming at anyone in particular least of all any of our friends , but those liking these shoes may wear them, and I have particularly in mind your blood wishing pals. Let's work it out the way we started. That is I know what you want and intend to do , and if some wont work with you others will. My whole heart is in this , in it and with you and your plans, and if needs be , though I cant write, I'll learn and chuck everything else and turn to as a blooming editor. The idea is too good and it cant and wont fail .

I am delighted you are taking up the question of military preparedness. Had England been able with the Swiss scheme of military service to throw a million men into the field on a moment's notice , this war would not have been. And think of the value to the men of England had they had two years or even a years training to their credit. Further I hope you will puncture the bunk of resolytions such as Hitchcocks and all the Peace propaganda as thrown by Andrew Carnegie and his minions. Its all such an imposition on the public, mere chest throwing to gain credit in Nebraska by blustering about matters with which Nebraska has no concern and regarding which therefore it has very high and exacting notions which are nevere by any chance applied to life in the cyclone cellars.

Carman F. Randolph I know. He has been a damned nuisance to the Foreign Trade Council with hsi desires to climb on the Pan wagon . He has been kept off with difficulty and I imagine that if you do try to make a y arrangement with him you will find him exorbitant. Probably Basket turned him over to you in order to get rid of him himself. But never mind. I must do some coding so au revoir . Dorothy worse luck sails Wednesday and will give you all the news and see that you and Mrs. Herbert get some air in the face.

Yours,

The Willard Straight Papers at Cornell University

003028

[c. Dec. 15, 1914]

Herbert Croly

~~fiftyfigax~~

Fiftyfive east sixtyfifth street

Newyork

Scarborough gives fine chance for punch on

timid neutrality

Willard.

The New
REPUBLIC
421 WEST 21ST STREET
NEW YORK CITY

December 17th, 1914.

Mr. Willard D. Straight,
c/o Messrs. Morgan Grenfell & Co.,
22 Old Broad Street, London, England.

Dear Willard,

I received the long and very welcome letter which you wrote to me on the steamer, and also the two cablegrams, one about the Scarborough bombardment and the other containing your criticism of the issue of December 5th.

I saw in the "Times" this morning that Dorothy sailed upon the Lusitania yesterday. I have been wondering whether it is true because your cablegram said nothing about it, but I hope it is true because I think we need her here more than you need her there.

I appreciate the difficulty which you must have had in trying to pass criticisms and make suggestions for the paper in England by cable. I do not, for instance, get the point at all of the connection which seems to be established in your mind between our "Timid Neutrality" article and the Scarborough raid. I submitted it to the other large intelligences in the office and they were equally obtuse. Consequently, if you do not see any reference made to it in this week's paper, you will understand the reason why.

The passage in my paragraph of the issue of December 5th on the possible diminution of our foreign responsibilities was suggested to me by Mr. Roosevelt himself. He said, and I think that he was right, that at a time when any responsibilities involved by the foreign policy of the country bring with them a much more exacting burden of preparation than was formerly the case, that this country ought to consider more carefully just how much it proposes to accomplish by a possible appeal to armed force. I think this is a useful idea to impress upon the American public at the present time, but I purposely did not attempt to define the way in which

The Willard Straight Papers at Cornell University

003029

I think our responsibility ought to be diminished, because before committing the paper to any specific responsibility I wish to have an opportunity of discussing the matter in full with you. That is the way it stands at the present time and I shall not refer to the subject again until after you return.

The several matters touched upon in your letter are all receiving attention. I will write to Mr. Dwight Morrow and ask him for the article which you suggest on the conflicting attitude of state legislatures and the national government on our railroads. I am publishing in the paper this week an article supplementary to my first article on the railroads and the nation. It carries a little bit further the same line of thought and will, I think, be useful to the paper and agreeable to you. I have seen the Van Antwerp paper of which you spoke and had it in mind when I wrote the article.

Your criticism of Drift and Mastery is, I think, well taken. The book, like his first book, is an essay rather than a thoroughly developed piece of political and social thinking, but it is a very suggestive essay and contains many fine moments of insight.

As to Progressive Democracy, I do not think you hit upon the right cause for the lack of response with which it has been received. My first book was more difficult to read and placed an even greater strain upon the ordinary reader, yet I began to receive returns almost as soon as it was published. The difficulty is, I think, that the people are not seriously concerned with domestic social and political problems now. They are still so much preoccupied by the war and by the attempt to think out its cause and effects, that they cannot concentrate upon a book which is confined entirely to the discussion of domestic policy.

The issue of the New Republic which we are getting out this week may be as good as the last two, but does not, I regret to say, seem to be any better. All my efforts to get a little more intellectual exhilaration and gaiety into the paper have failed up to date, but I intend to keep them up until they succeed.

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I am sorry to say that an article on Captain Mahan which I counted upon publishing and for which I had given the idea to a man who seemed competent to work it up, has miscarried. The idea was there, but it was expressed in such a cast iron style that my heart failed me at the last moment, and I threw it out. I will write to you more about this on Sunday.

Faithfully yours,

Herbert Croly

Form Ga.

# ANGLO-AMERICAN

No. 26

WESTERN UNION DIRECT UNITED STATES

# CABLEGRAM

| No. | Service Instructions | Time Received. | Receiving Office. See back of Form for Telephone Number. |
|---|---|---|---|
| 6557/17 | Via Anglo. 2 | 2:0 a.m. | |
| Handed in at | | No. of Words. | |
| Newyork | | 20 | |

ANGLO-AMERICAN TELEGRAPH CO. LTD. 63, OLD BROAD ST. 18 DEC. 1914

No inquiry respecting this Message can be attended to without the production

To Willard Straight Claridges
London
address felix friends
Savoy Hotel trying to
meet criticisms in
cablegram wish you
were here
Croly

Please hand your Reply direct to this Office.

The Willard Straight Papers at Cornell University

003031

[12-18-14]

Croly care Republic ( 421 west 21st. Street)
Newyork

Hope in discussing armaments you will not even admit possibility surrender any responsibilities as in December fifth number although proper arrangements with Brazil Argentine and Chile might help some but this logical development not surrender which unworthy our past present and future position in world if military preparedness without greatly increased burdens could be secured by economy and efficiency abolition useless expensive posts and navy yards and just generous but scrupulous administration pensions political,debauchery ~~and~~ national irresponsibility not responsibility our trouble Stop. as to general position on all questions your comment on Mahan sounds right note fairness courtesy and good temper Stop. liked number but not as well as last ~~as~~ isnt list of little countries about exhausted stop wish I were with you ~~in~~ body ~~as~~ well as spirit comment less expensive and more genial . please do not ~~think~~ all think me chronic critic my heart yours. where is Felixs friend my cable address care Claridges London

Willard

[12-24-14]

Herbert Croly

Fourtwentyone West Twentyfirst Newyork

Is your address Republic or Replic December twelfth number five paragraphs all splendid like tone, subjects and treatment especially Rockefeller T R military Reformer contraband failure German defence Congratulate you all Merry Christmas

Willard

Willard D. Straight Claridges Hotel

The Willard Straight Papers at Cornell University

003032

[12-20-14]

POST OFFICE
WINDSOR
VERMONT

CORNISH
NEW HAMPSHIRE

Sunday Dec 21st

Dear Willard -

I received your letter of Dec 6th and 8th yesterday. Did you think I contained your first impressions of London. You mean to have had a real ovation on arriving there, and I don't wonder. The Englishmen are [illegible] behaving better, and they got to all realizing at least from me an increasing sense of respect. Let Lonchen Churchill tell in the Saturday Review your story of your speech. Great America. Germany England & France & Russia very plausibly and would explain me much. It would be useful to [illegible] it might be

[12-20-14]

2)

POST OFFICE
WINDSOR
VERMONT

CORNISH
NEW HAMPSHIRE

published as a book & a guess. But I cannot tell me until I read Churchill's article and find out from you whether you could get anything remotely corresponding to 4 of 5 of his millions of Typed Typed.

There is not much new of with us, except another issue of the paper and that fact is not as new as it was a month ago. This week's issue (12/9th) is rather dull in its editorial paragraphs. - much to my chagrin I only wrote one of them; I am not a good paragraphist. but I do get a little clear satisfaction out of my efforts. But

[12-20-14]

3)

POST OFFICE
WINDSOR
VERMONT

CORNISH
NEW HAMPSHIRE

appearance and the weekly attempt this week and both mediocre and unsatisfactory. The rest of the paper is good. The editorial leaders are sound and true & right & pure because I wrote two of them. and the rest of them. Most of the middles are exceptionally interesting - particularly the P.M. Ferry. Appearance and finish. The P.M. article by Lippmann on the Russian Military Power is the best thing he has written lately. I may add that we need to have some rather unusually good material for the next number. Our new man & Soule is working well and will also be very useful. We have still hopes

The Willard Straight Papers at Cornell University

003033

4/ [12-20-14]

POST OFFICE
WINDSOR
VERMONT

CORNISH
NEW HAMPSHIRE

So many englands
from ~~take~~ subscribers about
bad news that I
called Hallowell down
& at work and turned
him to reorganizing the
department. He had
~~them~~ obey been seen
~~them~~ yesterday
afternoon and this day
~~was~~ working about 16 hours
each ~~to~~ day with
four special ~~to~~ help
by just in cleaning up
the ~~the~~ outstanding
work. I hope that things
will go better hereafter.
It is evidence that
the work was not
cleaned up sooner, but
Hallowell was always
assuring me that it
would soon be all right.
Whereas it kept on piling
all around. He is a fine
old fellow, but he has
a poor memory.

5/ [12-20-14]

POST OFFICE
WINDSOR
VERMONT

CORNISH
NEW HAMPSHIRE

I am bothered
about Hemingway's piece.
Two ~~to~~ other articles
came in from him
through your office. One
first was published
but was too long - about
3000 words. The second
had nothing to do with
South America, and
merely expressed his
liberal ideas about
the war and the results
that war. They were neither
new nor very interesting.
I wrote to Reuben Clark
and found I owed him
$100 which the two first
letters handed to me
could be reduced in
length, and improved
a little in writing. That
was over a week ago and
I have heard nothing

6/ [12-20-14]

POST OFFICE
WINDSOR
VERMONT

CORNISH
NEW HAMPSHIRE

from him. I hope he will
not take any more. I
guess not. publish a 3000
word ~~to~~ communication.
Well, this is a
dull letter, my ~~to~~ dear
Willard. I always have
to wait ~~to~~ you call at
night after the day
work is over, and my
poor brain by that ~~to~~
I well have been as
dull as ditch water all
legal. But so glad
when I ~~stop~~ stop this
& the home. I send you
congratulations and
assurances.

Faithfully yours
F. C.

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003034

No.

# WESTERN UNION

ANGLO-AMERICAN DIRECT UNITED STATES

# CABLEGRAM

| No. | Service Instructions | Time Received. | Receiving Office. See back of Form for Telephone Number. |
|---|---|---|---|
| 497/23 | Via Western Union. | 2.39 | WESTERN UNION CABLE SYSTEM 24 DEC 1914 1, OLD BROAD STREET, LONDON, E.C. |
| Handed in at: Newyork | | No. of Words: 18 | |

No inquiry respecting this Message can be attended to without the production of this paper.

To Mr Willard straight
Claridges Lon
Cable address replic
everybody pleased with
cablegram all wish
you merry Xmas.
Croly

Please hand your Reply direct to this Office.

Claridges, London,
December 29th.,1914.

My dear Herebert;-

Many thanks for your two letter of the 17th. one in your own fair hand and the other by the infinitely fairer hand of Mr. Underwood.

I'm glad you' ve taken on another man and hope that he will relieve you all, particularly you and Miss Rudyard. I think youre dope on not reducing the size of your paper is good, and as I see that correspondence is growing apace you may not need to think of the saving in space rates that you would have had to offset added cost of printing had you cut off a few pages. Perhaps you pay for the letters . No No, you should not , Our friends ought on the contrary to pay for the privelege.

The issue of Deecember 19th, came in last night and while I've only carefully read the paragraphs up to date , and merely glanced through the rest , I am delighted as I shall cable you when I read the rest. You seem to be worried about the lack of intellectual gaiety. The two words to most minds are mutually repugnant . That of course is why you want to pull it off. But it seems to me you are doing it better than you realize. The paragraphs this week were bully. All you say about military unpreparedness is right , absolutely, good straight talk and no ostrich pacifist bunk about it. It makes me want to cheer, for its the sort of thing I've longed for years to see in print and I am sure that many feel as I do. Your Pacifism vs. Passivemism was a masterpiece, and that , as I hope you will realize was embraced in my cable about the"military " which I sent apropospos of the December 5th, number.

( I am terribly mortified when I look at this page, and see the typographical errors , but maskee as they say in China , as long as you understand , speed is the thing for this is done between cables only and Davison being at the moment dictating letters I have a free moment , which is a rarer avis than it used to be .)

I quite understand the difficulty you must experience in making out the meaning of my cables, specially Scarborough, My thought in that case was that you could take another crack at the Administration's position - timidly neutral- and say that that is the sort of thing that might have been avoided had the President taken a strong line on Belgium. Subsequent events however would seem to indicate that the Germans had some technical justification because of the "harbour proctected by mines being fortified clause " in the Hague convention , either signed or in the Minutes, the details I have forgotten for the moment. There is however a good kick about failure to notify non-combatants to get out though even that I understand is to a certain extent qualified by something about a"military necessity".

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I quite understand your ideas about "responsibilitieS" and appreciate your caution in dealing with any surrender thereof. Of course I myself am , at heart , a rank Imperialist I suppose and hate the thought of giving up anything. More than that however , its only by having more responsibility than you can chew and trying to grow up to it that makes for progress with nations or individuals, - theres no differnce in the two problems- and what you say about surrender would be a crushingx answer to those who say that the people- no matter what their defects, should be given an increasing power so that they may be sobered and educated by their responsibilities until they are able to live up to them. No. Herbert .T.R. be blowed , we dont want to assume any wild burdens, or to be lured into oversea adventure by the Imperialism which I so deatly love, but we want it by fairness and justice and consideration to win for ourselves the respect of the World, and by our own power, our fully realized responsibilities, be in a position to lead and exercise a masterful influence if necessary for what we believe to be right. Otherwise without this ideal , without the ambition for proper and legitimate expansion not of our territory but of our trade and activity , we will become atrophied and look upon the game with the eyes and the digestion and imagination of an Oswald Garrison Villard. Retraction and retirement and thumb sucking should never be the sermon of the author of the "Promise of American Life". When you feel or think that way you've lost your faith in Democracy. We really have the same thing in mind, all of which goes to show that language when written , is a damned poor medium, albiet the sole one in this case, for the transmission of ideas.

I've been carefully through the December 19th.issue since this letter was started( I have to snatch time between cables and my boss is now asleep) I like it greatly . I see what you mean about spritliness, and think that the middles



might have had more sunlight, but I really think them very first class, though confessing that I have been somewhat bored by the does of cooperation that has been handed to your auditors.(You talk don't you so they are auditors - rwceiving the message not mere dear readers.) Simonds article was corking , Harvey Robinson- who is he- excellent and suggestive , Walter's Life is Cheap- in his best vein, and Brailsford's contribution on Egypf really extraordinary in the light of what has happened . He's a good dopester.

I am not sure that I cared so much for the middle on agricultural credits, which - and I say it with deference sounded a little bit like the utterance of the bird yclept parrot, for it seemed to me there was somewhere lacking the sureness of touch which sound knowledge gives, and that while all the facts were doubtless there , the values were not brou ght out in sufficient relief. It was gray. I presume that it was Walter Weyl's though my only ground for thinking so is that he did the one on the Federal Reserve Act which I thought better. I particularly question his statement that " There was never a question of the interests of the borrowers versus those of the lenders, of the interests of finance versus those of industry". ,LordA'mighty , Phew! If some one does not get you on that it will only be because they've missed it entirely or don't think your scalp worth taking. Had'nt the author whoever he or she may be ever read the letter to McAdoo so wisely pilloried in the colyums of the Republic? The exultant shout that everyone with a food character or a member of the Democratic party ( or Both) could get the dough, that credit had been set free! That was the fundamental kick and the chief thing that got the bill past the wildmen in Congress, this very hope that industry might eat up finance , if the banking system were reformed.

Poor Herbert, forgive these lines. But they're true.

Your own article on railways hit the point on the head. You are sound. When are you going to put up my proposition. Let the New Republic solve the Railway problem in the U.S. Why not ? Think of the talent at your beck and call.

John Dewey I was not crazy about . His point about Statesmanship and its task as an educator , ( this is badly phrased) is to the good.

This is rapidly becoming a post-mortem. Exeunt the Republic- Enter La Belle France.

I left for Paris on Christmas morning. The train is the best place to spend the day if you have a family and can't be with ' em. Then your thoughts at least are not distracted by the presence of those who demand attention.

Saturday I galavanted about the place interviewing various friends, Casenave , and de Margerie , now Vice Minister of Foreign Affairs, and the main squeeze in the F.O.

The streets seemed deserted , as compared to the peaceful days, but that may have been because of the holidays. There were many more folk in mourning than you see in London , sad eyed ladies, and fewer soldiers in evidence. Many of the restaurants are still closed and hotels as well are sort of getting on by the grace of the Feminist movement.

Papers at Cornell University

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Our French friends , as you have written are just fighting, saying nothing . The spirit of the people is wonderful, The Nation has made up its mind to lick the Germans and rid themselves forever if possible of this menace. All this you have written. Joffre is idolized, and the political generals are now most of 'em out of their jobs or at least where they cant do much harm. But the politicians in Paris are still playing hanky-panky. Caillaux left France because his life was in danger but they say he keeps in close touch and gives his orders by cable. Poincare has lost much influence according to some observers although others assert that he is still strong. This I doubt. Viviani is considered a Caillaux man and a crook. Malvy , Minister of Commerce, and the Minister of Marine are in the same class. In the War Department Millerand is honest, but his underlings are out for all they can get , and there is the same situation innthe Ministry of Finance under old Ribot. French finance has been badly handled, the Government has been too timid , and this policy has impaired the confidence of others. In part it is due to the after effects of Caillaux's adventures, and for that rwason has perhaps in a measure been fortunate , but here in London people are a little sore , as there seems to be a tendency to lie down on England to acertain extent.

On the other hand the French are getting somewhat tired of hearing of the exploits of the British ~~military~~ whom they consider good fighters but bad soldiers . France having ten men to Englands one in the field, resents the yelpings of the British Press. One can easily understand this attitude. The British journalist has the happiest faculty for getting people's backs up. He always gets us when he discusses international sport , and he has the Frenchmen now. The people who you see and talk with in London however, have in this case a much fairer view of things , than they ever do about their games, - individuals of course always excepted.

The Belgians they told me had put up a good scrap at Liege and had been living on it ever since. " Of course" they told me " we must talk about the brave little Belgians and the heroic Russians, but as a matter of fact the former are curs, taken by and large - just as they were in Napoleaons day and have been ever since, and the Russians are no better if not worse than they were in Manchuria. But we must cheer for them just the same."

It is the hope of the best element in France that as the result of the war the riff raff political crowd may be thrown out of power for good and all and replaced by the real men who are now fighting , and suffering because of the graft of their statemmen.

The foregoing , especially that regarding Finance please consider confidential, that is in the Republic family ,and if you tell the others impress this upon them absolutely.

We hear on good authority many stories that Germans are getting rather sick of the game and are every day coming into the British and French lines and giving themselves up. It is said that some of these fellows claim that there have been many cases where they have been driven to the charge by the revolvers of their officers and in some cases even with machine guns turned on behind. It is quite within the realm of possibility I should think that these stories are true. The Scarborough raid has generally been interpreted here as indicative of a desire to get a little kudos for home consumption. Belloc points this out in his last number. of Land and Water.



Things here continue interesting though I have seen few people besides the members of our London house. I am at work pretty well from early morning till late at night and have not dared to make any engagements outside much as I should have liked to go about a bit and get people's reaction on the War. It so happens however that I imagine I know about as much as anyone as to what is going on politically. However its all in the line of business, and I get it only by typeing the dope , and not from the mouths of the Olympians.

Our little friend David Lloyd George seems to have been making a great reputation for himself. He has shown the most astounding courage , - many who like him and admire him call it the valour of ignorance- but he's delivering the goods anyhow. That's always the main question is'nt it?

My,Herbert, but this is a real letter , almost a volume, but dinna care, it's off the chest.

Happy New Year, to you all,

Yours,

One interesting feature of the present situation is the activity of various Jewish gentlemen, here and in Paris, vide the exaggerated but not wholly ridiculous writings of Mr. Maxe in the National Review. The French of course are a great people for dahh , and not so good at the staying game, the Russians feel that they are carrying a good deal of a burden, and no while things are settled down in the west to a slow dragging struggle in the trenches, there are a few recriminations going about . This is of course dangerous for it is not asmif there were advances that brought glory or retreats that called for fortitude in the face of disaster. Hence the Speyers and their ilk here, and gentry of the same sort on the other side , all of whom or some of whom are still closely affiliated with Germany are doing their damndest to make trouble between the allies, and to hint here and there that in the interest of humanity peace should be made. The interests of humanity demand that this war should be fought to a finish , but people are soft and these gentry are insidious and something will have to be done in the spring to force the game. This by way of a footnote . Please treat these things as confidential, There are many strange avenues even in New York where things get back to the source of Evil.

You may be interested to know that it is felt here that the Aga Khan Chief of the Moslems of India is supposed to have suggested the dope on the Egyptian Caliphate.

The Willard Straight Papers at Cornell University

003037

Sent Dec. 30th 1914.

Replin Croly

Replic ( The New Republic 421 West 21st Street )

Newyork

Congratulate you on December nineteenth number paragraphs fine also railroads cheap life egypt simonds robinson Happy Newyear

Willard

[American Asiatic Association] [c.1914]

MEMORANDUM FOR MR. STRAIGHT:

1 - At the luncheon of the Dinner Committee last week, the general opinion was against a large public dinner. Mr. Griscom, Mr. Brewster, Mr. Cordes, Mr. Foord and Mr. Morse were opposed. Mr. Thomas and Mr. Patterson were in favor of some dinner where the spirit of interest shown at the dinner you gave could be widened. A small dinner of a non-public nature at which the members of the Association might be stimulated to larger effort was suggested and favored by Mr. Thomas and Mr. Patterson, and there was less opposition to this but no real enthusiasm by the others.

2 -- Mr. Thomas suggested, as a means of stimulating membership, the hiring of a man of desirable presence to make personal visits upon the men who should be in the Association.

3 -- President Griscom announced that he would appoint a finance committee to take up the suggestion of Mr. Perkins that $50,000 be raised.

4 -- In the publication of ASIA the budget will require an expenditure of from $60,000 to $70,000 per year. Receipts will run from $15,000 to $20,000, making a deficit of from $45,000 to $50,000 for the first year.

I believe it is necessary and essential, and will be economical in the end, to add a circulation and advertising man to the staff. This may be an initial expense but will be cheaper in the end.

My place in the Association would appear to be one of keeping in touch with the people who should be reached, steering the policy of the magazine and the Association accordingly and adding generally enthusiasm and energy inmits programme.

While undoubtedly I could handle the detail of circulation and advertising, it would take some time for me to learn the fine points of these departments which a man trained in this work could immediately handle with immediate effectiveness.

I believe that a general plan for the Association's activities and for the magazine should be outlined at the earliest possible time with an estimate of its cost and plans laid for meeting this through some such plan as Mr. Perkins proposed.

5 --,One of the immediate important things to do is the reshaping of the constitution of the Association to give it a broader scope. Mr. Foord is preparing amendments to enlarge the object of the Association to include an effort to secure a permanent basis of understanding in the Far East; also an amendment to permit the Association to elect to honorary membership men here andin the Orient who are leading figures. This will give the basis for a circulation and membership plan somewhat as follows:

(a) The Association will elect to honorary membership the leading men in the cabinets of China and Japan and other leaders in government, finance, commerce and other lines of leadership. With

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[c. 1914]



these men in the Association the next effort should be to obtain as active or associate members other Chinese, Japanese and various Orientals prominent in the life of those nations.

(b) The Chinese and Japanese Governments should be approached to assist the Association in enlarging its membership. I would propose that these Governments pass the word to five hundred or a thousand influential men in each country, directing them that when approached by the American Asiatic Association for membership these men should join.

(c) With this accomplished a direct and official effort by the Membership Committee should be made to get the cooperation of other Oriental Societies here and associations, such as the Grolier Society, the Mentor Association, the United States Chamber of Commerce.

6 — The appointment of an Assistant Secretary might be considered. In connection with this Mr. Foord's salary should be put on a fixed and definite basis and increased.

7 -- Will you act with Mr. Thomas of the Steel Corporation on a committee to place Chinese students in American industries? Mr. Muchnic is also suggested.

January 1st, 1915.

Dear Herbert;-

Happy NewYear. Just a word on Latin America. Please remember in dealing with this subject always to point out that of course it is appreciatedthat we cannot talk of South American Latin America etc. ( see George Marvin's editorial in the Worlds Work sometime Novemmner or December) This makes em sore, they want to be Brazil Nuts or Chile sauces, or peeroovians, or Argent-tins, or Colombs or Bolivers or something special and hate the genraltietsis for each is quite ready to tell you that the rest are rotters and all are right. But to get results and build up a circulation this point should be borene in mind. We who are concerned in such matters- uhhump- know that the other form is now obsolete and no longer used by the best people.

Yours,

Cable Jour. W.
re cabadan
304 Diplomacy

The Willard Straight Papers at Cornell University

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[1-1-15]

R Croly Replic ( The New Republic
Newyork 421 west 21st Street)

Are you handling anything new far eastern situation
can foord write appreciation of Rockhill please send
ten copies each week demand here large good advertising

Willard

Willard Straight Claridges

[1-2-15]
PG

Replic New York ( The New Republic 421 West 21st. St)

For Croly From press reports fear that contraband matter in danger precipitating acrimonious ~~xxxxxxxx~~ international newspaper controversy regarding highly technical subject of which newspaper writers ignorant and that this may engender bad feeling which will merely serve German propagandists who now ~~xxxxxxxx~~ capitalizing situation to ~~xxxxxx~~ disturb angloamerican relations.stop. Seems to me ~~xxxxxxxxx~~ these pernicious activities should be ~~xxxx~~ condemned we may ~~xxxxxx~~ disagree with England but ~~xxxxxxx~~ ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ we should not ~~xx~~ tolerate instigation ~~from dernburg in order~~ to pull teutonic chestnuts . stop. Should think only way avoid ~~xxx~~ possible serious and regrettable developments would be to treat matter in broadest possible way give and take and not permit being hustled into position where many fair minded people might be tempted lose sight of great fundamental issues of democracy which seem to me now to far transcend any commercial ~~xxxxx~~ rivalry which may have brought on war. stop. Careful analysis situation shows our position humiliatingly illogical and selfish laying our ~~xxxxx xxxxx xxxxxxx~~ motives open to ~~x~~ question and discrediting our boasted fairmindedness and idealism . stop. British interests in Mexico far greater than any of ours now prejudiced by British contraband ~~xxxxx~~ activities were ruined yet we tolerated no interference but asked and were granted

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patiently granted free hand while we muddled with a problem which we claimed to be peculiarly our affair . stop. American interests in Mexico far greater than those now deemed so important when ~~threatened by~~ British alleged to be threatened by British action were ignored and protests from our own people were disregarded ~~or~~ or condemned as demands from unpatriotic capitalists unable appreciate administrations humanitarian policy. stop. on moral grounds we could not recognize Huerta on moral grounds we now sit idly by and by our betrayal our responsibilities ~~and~~ encourage anarchy which ~~ruins~~ ruins mexico and bankrupts foreigners who have investments there. stop. Yet ~~the~~ the idealism which forced huertas downfall and is responsible for present conditions did not induce us raise our voice against ~~violation~~ violation hague convention .stop. now when england fighting life and death struggle infinitely more vital to ~~her~~ her than independent action in Mexico to us we demand broadest possible interpretation of ~~necessarily~~ necessarily complicated and varying legal practice & and disregard precedents established by us in civil war in name of injured industry. stop.assuming we have just rights which have been prejudiced seems to me we should show some of the tolerance and ~~appreciation~~ appreciation of others difficulties which we invariably demand for ourselves or if we insist upon full and unconditional recognition our rights we should be prepared show similiar consideration

[1-2-15]



to others. stop. ~~are we strict~~ are we strict ~~and careless of material interests~~ and careless of material interests ~~are we moral~~ Are we moral/when we fear assumption responsibility in Mexico might prove politically embarrassing at home and commercially alert when we can gain political kudos as protectors of business when we can ~~in~~ with impunity appear to twist Lions tail appealing to latent jingoism which thrives ~~by~~ on words and fears ~~not~~ candid and logical fulfillment obligations stop. consistency where is thy jewelry.

Straight.

The Willard Straight Papers at Cornell University

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January 5th.1915.

Dear Herbert;-

I was just hoping to give you a good dose before the mail got out but a cable has just come in , my boss is out , while I like Cascarets , am on the job , and the uncoding must be done before he gest in. So nothing to it. I wnclose a clipping form the Times which should give Walter L. a chanwe for a paragraph ortwo. Also have sent you and will continus to do so a lot of junk about the War which will be interesting for future generations of republicans. You see I have no doubt as to the papers going on for years and years and years.

I have sent the same to Simonds with out card because I hoped to write him tonight. Pleas e relephone him and tell him about it will you. Also ~~xxx~~ please be sure to press Dorothy for criticism and suuggestion . She is very sound indeed and has lots of ideas if you can extract them. Mkae her come to the Monday dinners. Press her hard and it will be worth while Im sure.

Lobe to all , More per next mail. Yours,

(1-6-15)

Via Anglo-

Replic Newyork ( The New Republic 421 Wast 21st Street)

Croly Treatment pensions in number eight sound but to forestall sentimentalists think you should ~~xxxxgix~~ recognize justice pensioning real soldiers while condemning demoralizing ~~x~~ effect pensioning~~x~~ deserters bountyjumpers ~~xxxgxxxxixxxx~~ patronage paragraphs fine rest looks good but yet unread stop hope you are attacking ship purchase government ownership ~~xxxfxxxqxxxxxxxxxxxxx~~ transportation as ultimate policy perhaps ~~xxxxxxxx~~ may come but should only after careful consideration present plan dangerous worst form subsidy where sane amendment navigation laws would serve pernicious every way hope you agree Lodge root soak the complacent ostrich again

Stwaight

Willard Straight, Claridges,

January 6th.1915

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January 6th.1915.

My dear Herbert;-

Many thanks for yours of the 29th. and for the things you say about Dorothy, which are so nicely put and so very true. Its strange that only last night I should have written you urging you to draw her out if you could. I am sure she will yield if you keep at her and I somehow feel that she might held in your counsel of master minds.

She writes me that you have received many letters reproving you for going after the President. Quite right and its the best thing you've done. It's been sane careful and impersonal. Those in high places can expect no more, especially as you have never in any way questioned his motives. Of course I am intemperate on the subject of bunk and an ostrich policy. For that reason I particularly liked your article, or whosever it was on Peace and Publicity and the last remark therein about the need for educating a Democracy by feeding it the strong and some times unpalatable food of fact , was the soundest part of it. As long as you stick to facts , as weve said so many times and base your conclusions on them, you cant go far wrong , and if there's one thing we need at home its pound pound pound on the necessity of looking them in the face. This bunco steering thats going on in Washington riles my very soul. Conservatives wont see facts. ~~Most~~ lots of radicals wont , can you blame them both for working at cross purposes? That is the Republic's mission isnt it ? To be candid , fair , careful considerate , but ruthlessly accurate , intolerant of buncombe , and courteous and open minded regarding a honest difference of opinion.

I'm so please that things seem to be working out well. Delighted particularly for you my dear Herbert. You bet its a go. I let you have another cabled screed today. Hope you dont mind. I wish I were at home to talk all these things over. But it cant he yetso the cable and Mr. Underwood will have to serve.

[1-6-15]



Dorothy apparently has strong views about our British friends. I agree in part. But on the whole they're so much better than the rest and they do the trick so damned well. But we must be tied to no ones kite, though I'm not neutral and hope the Germans will get everlastingly pasted as they deserve. They are not our kind and their system is not our system. It needs a knock forall our sakes.

Enough of this. I'm off to bed for a moment. Paris in the morning. Love to you all, keep writing , your letters mean a lot , and write me please how Dorothy seems. Wire me if she starts trying to do too much.

Yours,

The Willard Straight Papers at Cornell University

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[c. 1-14-15]

Replic newyork ( The New Republic
421 West 21st St )

For Croly Handling
contraband question number
nine seems little offhand
Do not wish argue now whether
protest justified or not but
hope you will agree should
not be treated so summarily
in future stop Feel very
Strongly this point and urge
Courtesy consideration Recognition
other mans point of view while
~~at same time~~ which always
possible without in any way
losing sight or minimizing
our own rights Stop
Expect Sail Saturday

Willard

Willard Straight Croly

[1915]

TÉLÉGRAMME

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DESTINATAIRE : Herbert Croly 55 Cable 65 Newyork

TEXTE : Indiana politics acquires sad reported fine most factions little get together created sad events from here cynical and caste and to the personal conflagrant Hope you can carefully courteously consider this side of question Straight

EXPÉDITEUR M W.D. Straight

HÔTEL DE CRILLON A PARIS Adresse Télégraphique :

CRILONOTEL-PARIS

Prière d'Écrire TRÈS LISIBLEMENT le Télégramme.

mots rayés nuls

Signature :

The Willard Straight Papers at Cornell University

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ALEXANDRE A. JURIEVITCH, PRES.
CHAMBERLAIN TO THE EMPEROR OF RUSSIA

WM. SCHUPP, PRES. AMERICAN BRANCH
PRINCE S. GOLITIZIN, VICE-PRESIDENT

V. V. AGAFONOV, TREAS.
WM. J. O'DONNELL, SEC'Y.

# Russian Chamber of Commerce.
# Русская Торговая Палата.

IVAN NARODNY, MANAGING DIRECTOR

New York OFFICE: 141 BROADWAY

February 16, 1915

Mr. Willard D. Straight,
New York.

Dear Sir:-

We beg to advise you that the INTERNATIONAL TRADE CONFERENCE will be held under the auspices of this organization at the Biltmore Hotel, New York City, on March 12, at 8 P. M.

At this Conference, a plan for winning foreign trade, especially that of Russia, will be presented for discussion. This plan has been prepared by our Committee and is based upon scientific study and investigation by native experts.

The object of the Conference is to show the exact conditions and trade possibilities in the countries of Europe and Asia, and especially in Russia, to set forth the most effective policies and methods for securing or extending foreign trade, to obtain the exchange of views on the subject and to promote closer international trade co-operation.

You are hereby invited to participate in the CONFERENCE or send a representative, upon the following conditions:-

That your acceptance, or if a representative is designated, his name be sent us by February 25th, and be subject to our acceptance; that admission to the Conference shall be strictly by card, which will be sent out by March 1st and shall not be transferable; that between March 1st and 12th, each person expected to participate in the Conference shall meet a member of our Reception Committee, who will call on him, in order that no one will have cause to feel a stranger at the meeting. To those coming out of town, a reception will be tendered an hour before the Conference.

There are no fees of any sort to those participating in the Conference, or to those whom they will represent, and this Chamber neither solicits nor accepts any members in this country.

The Conference will be limited to fifty participants and no reporters will be admitted.

Yours truly,
THE EXECUTIVE COMMITTEE
by [signature]
Managing director

On Board the "Lusitania",
March 1st.1915.

Dear Herbert:-

Again pipe in face and typewriter not at all well in hand I sit me down to indite unto you a message of affection and that cheapest of all commodities, counsel. Again I find that freed from the trammels of Wall Street, the smell of the subway, and the pleasant but oppressively inexorable calendar which Dorothy makes for five nights of the week, my mind is full of great thoughts, which alas can only be mutilated, and haltingly expressed in these pages where the easy flow of thought is ever dammed by the mechanism of transmission. So be it. Lincoln after Sumter, Hamilton in the face of the intrigues of Madison and Jefferson, Bryan confronted by a Chautauqua crowd, were not less dedicated than am I, facing this Underwood on a green baize topped table redolent of bridge and late drinks.

Editorially speaking HErbert you'll be fed up with the foregoing but I just cant help it. I am so receptive. and Iv'e just finished Crambd "Origin and Destiny of Imperial Britain", which you ought to read, and I've been so impressed with the fact that our literaryx styles were much alike, with the a(i)llusions and all that. This all reminds me of the little dog that turns aroundandaround in his little box before he lies down. Aha, the bed is pret. Allons mes infants!

The last number seems to me a corker. I cant understand why you said you thought the editorials stuff not up to much but the rest good. I liked the paragraphs, particularly yours about the State Department which was a well deserved tribute. ( Ma ybe they will continue to take your dope if you pat em again on the back). They were all good. I'm not sure of the one on Furuseth. That I suppose was Walter's. Please ask him did he ever go on a ship and see where the men live, did he try to get anyone else's opinion as to the Bill in question, to hear the other side. The lowt of the sailorman is not a pleasant one undoubtedly, and its all right to talk about bigger beds for American bottoms, or whatever you mxxt think they ought to

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have but this is a very controversial sibject and there's more in it than meets thex eye. Now Walter or whoever wrote this may be right, but as there are so many sides to thid question - there are to all i know- but to this one particularly , it seems to me it would have been better, if he felt the way he did, to lengthen the paragraph a bit. To say we approve the bill, we recognize that in sa ing this we are limiting the American marine to the coastwise traffic, unless through Government xxxxx ownership or subsidy , the increased cost of labour necessitated by this bill be met by the public as a whole , the nation standing the racket for the maintenance of a higher standing of living for American seamen, just as the American consumer in a measure stands the burden of a tariff in order that the man in the factory may receive a higher wage. We cant have or cake and eat it. We cant endorse Merrs Furuseth and La Follette, and at the same time demand a merchant marine, without either subsidy or Government ownership. The problem is much simpler than that of ordinary industry. In industry there are certain labour saving devices, xxxx which enable our factories in many cases to employ fewer men, pay higher wages and at the same time compete with the foreigner. In shipping this is not the case. There are no labour saving devices. Evene if there were Furuseth and his supporters are insisting upon larger crews, as well as on higher wages and better hours. Save in a time of crisis like the present the shipping business is highly competitive. Capital must have a certain return , be sure of it or else it wont go into shipping. You cant make it , not would it be right to try. Coastwise shipping is protected , behind what is in effect a tariff wall . The only way you can have ocean carriers under the American flag, and at the same time assure to the sailormen the conditions which Mr. Furuseth wants and Walter apparently approves- I'm not saying I dont mind you, I really dont know enough about that end of it- is to grant subsidies or have Government ownership. In one case the Government merely assures to capital a return without which it wont go into the business, by paying the increased labour cost imposed by Mr . Furuseth, in the



other the Government takes all the xxk risk. In neither case are we on a competitive basis. There are people , whose judgment I respect who are not unfriendly to labour , and who are not in the habit of making rash statements . who tell me that Mr. Fruseth has for some years been in the pay of the German steamship lobby. This amiable institution as you know xx has been mainatained for some years and was largely responsible for the defeat of the ship subsidy plan which so nearly went trhough a few years ago. This is no pipe dream. You might inquire into it. If this be true it is not surprising that knowing the reluctance of the Government to itself operate ships, knowing that subsidy is not popular in the country , that any one desiring to keep the United States falg off the seas might doaas Mr. Furuseth has done , in the interests of labour , and with this appeal to our warm hearted and uncritical populace, make regulations which will effectively prevent the growth of an American merchant marine. There are so often little niggers like this in the wood pile, that I hope Walter will be careful. As you know I am entirely at one with you in hoping that the New Republic can do something to better labour as well as other human conditions, but to do really constructive work , to really build and have something of the satisfaction of accomplishment as well as the joy of utterance, weve got to keep our heads clear as well as having our hearts warm. Is it not so?

Did you write of Elihu Root? It read to me like you. I liked it , I was sorry it had to be said , but it did, and it was well said, very well said and very true. Hooray for you Herbertus. I also liked "Getting it Both Ways". As I've told you many times you need have no thought that I have any feeling about suggestions turned down. If you dont like 'em say so and that's enough, or do so which is the same thing. You'll remember that you more or less apologized for not using some of my bright thoughts in this particular case. On reading it in print I'm glad you didnt use most of them , there are one or two that I mourn, but Herbert about this thing which is noth ing

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[3-1-15]



and not worth writing about , save to clear it off the slate, my only regret was that you - or didnit you- tried to save my feelings by talking of the expense of making changes in the proof. It was very kind , in your thought , but I would have felt better if you'd said Willard Go to Blazes, I dont like and wont use you brilliant but undigestible suggestions. This may be nonsense, but it seems to me that if a thing is good it ought to be done , provided of course its sufficiently good to make it worth while. If its not worth while which is of course generally the case where word juggling is all that is concerned, or where its not good , it should be so stated , is it not ? Think no more of this than do I , but as I feel , I write and speak, trusting that you are the same.

Now as to another subject which I meant To have out with you had it not been for this damnable and wholly annoying trip. Dorothy tells me that both you and Walter think me pro-English. So I am , very much so, and I boast that I detest the German, personally, politically, socially, I have never been able to walk down the Unter den Linden without a terrible desire to commit manslaughter, nor can I hear that guttural tongue without inward revolt. Wagner in spots I like,were it not for the Germans who sing it , I should like it better. For sausage and beer I am grateful. But I admire these people tremendously, and know that we can learn more from them perhaps than from any other. So much for the preface. Above all I am American neither pro- nor anti, just am. And because I am American I am pro-British and anti-German. I believe it is better for us. Because I am pro-British I do not think we should let our English cousins put things over on us. I agree with yourattitude on the Spectator though I wonder if it was necessary with all the rest to take the final crack at Strachey personally. Wasnt the rest enough? But to my mind while we should preserve the attitude of strict neutrality , and look at all these things from an American point of view, standing up for our rights and insisting on them, it would be wiser for the Republic to deal gently with the British in this crisis. Let your comment always be more in sorrow than in anger , try to see and to point out their point of view , the stress under which they labour

[3-1-15]



recognize the fight for existence. We should I think be more than fair and in being so can more gracefully and more successfully maintain a pretty stiff stand on our rights. It is so much a question of language , not of principle. Like the western story when the man draws his gun and says " When you say that , damn you, smile". That's all it is , and it was this that I had in mind when I cabled you from London about the paragraph you printed on the first American note on contraband. This and nothing more. I approvedthe note and its being sent all right I though it was very badly written , shamefully handled, and it struck me as I wired you that the tone of the Republics paragraph was a little peremptory, when this was not at all necessary! As you know I dont object to invective when theres a reason, but as a general thing it is better not. Intemperate utterance is the most common of all indulgences, I know because I am more addicted thereto than to tobacco or liquor. For this reason I am aware of its dangers. Some folk of course confuse billingsgate with punch, but their judgement is bad , even though their opinions in general may be sound and thier ideals high. These folk too frequently lose their value for constructive work because they can not refrain from using destructive words. If polite to Great Britain I suppose there should also be equal consideration shown our Sausage friends. I say I suppose , I hope not. Look at their damned spy system , the passport scandals, the hyphenated American activity, their attempts to blow up steamers, as shown by the New Orleans arrests, their intereference in American politics, their lobbies, their intrigues, thier games of all sorts in Washington. This in addition to the war zone, the sinking of merchantmen without giving the crews a chance to escape, this and all the rest. Damn them say I , and may they be accursed. But if we are neutral let us be neutral, that is a political condition, our sympathies we may express as we will. Let us stand on our rights, let us not be fooled be British bunk , but looking at it purely from a selfish American standpoint it is going to be better for us if the Allies win thanit will if Germany is successful.

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This at any rate is my opinion for what it may be worth. Dont you agree? As to the question of foodstuffs as contraband thats another matter and I dont think I agree with you yet, not in view of the official administration thereof by the German Government. Howeve r lets not argue. I wish though that if you have time youwould take up this point with John Basket Moore, and I shall so cable you.

As Simonds said you are developing an American point of view and thats what we want , not pro or anti anything, but do you not admit that granting this premise and standing for this principle , it is also quite possible , and not at all in derogation of this principle , to be pro-British and anti-German, possibly because of certain natural sympathies and antipathies, but equally because one may believe it in our own interests , and therefore good American policy to favour one rather than the other belligerent. This may be un-neutral. I am not sure that that in the long run neutrality at this juncture is not a mistake. That however is another question . For the time being we are neutral. Looking at the matter selfishly I believe that it is good policy to play the Allies game as far was we can consistently with neutrality, if that is to be our state. Benevolent neutrality is no new term however, and it seemes to me that that should be our role. But granting this even we will not gain but lose if in assuming such an attitudewe should be merely sentimental/ If we yield too much we will sacrifice respect and unless we retain that we should have sold our birthright for a mess of pottage. I hope that I make myself clear. If I dont I beg your understanding for I'll not rewrite this letter, no not even for you.

Continuing the American idea. Have we not come to a period when we can do something constructive along the lines indicated in Progressive Democracy? Your book is a marvel Herbert but people wont get it as they did the other. The Promise was specific . You mentioned names . Your vocabulary was familiar. In this work you go to fundamentals and talk the philosophy of it all. Many people like to send flowrs to their best girl. Fewer themselves are fond of a garden. Fewer still study botany. That's the answer.

[3-1-15]



Your book, Gramb, Bourne's article in the last Republic, the talks weve had so often about citizenship, the things that men like Trietschke did in Germany make me wonder if we cant try a stunt at home. Are we not, because of the war, the political unrest of the past few years, the investigations, the exposures, in a singularly impressionable , and therefore recpetive state? Are we not groping a good deal, has not our national life been diluted by an influx of many who are strange to the fundamental aspirations which have been the finest things in our history? Dont we above all other things just now need faith , faith in ourselves, in the honesty of our motives, in the achievments of our past , in the promise of our future? Are we not tired of bunk , tired of agitation, tired of uplift , of muckraking, of piffle, and reaction ? Have we not a headache after a debauchof introspection, and are not our hands a little shaky and our minds a little vague because of our excesses?

Granted this should we not for a moment have a breath of fresh air, clean our minds drive the cobwebs away , and then with fresh confidence in ourselves tackle the problems before us? Now my plan is doubtless fantastic , but even for the sake of argument admitting that it was practical , as a plan , it would be impossible without the right men to do the trick. Maybe you know some youthful Trietschke, some embryo John Bright. I confess I dont, but if we cant find one were done at the outset. Ignoring this very real and fundamental need however, let us proceed. The plan would be to organize some great popular lectures on American history, proceeding as Bourne suggests from the morning paper back . Touch on the problems of the day in the most generally way , not controversially, merely stating briefly the views of all sides. Having stated the problems go on to say that they can be solves safely etc. only by the proper spirit, consideration, understandin g good will, then go back into history, the Civil War , the struggle in congress which preceded it, be unsparing of the selfishness, the bunk of those days, tell of deserters etc . in the Civil War, talk of the early days, the war with Mexico, 1812, the piffle of Jefferson, the intrigues of our Fathers, then show how the Nation came through, and

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here'w where youd turn on the red lights- tell of the dedication the self sacrifice, the cèurage in the face of criticism, obloquy and all the rest,of these prophets of Democracy , who brought the nation through and gave the present generation their heritage. Touch up the part which resources have played in our development as distinct from the benificence of our institutions; then having worked it up to a fine pitch of enthusiasm pin the rose on the crowd. Do you get me Steve? This done in the right way would outdo the appeal made by Billy Sunday. His astounding success is not due to his slang as much as it is to his fire. Cant you find a brand? Once such a movement were started it would proceed of its own gathering mementum. There should be popular lectures, and more restrained utterances at schools and colleges. The whole enterprise should be directed and controlled by a very few and financed , well we'd see about that if we ever got to it. To my mind we should not tie up with any uplift organization or foundation. The trouble with them all is they smell of social service, and soceity hates to be served , what it wants now is to be led. I'll wager that just as the Republic is making its way , just as India House , succeeded where many were dubious, so this movement could be engineered and made a force in the Nation. This sounds like a pipe dream, but I am serious. It could be done . What you need for x ~~xxxx~~ the realization of Progressive Democracy is a background. This background would have to be painted in noncontentious but extremely incisive colours. The painter would be ~~xxxxxxx~~ assailed perhaps but could not himself argue , merely recite. Then when the seed was sown we can bring along leaders or they will arise who will reap the political harvest. But the sowing itself must be non-political. Is there anything in the idea? Do you know anyone who could do it? Could Winston Churchill if properly coached by a general board of strategy, located at 421 West 21st. N.Y.?

No Herbert I have not been drinking , but try this over on your piano. I may write you another letter, If so it will not be a book?

My love to Louise, et tu Brute,
Yours,

Still on the Lusitania.
March 5th.1915.

My dear Herbert;-

It seems a shame to inflict another letter on you. You will feel that I had much better have confined myself tà literature in the acquisitive rather than this demonstrative form. Nevertheless having threatened I do. Herewith two manuscripts for your distinguished consideration. In that boldly demanding an American policy I have included much- too much you may think- that could perhaps go out. My ideas as to the possible parings are indicated by blue pencil underlines. In Philanthropy , and the accompanying discussion of social structure- ahem- I confess my temerity. This is what you get for writing your two blooming books, and is the particular offspring of Progressive Democracy. Papa - wilst recognize thy chee-ild? Please use either or both of these things as you see fit. Scrap them, amend them , print them. They are grist sent to your mill , and having travailled all I care is that the brats be kindly treated. The effort at least passed the time on this ship and brought bread to the mouth of the lady typist on board. She by the way is an intèlligent young englishmwoman with a moustache , who suggested words and things and who knew the "New Republic". Herbert thy fame travelleth apace.

I shall be much interested in seeing how you handle the present contrçband situation. The first wireless said that England had declared a blockade , later messages more or less qualified this. Today we are in the war Zone, the life boats are stocked, a ready to be dropped at a moments notice and most of the ships company is at the rail scanning the sea for periscopes. With sufficient imagination one can get quite a thrill.

Progressive Democracy Herbert is a corker. I think I see what you had in mind, to create your background as it were before becoming specific. It would seem to me that it would almost do to reprint the last few chapters as a separate volume for in these you get down to dealing with actual conditions. These are the things people should and would read, where perhaps a much smaller number would be willing to master your perspective in order better to ~~xxx~~ read the future as you do. It's a

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bigger book than the "Promise", more mature and more constructive. It's the only book ~~xx~~ dealing with these subjects that I've read which I ~~xhxxx~~ accept almost without argument. You've laid down a wonderful programme. May the Republic serve to carry it out . Under you I know it will. While on this subject I must tell you that I have been a little disturbed by your apparent determination to close yourself every morning, when you are doing desk work every afternoon. You must find time to read Herbert, and you must find time to see people. I mean people generally not just those of us who are devoted followers of Plato and his pape. Mind you I say this not because you have impressed me as stale at all but because I dont want you to be. You've got to keep your mind and your pores open , to absorb dope which you may correlate and give off again as in Progressive Democracy but this neither you nor anyone else can do when you feel obliged to sit down to pound out so many columns a week, no matter how much you may be interested in the subject matter thereof. I know you want to keep down expenses for the paper. But Dorothy and I want to see the paper succeed. The principal asset is your health and the activity ~~xxxxxxxxxxxxxxx~~ of your mind, quite as much as the outgivings of your facile pen. Please consider seriously again the question of taking on more help . It need'nt go into the budget at all. In this we are both very much in earnest. Go into Gath and the haunts of the Philistines, did they live in Gath? and gather rosebuds and chase butterflies, bring the wordlings into the sanctuary at 421 . React on their point of view as well as inducting wisdome into their rhinoceros intellects. You know what I mean . And make Walter see Own Young and people of that kind again. It will do them both good.

As to my other and longer letter. The final idea may be wild, but to me it is still , after three or four days, alluring.

Thine,

[end. 3-5-15] [parts used verbatim in speech April 20]

## WANTED: AN AMERICAN POLICY.

Recent German-American activities have had two immediate results. They have evoked active expression of a hitherto comparatively inarticulate sympathy with the Allied cause and stimulated a gradually crystallizing demand for an essentially American policy. Coincident with condemnation of the German "war zone" declaration there was an increasing disapproval of Great Britain's interference with neutral trade. This has been largely dissipated by the declaration and maintenance of a blockade of German ports, but it has emphasized in the minds of thinking people the folly of moulding our diplomacy in conformity with our sympathies rather than to safeguard our interests. At this time when all the world is overwrought we are not unnaturally greatly influenced by sentiment. Pro-German propaganda has served to show that our sympathies are with the Allies. American hospitals in France, American relief for the Belgians, our endeavor to alleviate suffering in Poland and Servia bear witness not only to our generosity, but to our conviction. But as yet, aside from the general approval of the Administra-

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tion's attitude as expressed in the notes to Great Britain and to Germany, there seems to be no popular appreciation of the fact that while they may establish precedents - inimical to our interests or otherwise - the incidents discussed are relatively unimportant when compared with the broader questions which may develop from the present situation. The first issue of "The New Republic" pointed out that the European war marked the end of American isolation. Our position as to South American and the Far East will be put to the test. The United States must now qualify as a world power or be relegated to a subordinate place amongst nations. This is the significant and portentous issue by which we are confronted.

One hundred years ago we were part of the European system. American independence was but a collateral - though tremendously important - result of the wars which preceded the French Revolution. We passed unscathed through the Napoleonic era, and emerged successful from the war of 1812 - not because of our inherent strength, but because England, France and Spain were more vitally concerned with the issues which were adjusted at the Congress of Vienna. The Monroe Doctrine, which we like to consider peculiarly our own, was suggested by Canning not to





safeguard American liberty, but to assure to British merchants opportunities for South American trade by preserving that region from the domination of the Holy Alliance.

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In China, in Africa, in India, South America and Russia Americans - merchant-adventurers - played their part in the trade expansion of the first half of the nineteenth century. But these men, like our ststesmen of that time, were largely governed or at least affected by the influences which dominated or agitated Europe. It was not until after the Civil War that in concentrating our energies upon the reconstruction of the South and the opening of the West we entered upon our period of incubation. In this, as in the preceding stage of our national development, we were secure from outside interference - not because of our ability to resist aggression, but because of the preoccupation of the Powers across the Atlantic. Even in 1894 at the time of the Venezuelan boundary dispute, Lord Salisbury anticipated the coming struggle with Germany and was unwilling to clash with the United States. So later, when Germany endeavored to form a coalition of the Powers to support Spain, Great Britain refused to participate and held the field clear

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while we conquered Cuba and Porto Rico and defeated the Spanish fleet at Manila Bay. It would be humiliating to feel that we could not, if called upon to do so, defend the Monroe Doctrine against all comers; but the fact remains that this, practically the only positive principle in our foreign policy, has remained unchallenged, chiefly because of the exigencies of European politics. The Monroe Doctrine, like the integrity of China, has been accepted lest any interference therewith disturb the delicately-adjusted "Balance of Power."

In the period of enthusiasm immediately following the Spanish War we were, it is true, wont to feel that, like Minerva, we had sprung a full-fledged worldpower into international affairs. By clever diplomacy, by adroit manipulation of Russo-Japanese peace and efficient service in connection with the Algeciras Conference, Mr. Roosevelt and Mr. Root maintained this illusion. Their successors at the White House and the Department of State endeavored to capitalize the position which had seemingly been established, by utilizing American diplomacy to secure concrete results for merican trade. They attempted to form a financial combination in China to convert the

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"open-door" doctrine into a tangible guarantee for China's integrity instead of the empty diplomatic formula which it has since become. They endeavored to establish order in the Central American States by removing the causes of revolution through financial reorganization. These efforts, however, were only partially or temporarily successful. The American public did not understand and was therefore suspicious of what in an unfortunate moment had been termed "dollar-diplomacy."

The ambitious programme for which the Spanish War created the background - which Mr. Roosevelt conceived and to which Mr. Taft endeavored to give practical effect - has, for the time being, been abandoned, but the experience has been valuable. We are better informed, better equipped than we were ten years ago. If Americans have as yet no conception of international problems they are at least conscious that the United States are by no means segregated from the rest of the world. The first two months of the war have left an impression which will not readily be effaced. The farmers of the Middle-West, the cotton-raisers of the South

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and manufacturers throughout the country who are selling their goods in Europe appreciate as never before our dependence upon foreign trade.

In voicing our resentment at wars' interference with American trade we have taken it upon ourselves to express our abhorrence of war itself. The motives of those who advocate peace are admirable. That they lack a sense of humour and are unconscious of their own impotence is beside the point. The unfortunate feature of their activity is that they confuse the public without contributing to the solution of the problem. In extolling Peace they are blind to disagreeable facts, and in condemning wars they disregard or minimize the fundamental issues which have made war inevitable. We are in accord with their aspirations, but their utterances are, in our opinion, calculated to befogg a situation where candid and discriminating vision alone will be helpful.

We must now bear in mind that following the cessation of hostilities there will be a readjustment in world affairs unparallelled in history. Europe, Asia, Africa will fall

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within the scope of this forthcoming international congress. It is inconceivable that the Americas will not be intimately affected - if indeed they be not included. It is the task of true statesmanship to anticipate this situation and to set our own house in order.

We shall probably hear little about Mexico for the present, but European interests in Mexico are too great, the chances for profitable development in that country are too alluring to warrant us in cherishing any ostrichlike hope that this very tender subject will be indefinitely avoided. After a year of war argument will be at a discount in London and Paris and Berlin; and it is more human to treat generously an enemy whom you have defeated but whose prowess you respect than it is to show consideration for the thrifty bystander who has profited by your own and your antagonist's discomfiture. We requested a free hand to solve the Mexican problem, and we shall be asked to account for our stewardship. It will no longer be possible for us to escape the issue as we have in the past, when the great European Powers were obliged to ignore us the better to watch each other. We are no more a

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nation apart - our isolation will not protect us. For a few years at least there will be no "Balance of Power": one side or the other will emerge triumphant. Both are interested in Mexico. Both will insist that we fulfil or forego the responsibility for order south of the Rio Grande.

It ~~will~~ would be humiliating if Europe should force us to act where we have had neither the true humanity nor the courage ourselves to take the initiative. Are we to allow a sincere abhorrence of bloodshed, a mistaken conception of individual liberty or the cowardice of party politics to dictate a policy of "drift"? Or are we to gird ourselves for our task and be the masters of our fate? The Monroe Doctrine will be tried by European opinion: as a nation we must face the prosecutor. If the verdict be against us it will this time be enforced.

The question is one of the most serious which has ever confronted American diplomacy.

The Napoleonic Wars enabled us to weld a nation. The Civil War marked the beginning of our astounding national prosperity. The Spanish War restored our national conscious-





ness. The present conflict in Europe has brought us international responsibility. With regard to contraband and the "War Zone" the Administration has acquitted itself well. If it fails in Mexico, the American public, whose attitude must always determine though it may not initiate American Policy, not the Administration, will be to blame.

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[enclosed 3-5-15] New Republic March 27, 1915 pp. 208-9 signed S.G.T.

# PHILANTHROPY OR SOCIAL LEADERSHIP.

There are many men whose integrity has never been questioned, who for years have supported their church and fulfilled the obligations of citizenship as they conceived them, who today are wondering what's wrong with the world. They revere the Constitution of the United States as the safeguard of American liberties, and the guarantor of individual rights as opposed to mob rule. In most cases they have either created or largely increased their personal fortunes during the course of successful business careers, and having themselves forged their way to the top, reject any assertion that society as at present organized fails to give a fair chance to all. They regard their own experience as conclusive evidence to the contrary. As directors in this or that corporation they may or may not interest themselves in or feel responsible for labor conditions. In general, however, they encourage good treatment and better living. Labor Unions they may accept as necessary evils not without value, but they are inclined to regard the leaders thereof as charlatans who foment agitation in



order to hold "soft jobs" at the expense of the workers. "Socialism" to these men spells disaster. They instinctively distrust as "socialistic" any form of federal, state or municipal activity which is avowedly "social in its object, although they will frequently support such measures if there be no "social" label attached thereto.

These men in many cases keenly realize a duty to Society. At considerable personal sacrifice they serve on hospital boards, are trustees of charitable organizations, and contribute largely to Chambers of Commerce and Good Government Leagues. As capitalists and employers they are conscious of their own honesty, and sincerity of purpose, and they therefore bitterly resent any general indictment of the "capitalist" or "employing" class.

Some radicals on the other hand would have us believe that all "employers" and "capitalists" are necessarily wicked. But the "employer" or "capitalist" who does his duty as he sees it, though he may be mistaken or narrow, is not derelict. That he fails to comprehend or to sympathize with the tendencies of present-day society is from the progressive point of view to be regretted, but

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it is not criminal. To call an honourable man a "Bourbon" or a "thief" or a "slavedriver" because he differs with you as to a social programme is as unjust as it would be to condemn a devoted Catholic for being faithful to his Church despite the abuses which have existed under the Papacy.

It is not surprising that a man who is doing his best according to his lights should be angry when he sees himself and his fellows caricatured as swine or as grim brutes in fur coat and spats, eating emaciated babies for breakfast. He is particularly resentful if he has just sent a sizable check to this or that fund, or sacrificed an afternoon's golf or an engagement down town to attend the meeting of a hospital board. A sense of outraged innocence will sometimes provoke a sweeping condemnation of all who wish to alter existing conditions. The Philanthropist thus assailed instinctively erects a barrier against any new idea and tends himself to espouse the cause of those of his class whose business methods are justly open to attack. This in turn discourages even generous-minded prophets and interpreters





of the order which is now arising to meet the needs and aspirations of our society - no longer agricultural and individual, but rapidly becoming industrial and social in character. They, too, instinctively range themselves on the side of the more radical, and not infrequently less sincere, advocates of public, as distinct from private, interest. They may respect the accomplishment and appreciate the public spirit of the Philanthropist, but they go a step farther and believe that the conscience which found its first expression in the charity of individuals must now develop into more the constructive social responsibility of the community. Finding it difficult to teach they are disposed to blame.

Thus bitterness is introduced, despite the fact that in general both "Capitalist" and the "Reformer" are striving in their own way for the same end. Each aspires to be at peace with his conscience. Both seek to fulfil their duty, as they see it, toward society. Each is inclined to regard the other askance - as selfish or meddlesome, as the case may be, for their conceptions are inevitably modified by the

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determination to retain of the "haves" and the desire to possess of the "have nots." For the sake of argument The issue between the two perhaps may have to be emphasized in blacks and whites, but hope for an ultimately fair adjustment lies in constant accessions to the intermediate shades of grey.

In the olden days soldiers by their campaigns established the State. Statesmen guided us to political emancipation, and to-day we are naturally inclined to follow men who are dominant in industry and finance, or who through politics attempt to deal with social problems upon whose solution our wellbeing depends. The possession or control of money carries with it power which was formerly vested in ownership of the land. If all property be sometimes attacked, however, it is not so much because wealth itself is regarded as inherently evil, as it is due to ignorant and unreasoning resentment that some of those who have wealth have failed to live up to the responsibilities of leadership which its possession should impose. Syndicalist and Socialist propaganda therefore will gain even fewer adherents if those whom the Nation now regards as its leaders take the initiative in readjusting modern society to conform to the requirements of

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professional and an increasingly-intelligent and articulate body of "working" men and women.

Paternalism in any form - no matter how beneficial its results - will not ultimately be acceptable. Great foundations and benefactions if wisely administered will, in alleviating poverty ~~misery~~, tend to raise social standards until all the competent - not merely the generous - will eventually make provision for the less fortunate, and in so doing attempt to remedy the conditions responsible for their distress. What has hitherto been termed philanthropy - like commerce and industry and politics - will therefore gradually tend to conform to a more democratic ideal. We now have State and Municipal hospitals, asylums, and alms houses. There are municipal baths and laundries, playgrounds, social centers. Lunches are provided in many public schools, arrangements for physical examinations are being improved, and eye, mouth and throat clinics extended. We have already travelled far, not toward Socialism but toward Socilization. This progress would have been well nigh impossible had it not been for the initiative and constant effort of organized charity. Yet some of the very men who have assisted in this

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task are as yet unaware that they themselves have materially contributed ~~in~~ by specific ~~cases~~ action to the very changes which in general they either condemn or deplore. What is needed in many cases, therefore, is not an entire reversal of attitude, but a clearer vision and more sympathetic understanding, not so much a change of method as an intelligent mastery of conditions which already exist.

The American colonists revolted rather than submit to taxation without representation. The present-day American may perhaps be crude and undisciplined, but he is self-respecting and self-reliant. He has great capacity for cooperation and organization, where he feels that he himself has voluntarily assumed an obligation or shares responsibility. Like his forebears he too wants representation in some form. He abhors alms, he craves opportunity. This is a national spirit, soon shared, more or less vaguely perhaps, by even the most recently-arrived immigrant. This is the spirit which is now finding expression in countless different ways, which is not in itself dangerous, or turbulent, which is far from "socialistic", in the commonly

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accepted sense. It is a spirit which may sometimes threaten violence when excited by intolerant or vicious men, but which if guided and encouraged will bear valuable fruit. It is a spirit which above all else demands that Philanthropy should develop into Social Leadership.

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On The Lusitania,
March 5th,1915.

Dear Davie;-

This may not reach you. That fact encourages garrulity. It may be hit by a submarine, or a mine, it may sink by virtue of its own weighty utterance , or it may chase back and forth the Atlantic in numberless steamships, of this and other lines , following you in your course of Empire. It is nevertheless intended to express my heartfelt thanks for the food which you sent. This I not only et but retained. The weather I need not add has been superb. Sunshine everyday, very little motion- maritime, physical - or intellectual. I finally found three or four people whom I knew. The discovery took time. It has since cost money. I play bridge very well but cannot hold good cards. In view of the old saying this naturally makes me think of Dorothy, and I know that the adage is true. The only disturbing thought is that she is always lucky at cards. I hope that she does not think of me in this connection.

Today we are looking for submarines. The scraps of conversation which I have overheard to date indicate that most people thought that these little sea-ticks were lurking under every white cap. The amount of antipipatory heroism has been hairraising. Solitude and introspection on this trip have increased my appreciation of your companionship on our last voyage . I have been very lonely. I trust that my absence from New York has tended to magnify not expose my usefulness. Thank you.

I enclose a little verse which I found when reading my favorit author. Please give my love to Mrs. Davie and be careful of that new Hebrew dance that Frank Tinney told us about ,

[incomplete]

*The Willard Straight*

On Board the Lusitania,

March 5th.1915.

My dear Mr. Fiedler;-

Enclosed I am sending a letter to Mr. Crocker, whose address I dont know and one to Mr. Baldwin who is active in Nassau County Affairs. I am not sure of his initials and wish you would look them up. Please send both letters on. If we get to Liverpool which I expect we shall I am cabling you about paying off part of the Guaranty loan. I should think fifty or seventyfive t ousand dollars at least ought to be wiped off. Please explain to Mrs. Straight that of course we can borrow again if necessary but there's no use paying interest now. I should have thought of this before.

I have been thinking over our office arrangements and it seems to me that you should be freed from ordinary secretarila work as far as possible. I want you to look particularly after business things, the Guaranty is a case in point, keep up records of quotations on foreign issues and all that. Rennick can take dictation, and help you but I believe there should be someone else in addition. This business of youre both staying down night after night is not as it should be. When this South American thing is off the stocks there will be something else, and the situation might as well be faced first as last. Please look about to see if you can find some one who would fit in. The question of Tilford is rather delicate, but he will be kept where he is I suppose as long as the war lasts and that will be sometime. When the readjusment comes it will be possible to work out something that will be satisfactory to all concerned.

Trusting that everything in the office is going well, and that Mrs. Fiedler is able to see something more of you than she has recently , believe me,

Yours sincerely,

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Aboard the Lusitania,
March 5th.1915.

Dear Michael;- [Martin Egan]

By the wirless I see that The Dacia has fallen in-to the hands of the Frinch. Good work Father Machiavelli. Look what youve did . It was a great thought - an inspiration - as a recognition of which we will confer upon you the Order of the Turkish Bath , entitling you, as James M. Flagg would say, to drink claret, say Mongdoo, read yellow-backed novels and wear a geranium in your button hole. If you later care to wear mistletoe somewhere else that is another matter.

T is has been a dull trip for Willy. I do not, nor do I want to, know who most of my fellowpassengers are. They are unattractive. Two days out I met a young woman whose brother had asked me to look her up. She seems very sad , though very nice, and I think I frighten her,probably because when I speak to her I have a book in hand and glasses on the face as one about to read. This I admit is true. Then there are Mr. and Mrs. McMillan, he of American big game fame, she very nice. With them is a nice old Englishman. We have played some bad bridge together. They are no better than I which is horrid. I have nevertheless lost consistently . It has however served to pass the time. Otherwise I have read, eaten little, smoked less than usual , had but a small amount of alchol and altogether been so exemplary in my conduct that i Have been bored to death.

We are now somewhere off the coast of Ireland, and in the war zone . Most of the passengers and the stewards who are not making beds are at the rail looking for submarines or mines. They seem much interested in marine life for the moment. Someone said we were to meet a convoy this morning but I havent heard him yet . He may be outside now. The life boats are already to drop in , lines loose and all that and they have also been stocked with food and drink . Hence we are prepared for what everyone on board has been talking about ever since we left. We shall I suppose in perfect safety reach the Mersey this evening and London tmorrow afternoon. But why deny us our little thrill. If I come back at once never mind, but if by chance I have to stay over here write me the office dope as it developes. I take a sort of general interest in the place. I suppose even the spare wheel has an affection for the motor to which it attached.

Keep well, Give my love to Eleanor , and keepi hitting the Bull's eye as you've been doing.

Yours,

On receipt of this please telegraph me at Morgan Grenfells
22 Old Broad Street. If I do not receive a message before Thursday morning I shall telegraph you the substance of this letter.

March 9th.1915.

My dear George;- [Casenave]

On arrival here I telegraphed you but having received no reply am wndering where you are , or if you are in Paris why I have not heard from you . Perhaps there is a letter on the way .

A certain Colonel House , a friend of mine . leaves London on Thursday morning for Paris. I have told him that you would call upon him and that he might depend upon you to give him accurate information on any subject with regard to which you could properly speak. I have also taken the liberty to tell him that you would introduce him to M. de Margerie. It is important- all this - that you should handle him well not because he is a friend of mine at all , but because he is one of the moast influential men in the United States and unquestionably is closer to the President than any living individual. Mr. Wilson trusts him implicitly and while I do not know this , I am quite sure that Colonel House is here personally investigating the situation for the President and personally reporting to him the result of his observations. It is on this information , tempered perhaps by what our diplomats say, but mainly on what he may learn from Colonel House that the President will act. If there is any message that President Poincare or any other person official or unofficial should wish to have reach Mr. Wilson directly the best channel would be Colonel House. He has asked me to be in Paris while he is there and it is not at all impossible that I may come over on Saturday morning . The Colonel will leave on Tuesday . You may rely on his discretion and his entire and absolute good faith.

I will not write further for I shall hope to see you myself within a few days. I am so anxious to know about your son . Someone here I think Bland said that you had had good news. I trust that this is true. We are all well and Dorothy sent you here love. My compliments to Madame,

Yours,

Colonel House will be at the Crillon.

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March 9th.1915.

My dear Herman;- [Harjes]

Many thanks for your telegram. It's quite possible that I may stay over another week especially as the Lusitania does not sail on Saturday as had been scheduled. In that case I shall drop over to see you, as I should like to get the whole story of recent matters before returning to New York. At home there are now new developments (though perhaps there has a lot happened since I left) as far as I know. It was too bad that when the thing was so nearly done you didnt pull off the joint arrangement . But we were pretty well pleased , really , at the net result for such an arrangement would only have been workable if the thing had been centralized over here and the moment that they started a joint board in New York we should have had more trouble than the Pujo Committee or Mr. Samuel Untermeyer ever made. Everyone at home was very appreciative of your efforts, and for your sake particularly sorry that the thing didnt come off just as you had hoped. Perhaps there can still be some joint sheme that will be workable. In the meantime all the Allies are paying the price of the present loose ended and wasteful methods.

Colonel House , a friend of mine, will arrive at the Crillon on Thursday night. I have taken the liberty of telling him that you and Jack would gladly assist him insofar as you are able. He is one of the most powerful people in America. You probably know all about him, but in case you should not I'll tell you. He is Mr. Wilson's closestx and most confidential adviser . He has been by far the sanest and best influence on the Administration. He has Bryan's confidence also. Personally knowing the Colonel it has always been my impression that he must have disagreed with many things that have been done, but if he has he has always been wise enough not to lose his own influence in kicking against the pricks and as a result has quietly and unobtrusively helped things along in his own way. He has been here for some time, confidentially, keeping in daily touch with the President himself, and will now be in Paris for a few days. He has asked me to come over too and this I may do , perhaps with him , perhaps on Saturday . But in an case I trust that you and Jack will do what you can for him . You can rely absolutely on his discretion and judgement . I have also written Casenave to call upon him , and suggested that C. put him in touch with de Margerie.

Please give my love to Mrs. Herman and to Jack.
Yours,

[c. 3-16-15]

Croly fourtwentyone west twentyone Newyork

Hope you will consider and discuss blockade ~~xxxxxxxxx~~ declaration as satisfactory as any such declaration could be under circumstances by declaring blockade seizure foodstuffs destined for Germany is legalized at same time everyeffort made not embarrass our trade with neutrals principle blockade recognized application will be effective and while may vary from former practice diiferences arise from actual and natural development of doctrine to conform with modern conditions where if blockade had not been declared violation international law might have been claimed stop read article from legal correspondent london times last tuesday or wednesday stop if you dont agree would appreciate greatly your treating matter tenderly as possible pending my return and full discussion stop did you receive my articles answer claridges london straight

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# PASSE-PORT

américain

**Signalement**

Age : 3 Hans.
Taille : 1.80
Cheveux : blonds
Sourcils : id.
Front : ordinaire
Yeux : gris
Nez : moyen
Bouche : moyenne
Barbe : faite
Menton : rond
Visage : ovale
Teint : ordinaire
Signes particuliers :

Signature du porteur :

Nous, Préfet du Pas-de-Calais, invitons les Autorités Civiles et Militaires à laisser passer librement de Boulogne-sur-Mer, département du Pas-de-Calais, à Londres

Le sieur Willard Dickerman Straight.
profession de Banquier
né à new-york.
demeurant à New-york
et à lui donner protection en cas de besoin.

Fait à Boulogne-sur-Mer, le 17 Mars 1915.

Pr le Préfet,
Le Sous-Préfet de Boulogne et p./o.

SOUS-PRÉFECTURE DE BOULOGNE-S.-MER
RÉPUBLIQUE FRANÇAISE
PAS-DE-CALAIS

COMMISSARIAT SPÉCIAL DE BOULOGNE-SUR-MER
17 MARS 1915
EMBARQUEMENT

Willard D. Straight

Board of Trade,
Whitehall Gardens.
S.W.

16 March XV

My dear Willard.
Harcourt asked me today to tell you that the word blockade which was used in the Prime ministers announcement of yesterday was the result of your talk with Lewis Nixon. He

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[c. 3-17-15]

Croly fourtwentyone west twentyone Newyork

Referring my earlier cable if you feel should still kick you must anyway recognize we can hope do nothing more than keep record straight stop would it not therefore be wise be more sorrowful than ~~angry~~ angry pointing out our overwhelming sympathy allies admitting their difficulties but showing essential that our attitude should be correct both on grounds present policy and lest unfortunate precedents be made for future .stop. ~~Xxx xxxx~~ Criticism in other tone will be useless and may leave feeling which we will later find very embarrassing stop inhumanity stopping foodstuffs for germany does not seem to me sound argument for surely fundamental humanity is to bring war to early close for sake all concerned

Straight

Hoping you might
like to know it.
I hope you will let
me know when you
are back.

Yours
Lancelot Swift
My telephone is
Board of Trade 64

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[C. 3-18-15]

Croly fourtwentyone west twentyone Newyork

while concur your view on position neutrals expressed march sixth seems to me argument could have been as strong with less condemnation and more emphasis as to means by which same ends could be secured without plawing neutrals in position where acquiescence humiliating stop. blockade

declaration essential thing this contained greys note and once principle admitted argument must necessarily center on whether it is effective .stop application principle blxockade must necessarily and properly conform to modern conditions and with unquestioned sea command no doubt as to its effective character stop blockade cannot be maintained on high seas perhaps but international law makes no stipulation as to distance from enemy coast at which blockaders must act .stop. in this case in view war zone dec-laration by Germany allies seems to me entitled act anywhere in european waters neutrals gaining by concessions granted under order in council where unmitigated blockade would have more seriously prejudiced their interests stop as you know personally believe german administration foodstuffs which is undoubted and fact whole nation virtually in arms to my mind war-rants placing operations on seige basis stop. do not wish

[C. 3-18-15]



interfer but hope you will read letter from legal correspondent London Times issue march tenth and give this view and policy explained my letter from steamer careful consideration stop. ushers crack at peace impertinence splendid but disturbed by control of births which fear will in general do more harm by offending friends then good in stimulating thought please cable me your views stop. was not reference to police in cathedral paragraph flippant and calculated detract from real point with which I agree stop. you know my feeling about pleasant verbal coatings for little radical pills

straight

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[C. 3-19-15]

Replic ( The New Republic 421 West 21st Street )

Newyork

Crely To place discussion on practical,rather than theoretical basis well point out shortage atlantic shipping volume ~~tonnage~~ cargoes which even now unable find transportation to allied and neutral countries consequent probability all available bottoms will be utilized in profitable trade where no questions can arise stop whether order in council jutifiable under ~~intra~~ international law or not therefore impossibility insuring vessels or cargoes destined for teutonic powers and dependence for ~~our~~ profits upon continued operation vessels will make shipowners refuse engage in trade where seizure ~~practical certainty~~ or delays practical certainty stop thus while there may be academic argument specific bases therfor ~~unlikely~~ unlikely

Straight

London , March 19th.1915.

Dear Launcy:-

Please forgive the typewriting which is done with me own fair hands , there being no lady or gentleman typist avail able.

Referring to our conversation of this morning it occurs to me that it might be possible to give a twist to discussion regarding the recent Order in Council which might have a so to speak sedative effect in the United States. Certain things though obvious have not yet been commented upon in this connection. I believe that they might be emphasized with beneficial results. As you know the amount of tonnage now available for Atlantic shipping is limited . It is becoming more so as your Government requisitions additional vessels. Enormous amounts of cargo are now on the docks in the United States awaiting shipment to the Allied and neutral European countries. Freights are high and the shipping business at present extremely profitable. To reap the profits from this situation the shipowner must depend upon the continued operation of his craft. He is not likely to risk taking contraband goods , or goods destined for Germany or Austria and therefore liable to seizure under your recent Order in Council. Even though his vessel might not be condemned there would be delays and consequent losses of possible freights. In view of your Government's recent action moreover it is extremely doubtful

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if any Insurance could be obtained on vessel or cargoe regarding which there was reasonable ground for suspicion. The amount of so to speak legitimate ~~xxxxxxx~~ freight available and the risks of carrying any other therefore will both serve to make the shipowner confine himself to carrying goods regarding which there can be no cuestion . As a matter of fact there are now no German cargoe vessels, your own are the principal carriers and neutral craft can do too much and too profitable safe business to make them care to risk any other. For this reason irrespective of the question as to whether the Order in Council is justifiable under International Law or not , there are not likely to be many specific cases where vessels will be seized thereunder. ~~This will perhaps~~ This is especially true of American vessels . It may be less so as regards Swedish or Norwegian craft. Fortunately however in the present situation they do not perhaps so much matter. Diplomatic protests based on purely academic questions in International Law are not going to arouse much popular interest in the United States. ~~xx xxxxxxxx~~ Our Government may accept Sir Edward Grey's declaration of a"blockade". In fact according to this morning's despatches Washington is already scratching its head a bit to see how they can kick about this most excellent word. On the other hand something may be said for the sake of keeping the record straight, though personally I am inclined to doubt it. But even if there were it will not amount to much as long as no American ships are seized. This as I have attempted to show



above seems to me extremely unlikely.

It occurs to me therefore that this thought might be casually inserted into the minds of some of the American correspondents , who would I should think be inclined to take it up at once and say to our people"there's no use in squealing before youre hurt , and there's little likelihood you will be". We will not I assure you tend to be very excited about an argument as to the theory of International Law. The same view it would seem might perhaps well be put forward over here also.

This is very hurried , but at least you will be able to see what I have in mind. You may thank your stars that its typewritten even though badly , rather than inscribed in long hand ,

Yours,

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[March 1915]

Replic ( The New Republic 421 West 21st Street )

Newyork

Croly Reported here we addressed protest Japan based Root Takahira notes This probably as effective proverbial,snowball in hades protest becoming habit suggest paragraph pointing out prevention preferable attempted cure had note been addressed Japan at beginning war ~~xxiii~~ remarking upon disturbed state world affairs possible danger to equilibrium far east arising therefrom and pursuant terms root takahira notes suggesting consultation for common action preservation ~~xxxxxxxx~~ status quo stop. though improbable something might have been accomplished to prevent or at least mitigate action which now inevitable for Japan committed and nothing save force will block her stop protest now will merely irritate ~~xxxxxxxxxxxxxxxx~~ evoke polite reply and make our position humiliating in its ineffectiveness we were probably unwilling act before because no particular occasion diplomacy by anticipating occasions should avoid issues unless prepared to meet them with something more than rhetoric isnt it

Straight

April 9th, 1915

My dear Thomas:

Very many thanks for your most interesting letter of the 26th of February. You will remember that when you were in Long Island last summer we talked over the situation which would probably arise in China as a result of the war, and it seems as if we were pretty nearly right in our prognostications. In a way I am sorry for China, and in another way I feel the probabilities are that it will be better in the long run for all concerned. A good many of our friends in New York are very much exercised and it seems they think they are going to help the situation with a lot of bombastic conversation. This, as you know, will get us nothing, and will only tend to antagonize the Japanese who seem to have the matter well in hand. For my part I am for letting things drift until after the war and see how they work out.

As to the so-called "American Section" of the Hukuang Railways, the rumour which you have heard as to the concentration of expenditures on the English section is quite correct. We felt that in view of the uncertainty as to the future ability to obtain capital, the best thing we could do was to spend the money we did have and build one completed railroad as some security for the outstanding bonds. Whether American manufacturers get much of the material or not remains to be seen, but we will try to protect their interests. I can well understand that the Chinese are rather upset by our action in this respect, but they will probably be upset about everything. Our main concern is to protect the interests of the bondholders. It is, of course, difficult for our Chinese friends to appreciate the demands for capital at the present time. They have their own needs, and naturally in view of past experiences think they should get what they want at easy rates.

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[4-9-15]



This, as you know, is not as simple as it sounds, and I am very much afraid people in this country at least, will not be inclined to invest heavily in China when they can find high-grade European securities, South American development and domestic issues offering a sure and safe return on capital. This is the fact, and it must be faced, unpleasant for China and disappointing to us though it may be.

As you know, I am always delighted to hear your views on any of these subjects, and it is the greatest pleasure to me to receive your letters. You can think anything you want, provided you give me the privilege of doing the same. And please rest assured that you are never butting-in. It was very good of you to look after Mr. and Mrs. Severance. I have also given one or two other letters to friends of mine who are going to the East. In a way I am afraid I have been imposing on you, but in another I know you are always glad to see people and help them through the mazes of the Orient.

With kindest regards, believe me,

Very sincerely yours,

J. A. Thomas, Esquire,
22 Museum Road,
Shanghai, China.

TEL. 7061 P.O. HAMPSTEAD.

1, Hampstead Square,
Hampstead, N.W.

10/5/15

My Dear Straight,

Having criticised "The New Republic" somewhat heavily a day a two ago I feel that I owe you amends after spending a couple of hours with real enjoyment on the May 1st number which arrived to-day. It is really excellent. My quarrel with the Editor's notes is not lessened by

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the first few pages. "Banquets" is heavy. "The Difficult Peace" is better but spoiled by the complacent dogmatism of the last paragraph which reminds me of Paish at his worst. "The Closed Mind" through dogmatic in form suggests a writer with an open mind & "Japan & the Open Door" is very nicely done. But the rest of the issue is first class. "Henry & Edna" has genius. "Henry James" is wonderfully compressed into a few paragraphs. "New Witnesses" appeals to me very strongly, the more so as I am in absolute disagreement with the writer. Finally Browning & Verhaeren are most sympathetically dealt with.

I am taking considerable risks I fear if you are among the contributors.

The feeling here about the Lusitania is most striking. I doubt if we shall ever hear more about "not humiliating Germany". I shall personally not be satisfied until the Kaiser & his advisers are brought to trial for what the inquest to-day described in its verdict as deliberate & wholesale murder by the Kaiser & his officers.

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We are in hopes that Kitchener's Army is about to appear in the field & make its presence clearly felt. Also the news from the Dardanelles in a few days is confidently believed to be likely to cheer us. But by the news good & ill the poison gas & the sinking of the Lusitania have brought feeling here much down to what the Belgians & French feel.

My compliments to Mrs Straight

Yours ever

Basil W. Blackett

May eighteenth,
1915

My dear Mr. President:

Where thousands have telegraphed or written you to voice their loyalty there are millions whose support is no less real and who have been equally thrilled by your note to Germany, which did not deal merely with the technicalities raised by the "Falaba", the "Cushing", the "Gulflight" and the "Lusitania" incidents, but placed the issue squarely on the broad basis of humanity.

I feel it to be somewhat presumptious by direct personal expression to add another tribute to those which you have already received, but it was my privilege to hear you speak yesterday in New York, and your address, as well as the stand which you have taken, have stirred me so profoundly that I cannot refrain from thanking you.

Respectfully yours,

The Honourable
Woodrow Wilson,
The President of the United States,
White House, Washington, D. C.

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23 Wall Street.
New York.

June 17th, 1915.

A. M. Clemmings, Esquire,
27 Gates Street,
Ogdensburg, N. Y.

Dear Turkey:-

I have your note of the fourteenth of June, and also received your first communication. I am sorry that Mrs. Clemmings is not getting better, but suppose that everything is being done that could be.

I do not wish to request you to come back, but assume you will do so as soon as the doctor feels that you can get away.

Very truly yours,

July 13th, 1915.

My dear Charlie:

T. W. L. has shown me your letter of the fourth of June to Davy, and has constituted me Chairman of the House Committee for the purpose of answering a portion thereof. I saw the Colonel within a few days after his return, and confess that I was much surprised at his apparent interest in the munitions business. My theory as to the matter regarding which you write would be that the Colonel saw Mr. Lloyd-George, who told him of the difficulties and troubles he was having in securing the goods required. Doubtless he also expressed the hope that the Colonel would assist him if he could, and in all probability the Colonel replied he would be very glad to do so, in so far as possible. From what Teddy once told me regarding Mr. Lloyd-George I presume that he thereupon painted a marevllous picture of Colonel House running around from factory to factory speeding up the work, and he doubtless conveyed to Mr. Hanson an impression of the work of art which he himself had created.

T. W. L. asked me to tell you how much he appreciates Hanson's interest in this matter, and how grateful he is to you for having written thereanent. His impression, in which as a member of the said House Committee I entirely agree, is that it is quite unnecessary to take the matter up with the Colonel who is now living in seclusion at Manchester, Mass., by the Sea, and acting as general utility man and confidential adviser for the President. His relation to the President is so close, and this fact is so generally well known, that it is inconceivable that he would seek to exert an influence, even if he had any, upon manufacturers, in the way suggested. Doubtless you have talked this whole question over with Davy who, I

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presume, has set you straight in this regard.

The other portion of your letter I understand will be answered by Mr. T. W. L. himself.

It was a great disappointment to me not to be able to go over with Davy the last time, to see you all. I hope everything is going well.

With best wishes from us both, believe me,

Yours ever sincerely,

C. F. Whigham, Esquire,
22 Old Broad Street,
London, E. C.

23 Wall Street.
New York.

August 27th, 1915.

Mr. Albert M. Clemmings,

Oswego, N. Y.

Dear Bert:-

I am just in receipt of your telegram of yesterday, advising me that you will need Seventy-Five Dollars for expenses in Oswego. At least, this is the meaning I get from your telegram. I am enclosing herewith Mr. Straight's check for this amount, and when you get back to New York I wish you would please stop in and sign a note to cover.

I take this opportunity of extending to you my personal sympathy in your sorrow.

Very truly yours,

A. H. Diedler.

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For Willard & Dorothy. G. M.

For Basil Miles
by Geo. Marvin

# Pean in Praise of Perfectly Private Miles

## A Toccata of Geescotti's

O, Caruso, Cherubino, Caballero without fear!
From thy bivouacs and battles and withdrawals to the rear,
From thy triumphs, rape and pillage,
Sure it's fine to see you here.

We remember well, Amigo, when thou heard'st the war's alarms,
Springing from the Cutey Chase Club and those unchased cuties' charms,
Sprang'st thou unto colder arms.

Yea, he left the Latin Quarter, steeped that day in tear and sob,
And Napoleon left the Faubourg, stout Louisa Huidesnob,
Smiles and Miles they marched together
Over real estate with Cobb.

Comrades, these our city's heroes. While we sweltered here at ease
They were getting knacks and knowledge, nasty knocks and housemaid's knees,
Notoriety acquiring, flying foes and fledging flees.

So they fought, these gilded gunmen, through the golden August haze,
Fit and fought and fighted fiercely, but of all the bully braves
None made better moving pictures than Amigo Basileis.

Desolee la Chambre du Commerce now no longer sat upon:
On a martial motor cycle sprang and sat this paragon,
When the Gilded King's Own Gunmen
Motored o'er the Rubicon.

Sharply-shot he on the ranges and got shot,—across the bar;
Hiked and hiccupped with the rookies, stood watch with the morning star;
He and Derby put machine guns
On the universal car.

Yet through all the glow and glory clung he to the ragged ranks,
Private perfectly persisting, while with all the other tanks
Blithely sprayed the ruddy reg'lars
With torrential rains of blanks.

But the measure now changes to go into battle:

Hear the rattle of Fords
And the clatter of swords
Hark, the battle outcry of me lords,
Lamenting sore feet
As they hike through the heat
In new russet shoes,
Sweating buckets of booze.
See the gun men come lathering rank upon rank,
With a blink-blink-blinkety-blankety-blank!
Men and guns speak together
In the fine summer weather,
Bankers, brokers and breakers,
Physicians and fakers,
Malefactors and makers
Of Money, muck-rakers,
Policemen and people
(Not common or feeble,)
Proprietors, preachers,
And Sunday School teachers,
And real estate agents
And princes and pageants,
And birds of their feather
All hands, hell for leather,
Went piling together
With a zip and a souse
Right into the battle of Point de la Rouse.
And plunk in the midst of the fray,
That immemorial day,
Fighting and fizzing away,
Was Caruso, Megusto, Amigo, Privato
Basilio, Basilieh.
Yea!
But truth compels me to say
The ruddy, rubicund regulars won;
And they might have captured the new machine gun
It it hadn't been for that son of a gun,
Basilio, Basilieh.

But up from the tooken trenches, wreathed in somewhat sweaty smiles
And in smoke of Fat-i-ema that the soldier's heart beguiles,
Charged Amigo, Caballero, Cherubino, Basil Miles.

Charged across a mile of landscape with the gun upon his shoulder
While a thousand Springfields sniped him, onward over ditch and boulder,
Shell and shrapnel falling round him,—but they never bowled him over.

Through his megaphone the umpire hotly chortled "Thou art dead."
But Basilio galloped onward, never turning back his head;
"Nay," with piercing proud percussion, "I am merely tired," he said.

So he got the Double Crossing—Won the Cross, you plainly see.
Since he would not be a dead one, then he must an hero be.
Some Privato, Caballero, Cherubino, Basilee.

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Perpetrated for Symposium given by G. Scotti Marvino, Sept. 16, 1915, at which in proper World's Work style which he inaugurated, his own composition was preceded by cables from foreign potentates and other admirers of 1718 E.

September sixteenth
1 9 1 5

My dear Prather:

I have been on the point of cabling you to advise you of my jump from finance to law, but on second thought I have decided to save the money which it would be necessary to expend in order to explain the situation so fully as to relieve your mind of all unnecessary worry. You will note that as ever I maintain my reputation for consideration.

Shortly before going to Plattsburg I had a talk with John Bassett Moore, who seemed interested in the idea of my going into international law, but he very wisely remarked that if I was going to do this it would be necessary first to establish my status as a lawyer, and while a knowledge of domestic law might not be essential for the successful handling of international questions, it would certainly be desirable from the point of view of giving a standing with my colleagues and to avoid the criticisms which jealous rivals might hurl at my head. This rather staggered me, and after thinking the whole matter out at Plattsburg in the long night watches on the bivouac and the long dreary days as I pounded over the dusty roads or lay against a stone wall waiting for the enemy to appear, I decided this was the best dope, and consequently informed my superiors of my intention and propose to enter Columbia Law School on the 29th of September. H. P. D. and Morrow and the rest seemed to think the dope extremely good, and I shall hope in years to come to touch the firm for more than I have been able to up to date, and have the additional advantage of being able to drag in a few fees now and then from as many other sources as possible. I saw Basket for a moment a day or two ago, and expect to have an appointment with him in the near future to talk the whole thing over. I doubt very much if I shall enter into any very definite relationship with him as yet, if at all. I shall put in my first year plugging hard at torts, contracts, criminal law

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and procedure, or whatever line of bunk may be handed out to the young students. It will mean, I suppose, that I shall have to take a summer course next year amd probably go on with special work for a year after. It's a long way to Tipperary, but I imagine that ten years hence I will be very much better satisfied, provided I live that long. I presume that you will sneer at my decision and think I am a fool for leaving the flesh pots, but it is a good deal better to take your nose out of the trough temporarily if there seems to be a reasonable prospect of getting your nose back with two front feet in addition at some later date. Besides that it is good for both your mental and physical figure.

The month at Plattsburg was really worth while. We worked like the devil from morning to night. It took most of us about a week to catch our breath and realize that we always had to be ready before the first call rather than to wait for the first call to start getting ready. I do not suppose 1300 better men ever assembled in this country. We had a wonderful crowd and wonderful spirit, and I believe the thing has done a lot of good. George Milburn and little Basil Miles, although they were in the machine gun detachment, drilled with Company E, of which I was a distinguished member. We had the best Company in the best Battalion of the Regiment, and put it all over the others at shooting, and I think on our general performance as well. Basil just missed sharpshooter, having fallen down in his rapid firing, and I just got in on marksman class owing to a sudden burst of speed on the last day which made up for a previous bad record. We had a little over two weeks in square tents at Plattsburg, and then ten days on the "hike" doing anywhere from five to eight or twelve miles a day and losing considerable weight in the process. There were a bully lot of older men who went up more or less to testify and who came away with stout hearts, vacant waist bands and sore feet. I do not suppose they will go another year, but most



of the rest of us will take a crack at it for at least another two summers. One of these days when I find some pictures of the outfit I will send them on to you.

As you have probably seen by the papers our old friend T R got himself into trouble by going up and making a darn fool speech which he had no business to make in that locality. I never did sympathize with his attitude as to Belgium anyhow, and it was a mighty poor place to cast even indirect slurs on the Administration. He seems to have the unfortunate habit of deterring a great many people from supporting a perfectly good cause, for there were many who would be willing to stand for a better scheme of national preparedness who will now be frightened off, lest through the leadership of someone like T R we might becomeinvolved in European complications.

Dorothy is still at Onteora but is coming back today. [illegible]

Lovingly yours,

HIS EXCELLENCY
H. P. Fletcher
Santiago, Chile.

American Ambassador.

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September 16th, 1915.

My dear Excellency:

Your letter of the 25th of July reached me when I was soldiering at Plattsburg. I have to thank you also for a further letter in regard to the proposed visit of American business men to South America. The latter I have turned over to Mr. Farrell, who is chairman of the Committee, and I am sure your suggestions will be greatly appreciated.

Thanks very much for your kind expressions regarding my efforts before the Southern Commercial Congress. It is great fun every now and then to be able to get certain things off your chest, and I suppose it is not a bad thing as long as the output is not so large as to glut the market. It was really a relief to hear from you, for your silence has been long and to me very painful. Through Peter Bowditch, Fletcher and others coming back from the South we have had occasional reports concerning you, and I was glad to get some word from you direct. Young Henry Hunt has just been in and tells me you are going strong. One of these days I wish you would let us know really how the world is using you and what you personally are doing with yourself.

You probably have excellent news from home and no doubt have already heard of Frank Polk's appointment as Counsellor to the State Department. He, of course, has had no experience in this line, but is a charming person and will greatly strengthen the friendly relations between the Department and the Diplomatic Corps in Washington. His wife is delightful and they will both make numerous friends. The dope is that Osborne, the Assistant Secretary will also be getting out in the near future, but I have no idea who his successor will be. Report hath it that Bill Phillips will be moved up, but as to this I have no definite information. For one brief moment I thought I might like to take a crack at it myself, but when the suggestion was made by certain friends to certain of the powers behind the throne it was considered impracticable on account of my connection with the Octopus. It



is a job which I should very much like to have had, and perhaps one of these days I will be able to land it. It is probably just as well that nothing developed in this instance, for it certainly would not have been fair to a number of those who might reasonably expect promotion. As a matter of fact, however, for sometime I have been looking off the financial book and inclining more and more toward the political rather than the monetary side of international relations. I have had some talks with Dr. John Bassett Moore, and have finally decided to leave the firm and enter Columbia Law School this fall. I suppose I shall have to spend a couple of years of hard study in order to pass my bar exams, after which I shall hope to capitalize the experience of the past ten years in building up some sort of an international law practice. It is quite a wrench to pull out, but now that the decision is made I feel very much better than I have for some time.

New York is now in the throes of one of the hottest waves of our history. It has been extremely trying, and I hope it will not last much longer.

Lord Reading at the head of a British Commission, and associated with two distinguished French financiers, has come over here with a view to arranging a huge credit to pay for supplies which the Allies have been purchasing in this country. As a consequence everybody in the office is head over heels, and the entire financial district is agog with rumors of all sorts. Our German friends are apparently trying to stir up opposition to the loan, but I doubt if they will be successful. Since the "World's" exposures, I think that the hyphen has lost some of its influence, though none of its vociferous quality. For a long time it looked as if we certainly would become involved in the war, but that possibility seems to have disappeared somewhat during the past few days and apparently we are now ready to receive fresh assurances that Berlin will be good. It looks to me as if they were only trying to mark time by pulling the wool over our eyes. Despite

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[7-16-15]



my appreciation of the calamity which it would be for this country to become involved in the war, however, I do feel that it might serve to pull us together somewhat. It seems to me we are becoming too fat and self-satisfied, and I should think it would be a rather good thing if some of our complacent friends received a pretty stiff jolt.

Dorothy is now in the Catskills with the children, but is coming down in a day or two. We constantly speak of you and hope that you are coming home in the near future. Martin Egan, who has the desk just behind mine, joins me in best wishes. If it were not as hot I think I might be able to write you a more interesting letter. I will make another attempt later.

With best wishes always, believe me,

Yours,

His Excellency ,
Edwin Morgan,
The American Ambassador,
Rio de Janeiro, Brazil.

[copy]

Willard Straight
Twenty-Three Wall Street
New York

September twenty-eighth.
1915

My dear Professor:

In writing you to-day I entirely overlooked your reference to finances. Whenever you get your accounts settled up please utilize whatever balance you have in any way you see fit, either for continuing the work of the Association or anything else.

With best wishes, believe me,

Yours ever, affectionately

Willard Straight

Professor H. Morse Stephens,
Faculty Club,
University of California,
Berkeley, Cal.

[Original letter is in the Archives of the Library of the University of California in Berkeley.]

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[10-1-15]

circumstance, and it was obvious to me that he was greatly impressed with what he saw. It is men like Mr. Baker we want to get interested in Cornell University, and nothing whatever contributes so much to awaken their interest as to have them see the University.

Is there any chance of your coming up next week for the Schoellkopf Memorial dedication? Mrs. Schurman and I have invited Mr. and Mrs. Straight to be our guests upon that occasion.

With kindest regards,

Always very sincerely yours,

J. G. Schurman

Mr. C. C. Boldt
The Waldorf Astoria
New York City

Western Union ~~Xxxxxxxx~~ Day Letter

October 1, 1915

Willard D. Straight
Old Westbury, Long Island, N.Y.

Mrs. Schurman joins me in cordial invitation to you and Mrs. Stragght to be our guests on occasion of dedication Schoellkopf Memorial next week.

Jacob Gould Schurman

Charge 490

November 1st, 1915.

Dear Davy:

Very many thanks for your telegram, which I received this morning. I hated to bother you just as you came out of the woods but you suggested that I should not be in a hurry to make any connection. I did not want to take the step without letting you know and giving you an opportunity to hold the matter up until your return if you desired to do so. I talked the matter over before with Dwight and T. W. L. and showed them my telegram to you and your reply, and on their advice I am going ahead with Clark. He would take no prize in the beauty show but is a very able man and a splendid fellow. I think you will probably find him a pretty useful individual.

There is another matter which I should like to submit for your distinguished consideration. Please don't think that I have taken the muffler off and am skidding around without any control, jumping out of the office into the law school, associating myself with a real "he" lawyer, and considering half a dozen things at the same time. I assure you it is not as bad as it may sound, for it seems to me that the different elements have fitted pretty well into the picture. I only regret that it may appear to you to be a jumble rather than a related whole.

You will remember that I told you of my interest in a trading company in China and advised you also that Mr. Vanderlip, Jim Perkins and Rich had gone into a construction company, as well as into our trading company, with the idea that the two would work together. As a matter of fact I have no interest in the construction outfit, except in such business as they may bring to us under the arrangement which we have with them. Also you probably have heard that the City Bank has bought the International, and I presume intends to work the whole thing as a part of a general scheme.

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Sometime ago when we were discussing this matter, Mr. Vanderlip announced that he himself wanted to make a trip to China and on that occasion asked me if I would go, to which I replied "sure". Apparently his plans are really developing along this line, although at the time this conversation took place I don't believe he had really made up his mind to go. However, he has referred to the matter again and seems really seriously to want me to go out with him. In the first place I am not sure that such a step would be wise under any circumstances. It would interrupt my law studies and if I tied up with Clark it might not be agreeable to him. On the other hand, I confess my first love is still strong and if American enterpride is really going to obtain a foothold in China, I should hate not to be in on the finish. This I am sure you will understand.

There are arguments both ways and inclinations both ways. I should prefer to talk the whole matter over with you, for I should not want to make a trip of this sort without first learning your views.

I had a talk with Mr. Vanderlip today and he again referred to the prospect of going out. I told him that if he was really serious in his proposition I should like to have a very thorough understanding as to exactly what he had in mind, as I did not feel that I could very well interrupt my law studies for the sake of merely taking a trip to China. I said that I was not at all sure that it was advisable for him to go out, or if he did go, for me to join him, and that before even attempting to make up my mind on any of these points I should like to go into the situation very fully. He suggested that I come up and spend the night with him in the near future, when we could talk the whole matter over.

I have spoken to T. W. L. about the proposed trip and he suggested that it would be wise to communicate with you. It is very unsatisfactory to do this by letter for it is impossible in any ordinary communication to go into all the details. However, perhaps I have given you enough of an



outline to enable you to form an opinion. As I have said before, I am not at all clear in my own mind, first, as to whether I should interrupt my law studies and, second, whether it would be possible to go away if I made the proposed arrangement with Clark. These points, of course, I will have to settle for myself. But I do want your opinion on the general dope of going out in this way and under such auspices. Your opinion and advice would carry very great weight and, although I hesitate to ask you to do so, I hope that on receipt of this letter you will telegraph me your views. I shall endeavour to put off going up to see Mr. Vanderlip until I receive your message.

We are delighted that you had such a fine trip and hope that you are going to come back refreshed and full of "pep". Dorothy and I send much love to you both.

Yours ever,

H. P. Davison, Esquire,
c/o W. H. Sallmon, Esq.,
309 Union Building,
San Diego, Cal.

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[11-3-15]

940 THE ROOKERY

My dear Straight:

Pardon my delay in answering your letter of the 16th. ult. in which you announced your retirement from U. P. M. Rep. I had already seen a newspaper notice of the fact, and from what you had previously told me, I was not surprised when I read it.

Of course, I think you have acted wisely. Your training, tastes, temperament and habits, unfitted you for the kind of work - bread-mill work, in which you were engaged. The law course of study, will be a help. Even if

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you never practice law, the training, the mental discipline, will do you good. The practice of law is a dog's life. Nothing but drudgery, indefatigable drudgery, brings success in that line of effort. I fear you will not care for it. Such what demand there is for international lawyers, I do not know. It is, doubtless, a very wide field, and the present war has developed some very important questions.

I wish this war was over. I am weary of it. But I see no end in sight. I am surprised at the apparent collapse of England as a military power. I remember, in that connection, a conversation I once had with Lord Ffrench. He said England achieved her military successes, on land, when she was largely an agricultural country; when her lower classes, who filled up the ranks of the army, were big, brawny fellows; who lived in the open air, ate rare beef and drank bitter ale. But for many years, this class of people have been cooped up in manufacturing towns, housed in cramped tenements, breathing bad air and given to drinking gin. They had degenerated physically and morally. He said that the next war in which England was engaged would develop a weakness in this class that would go far

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to impair her military efficiency. And this war seems to demonstrate the truth of French's prophecy. (Poor Lord French! I wonder what has become of him!)

Continuing the line of thought above suggested, in this war, England's upper or better classes have volunteered freely, and their sons fought bravely, and most of them have died true to the traditions of their race. But the lower classes — the shop keepers, the mechanics, laborers, etc. have manifested quite the contrary spirit. They have no military spirit and even lack ~~and~~ patriotism. The French and the Germans show a marked contrast.

[11-3-15]

940 THE ROOKERY

Personally, life with me is about the same — uneventful, peaceful, etc. For the last two years or more, I have not been well. My stomach went back on me and my general health was bad.

But this summer, we took a house in the country, on the border of a good golf field, and I gave myself over to pounding the grass all over that field. I won the distinction of being the worst "dub" on the club; but I did not mind that. I was not after the honors of the game

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I was after health. I came back in better shape physically than I have been for years. And this improved physical condition has reacted upon my mental and spiritual life.

I am mildly in politics. I am President of the State Sherman Club – with Senator Sherman, of Illinois, as our candidate for President. But I am taking no active part. I went in largely to head off other movements in the State which I did not like. I am not much interested in politics. I don't care very much which way "the cat jumps". I don't much believe any republican can beat Wilson, and I don't care.

Lucy is well, as she always is. She is the same equable person; the same kindly disposed and happy tempered person; she has always been. She still lives in the memories of Pekin.

"Sunny" was here for a short visit. We were glad to see him. Major Russell called at my office yesterday, but I was sick and did not see him.

I will conclude this screed with a renewed expression of my fondness for your persons, and with my best wishes in your new

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[copy]

Postal Telegraph - Commercial Cables

TELEGRAM

Special Rush Service

Berkeley 5794

Cb New York NY Nov 18-15

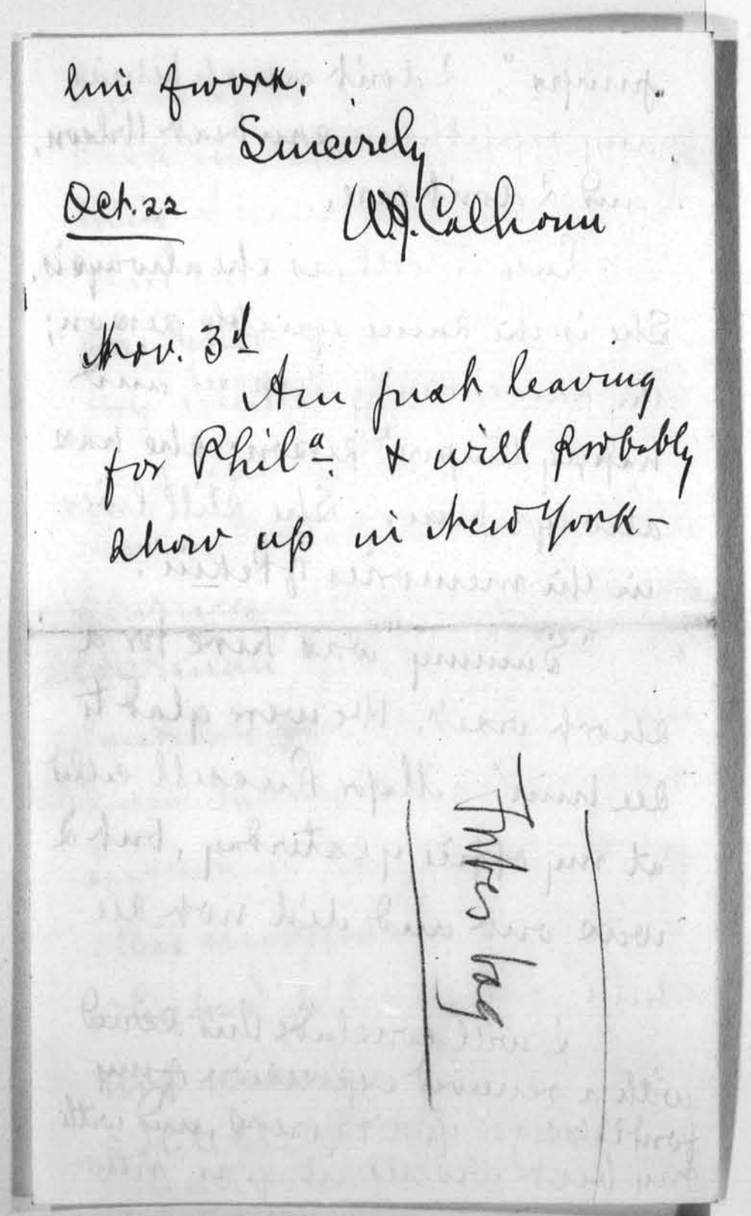
2115 Shattuck Avenue

Professor H. Morse Stephens,
Faculty Club, U of C
Berkeley, Cal.

Shall expect you come to us on Saturday November twenty eighth
and spend as much or as little time as you wish until you start
for Cleveland will then expect have you again when you come back
from the west please let me know what time you arrive if possible
I will meet you if not I will communicate with you at Woodstock
can I do anything about arranging your accomodations.

Willard Straight

[Original telegram in the Archives of the Library of the University of California in Berkeley.]

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November 23, 1915.

My dear Mr. Straight:

Your letters of the 13th and 17th came to hand last week when I was absent filling engagements in Utica, New York City, Albany, etc.

As to the latter letter which deals with the report of the Faculty Committee on Student Affairs regarding athletics, you will have received information from the article and editorial in the Alumni News of November 18th, a marked copy of which this office caused to be sent to you. You will recognize, I think, that the somewhat sensational newspaper account of the subject is without any real foundation.

Referring to your earlier letter - that of the 13th - I am glad to learn that you approve of the arrangements which Lieutenant Dull has made for the development of the military department through the instrumentality of the gift which you have so generously made to it. I am also delighted to learn that the source of this gift is not to remain concealed. In such cases I think the publication of names a good thing for the University, because it shows the interest which individuals take in her welfare. I believe, for example, that it is a distinct gain to have the public know that the Residential Halls, now in course of construction, are the gift of George F. Baker of New York.

[11-23-15]





And in the same way I think it would have been a good thing if the large gift which you previously made to the University had been disclosed.

I note you have a message which you want to give to the student body, I presume on the subject of military training. Founder's Day, January 11th, would seem to me a most appropriate occasion for the purpose. General Wood is to be the University speaker that day. When he has finished I could, if you approve, announce your gift to the military department. Then you would be called on for a speech; if you are present the audience would not let you escape. And it would certainly be a fine opportunity to deliver a message on the importance of military training to an expectant and enthusiastic audience.

This is the tentative program that has shaped itself in my mind after consultation with Lieutenant Thompson. Will you let me know what you think of it. If you have any suggestions to make, I would gladly receive them.

With kindest regards as always I remain

Very sincerely yours,

Willard Straight, Esq.
120 Broadway
New York City

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The New
REPUBLIC
421 West 21st Street
New York City

December 3, 1915.

Willard Straight, Esq.,
120 Broadway,
New York City.

Dear Willard:

Fitzpatrick was in here yesterday, fresh from an interview with Ralph M. Easley of the National Civic Federation. From his conversation with Mr. Easley he apparently has some reason to believe that the annual report issued by that Association will contain a pretty lively attack on The New Republic as a purveyor of pernicious Socialistic doctrines.

If his information proves to be true, we could not refuse to take up a challenge of that kind and we would probably have something to say in return about the National Federation itself and its present work. I am wondering whether you could get indirectly an advance copy of the report of the Federation. If there is going to be war I should like to know it soon because I do not think we will have a very difficult task in making a good case against its present management. We would distinctly start out with the purpose of getting a man like Easley out of the Association, which pretends to stand for non-partizan discussion of public problems.

I will send to you on Monday a copy of the article I have written to go with your communication on the Stockholder's Dilemma.

Faithfully yours,
Herbert Croly.

HC/B

[2] [12-3-15]

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December fourteenth.
1 9 1 5.

Dear Herbert:

Herewith a paragraph, which has been dictated late at night and which has not even been re-read. If you can't use it, can it, but if you can, immortalize it in print.

Yours,

Herbert Croly, Esquire,
421 West 21st Street,
New York, N. Y.

Enclosure.

[12-14-15]

Paragraph for The New Republic.

If Yuan Shih-Kai had refused to play his part in the carefully prepared program which has been consummated by his acceptance of the Imperial title, he would have "lost face" in the eyes of his countrymen. The better element in China regard him as the strong man who alone can save the country from Japanese aggression. His action, however, may precipitate the very catastrophe which they have endeavoured to avoid. As Emperor of China, Yuan may be obliged to acquiesce in the terms of Group Five of the Japanese demands presented early in the year, which were eliminated in the settlement of questions outstanding between China and Japan. The policy of Yuan and his counsellors may have been determined by reasons which it is impossible for us at this distance accurately to guage, but it would appear to have been wiser had he deferred his recent decision to some subsequent date at which he could have counted upon a more effective balancing of rival interests at Peking. Unless Japan is subjected to unlooked for pressure from London, Paris and Petrograd, she is not likely to accept without protest this open defiance of her recent polite but nevertheless ominous suggestion that it would be unwise for China at this time to change her form of Government. Japan has expressed her determination to preserve peace in the Orient. This peace may be threatened by revolutions in China which Japan in conformity with her declaration, will feel called upon to suppress. Should Japan intervene in China at this time, her troops will be permanently established and Wuan will discover that in endeavouring to save his face, he will have lost the power which as president he enjoyed.

Original in private hands.

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December 23, 1915

My dear Mr. Straight :

Returning from New York this morning, I find on my desk your letter of the 20th. If it is your final decision that it would be better for you to visit the University later than to be here on Founder's Day with General Wood, I, of course, defer to your judgment.

My thought had been that by having you here on Founder's Day we were doubly emphasizing the importance of the Military Department. I recognize, however, on reading your letter that there might be an advantage in having you speak at another time on the general subject of Preparedness. And I shall be glad to make arrangements with you about a date, which may be convenient for you and suitable for our University community - that is, if you ultimately decide not to come on Founder's Day.

Wishing you the compliments of the season, I remain

Very cordially yours,

[J. G. Schurman]

Willard Straight, Esq.
120 Broadway
New York City



It's only an old-fashioned three-storey house,
Bachelors - junk - and lore
But to everyone of the bunch of us
It stands for a great deal more -
For a Faith that's never shaken,
For a Toast that's always taken,
For a fellowship that's close and straight and clean -
It's our hearthstone, it's our shrine
And to see you there is Fine
In our good old SEVENTEEN-EIGHTEEN.

Prather in exile.

Xmas 1915.

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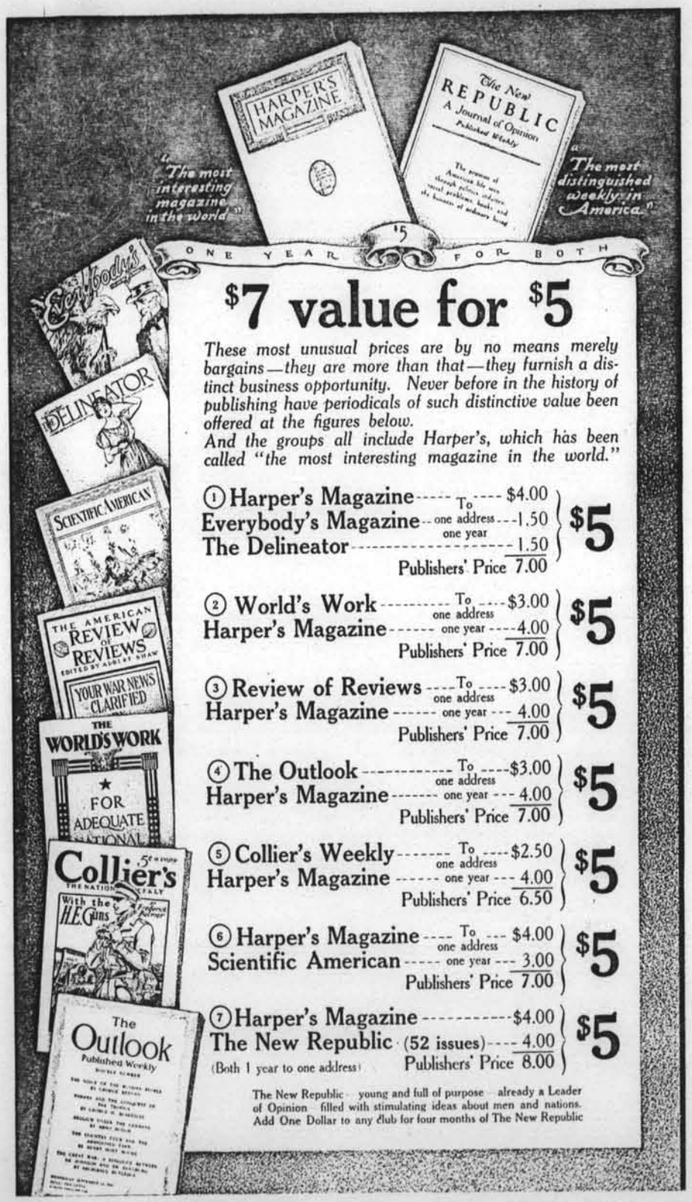
[1915]




January fourth
1 9 1 6

My dear Excellency:

Your letter of the twenty ninth of October is still on my desk. The last six weeks have been pretty troublous and for that reason I have completely neglected my personal correspondence. I was torn from the seats of learning at Columbia and thrown again into the turmoil of Wall Street, much, I might add, to my personal delight. It was all very well to attempt to study law, but after all, the game down here is pretty fascinating and I am glad to be back again--without conscience pricks that I failed to read my cases.

Your friends, the Paes Lemes have been in New York, but unfortunately we have been unable to do anything for them. I am hoping that when they return, we shall be able to take them to the opera at any rate, as by that time we shall probably be installed in our new house, which promises to be quite attractive.

You would be astounded at the gradually developing world outlook which we seem to be acquiring in this country. The Allied loan was a pretty large lump to swallow, but it was a sound investment and so regarded. We made it because it was essential to finance our export trade. This has been the lesson we have been trying to hammer in for a long while, and I hope that now we are started along this road we shall make great progress in the future, for such a policy is necessary for the success of our foreign trade.

In this connection you will probably be interested to learn of the formation of our new corporation, which has been organized for the very purpose mentioned above. I am sending you herewith a copy of "Las Americas", which contains an article on this subject which will give you some conceptions of the ideas which will direct the new enterprise.

The "Preparedness" issue is becoming more and more a live one. T. R. as the prophet of military and industrial organization is gradually

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looming up as a presidential possibility. Wall Street, which has always been against him, would, I think, stand behind him during the next campaign. The country is tired of seeing the President pushed. We want a leader in the White House. Of course, there is many a slip between the cup and the lip, but I should not be at all surprised to see him defeat President Wilson at the coming election. More power to his elbow.

Things in Washington seem to be rumbling along. The State Department is in better shape than I have ever seen it. It is really a very nice crowd they have and it is becoming very business-like. I spoke to Bill Phillips about the necessity of your coming back to this country, a view in which he entirely concurred. He told me that the demand for secretaries in Europe had made this quite impossible.

I sent you a Christmas cable, which I trust reached you. You are often in our thoughts and especially so the last few days when Morse Stephens has been with us. He spoke of you with affection, in which we both of us joined.

With best wishes, my dear Excellency and much love from Dorothy and myself, believe me,

Yours ever sincerely,

His Excellency,
Edwin Morgan,
The American Ambassador,
Rio de Janeiro, Brazil.

January fourteenth
1 9 1 6

My dear Blando:

Three letters from you now have remained unanswered. I cabled you for Christmas and trust you received my message somewhere in France. I shall gladly see what I can do with your article about Yuan and will let you know in due course.

You are quite right in what you say in one of your earlier letters. I have been jumping around a good deal. I left J. P. Morgan & Company and started to study law with an idea of taking up some sort of international law work, the truth of the matter being, just between ourselves, that I was more or less fed up where I was. When the new American International Corporation was organized, I had an opportunity to join it as Vice-President and naturally I jumped at it. It is an organization of exactly the character which I had always hoped would be formed in this country. We are starting out with more or less of a bang and I hope it will be successful.

Fletcher, as you know, has been appointed to Mexico, but in view of recent events down there, I do not know if he will ever get there or not. The opposition Senators are using his appointment as a channel through which to attack the Administration. They want to know what Government has been recognized and to what Government Fletcher has been accredited, all of which is unfortunate for him though I myself think he will have a pretty bad time if he ever does get down there. It is no place for a minister's son.

***************

Yours,

J.O.P. Bland, Esquire,
Thatched House Club, London, England.

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I:0

Peking,

January 15, 1916.

Lansing Extension

Sub.
Recd
Ack.
Ans.
Ref.
Ans.

610.

My dear Mr. Straight:

I thank you for your New Year's greeting, and I hope that it may not be long before we may welcome you in Peking.

The various men who are allied with your interests are getting settled and beginning to get their bearings. I believe that they will do good work. Mr. Carey is a very shrewd, careful business man, who is on the look-out for thoroughly sound and feasible propositions. He is assisted by Mr. Gregory, whose personality is very pleasant and who, I believe, will make friends with the Chinese. Mr. Rankin I believe to be a thoroughly good selection: his experience with the Brazilians has given him some knowledge of how to deal with people who are not quite like Americans. He is eager to have something done, but careful in his methods of selection. I believe he will take exceedingly well to the Chinese. Mr. Bruce is a good business man, who already has had some experience in the Far East, though not in China. As far as I can see these men are cooperating well, and in many ways they admirably supplement each other.

There has been a little newspaper publicity of the Hankow enterprise, which has undoubtedly come to your knowledge. The report that Samuels & Company were making good

[1-15-16]



ing good by a payment down was absolutely unfounded: no such arrangements had been made. Whoever shot off the article was, for some motive or other, anxious to make a noise. — I believe that, perhaps, Mr. Meyer advertised the new developments in American enterprise here a little too much, attracting attention and putting competitors on their guard. However, Your people are working very quietly now, and intend to have only ultimate results speak.

It was reported to me that you had, in a public speech in America, given some favor to the idea that we might come into China in the wake of some other country. You must have been misreported in this, because, you know that we can do things in China on I know that our own strength and reputation on better terms than anyone else can get them for us, if our people will only take a hold: we are under no need of proctorship, except our own. In fact, whatever we might do to support any other Power's plans here would soon be turned to our disadvantage. I do not, of course, need to say that while cooperation on terms of absolute parity can be arranged for, it might not in certain cases be desirable.

There has been formed here a Chinese association of legal and political studies, of which the Minister for Foreign Affairs is the President. I believe they intend to ask you to become a member of the privileged class. I believe that the association has a good future and certainly it has a great work before it.

Please remember me most kindly to those among your associates whom I know, and believe me, with the highest

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[1-15-16]



highest regard,

Very sincerely yours,

PAUL S. REINSCH.

Willard Straight, Esquire,
No. 120 Broadway,
New York, N. Y.

A true copy of the signed original.

610.

I:W

Peking,
February 12, 1916.

Dear Mr. Straight:

I desire to wirte you in connection with the manner in which American commerce is suffering through the enforcement of the British Enemy Trading Regulations. It is impossible for me to go into detail, as the instances are too numerous. I shall, however, have a thorough talk with Mr. Bruce before he leaves, and shall ask him to report to you and to other men prominently interested.

The effect of the regulations, as they are enforced here, on American trade may be summarized as follows: American merchants have to submit to an inquisition into the details of every transaction connected with any shipment they may desire to make, or even into the most ordinary and matter of fact banking accomodation they may need. Though trading as neutrals in a neutral country, they are prevented from carrying on transactions with persons and firms with whom they have long had profitable relationship; once suspected of so called "Enemy Trading", other transactions of such firm entirely American in Character will also be prohibited. Nor is it considered sufficient to penalize Americans for conducting trade called "enemy tainted",

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tainted", althoug it is really trade between two neutral countries having only indirect connection with Austro-German interests, but attempts are now also made to discourage by boycott tactics American merchants, professional men and American vessels engaging in the Chino American trade. We have reason to believe, moreover, that frequently shipments which British vessels have not been allowed to carry for Americans, have actually been carried to the United States for British or allied firms.

It is pitiable to contemplate that the International Banking Corporation, far from acting as an independent support to American trade in this matter, has made itself an instrument for the enforcement of the Britisl regulations. it is, of course, anticipated that under the new management the back-bone of this institution will be strengthened so that it cannot thus be utilized against the interests of American trade.

Of course what is necessary to remedy this situation is primarily independent American banking and shipping facilities, and if American trade is to exist in China, these will have to be secured and protected.

But the manner in which the British are officially subjecting our legitimate trade to embarrassment, while founded on the right to use their own banking and shipping facilities as they please, could probably best be reached if they understood that the financial interests of New York were thoroughly alive to the situation and would insist upon a less objectionable



objectionable attitude being shown to American commerce in China.

I have written to you frankly and confidentially. Through what Mr. Bruce can tell you, and more especially through facts which the Department of State would undoubtedly place at your disposal, you could get a complete view of this serious situation. I hope sincerely that you and your associates will act. You are in a better position to exercise influence than the Government, because in official representations the British could fall back upon the technical right to control the use of their own facilities.

It is of the utmost importance that the men who are back of American enterprise in China should be fully aware of this situation.

Personal and confidential.

A number of good prospects are opening up for your men here, as they will from time to time report. Carey and Gregory are on a special trip of inspection of the drainage projects. I consider it very necessary that you and some of the other men who are directing things from New York should come to China as soon as possible, or sooner. China has changed greatly, as well as conditions of doing business, since you were here last. I believe that both in the selection of your personnel and in the forming of a judgment on a specific measure and proposition New York men need a direct personal

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[2-12-16]

[4]
-5-

personal contact with the present situation.

It would be excellent business, from every point of view, if the American section of the Hukuang Railway could be constructed separately and immediately, including the extension to Cheng-tu, which could probably be obtained from the British and French at the present time. This entry into the rich Province of Sze Chuen would be profitable from every point of view. The Chinese Government itself is greatly desirous of having this line constructed without delay.

There are many other things I should like to write about, but the above are the principal matters we are concerned with at present.

With best wishes for your continued well being,

I am, dear Mr. Straight,

Faithfully yours,

Willard Straight, Esquire,
No. 120 Broadway,
New York City.

February 24, 1916

My dear Prather:

The Lord only knows whether this letter will ever reach you. For the past three months my naturally procrastinating disposition has taken advantage of the fact that you might almost any moment be starting north and that it would be impossible for a letter to reach you. The morning papers tell us that the Republican opposition to your confirmation has somewhat lessened and that you may go through now almost any time. It may be, however, that in view of the forthcoming election they may not try to put you through at the moment as they may be inclined to let matters rest. I see that our old friend Rodgers, who used to be Consul General at Shanghai is going down as special agent. This may mean that they have decided to keep you on ice. Had there been a chance of getting you there three months ago, with the corresponding prospect that with your well-known ability you might have established a strong government in Mexico City, I presume they would have sent you on, for the Mexican problem is bound to be one of the issues in the next campaign. So much time has gone by, however, and even you would have so little chance of clearing things up before the convention, that they may have made up their minds that it was no use trying to force the situation. I have not discussed this question with our discreet friend Bill Phillips, nor have I seen Frank Polk for some time, so that I am not familiar with the Administration's views.

At the moment, the Democrats are very much up in the air. Mr. Root's speech which said all that T. R. 's said but in a much more convincing manner, has them guessing. From the squeals that are going up from the leading Democrats from Maine to California and the vehement way in which they are denying the truth of what Mr. Root has said, it looks as if he had really got their goats. I expect he did. T. R. in the meantime, is wandering around the West Indies. He expects to be back soon and will speak in

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Chicago on the twelfth of April. Mr. William Barnes et al, seem to have made up their minds to keep the Colonel out of it if they possibly can, but Joe Ohl and numerous other wiseacres tell me there is a very strong "ground-swell" for the Colonel. As a matter of fact the country wants a real leader. I don't think this yearning is really conscious as yet but they need red blood in the White House. Your honorable Chief was recently described as being somewhat similar to the white rabbit, with the sex instinct strongly developed but unwilling to protect its young. This story has gone the rounds and expresses, I think, the opinion of a great many hard-headed citizens.

This is going to be one of the most interesting campaigns on record. I don't know that I am enthusiastically in favor of any of the possible nominees. If you could get a cross between Mr. Roosevelt and Mr. Root, it would be ideal, but unfortunately those who would be apt to support the one would not be likely to support the other. The Colonel himself told me the other day that he would like to be President again with Root as Secretary of State, and I imagine that this dope has been handed on to the Senator, for it struck me at the time that the Colonel was talking to those who would in all probability be indiscreet enough to go straight to Mr. Root with the story. That would be a fine combination but I don't know whether it will be pulled off or not. Mr. Lansing has climbed out on a limb in regard to the submarine issue and Mr. Root's speech has pretty well sawed him off, so that the President had to make another one of his famous "right-abouts." In the last six weeks he has shown all the agility of a whirling dervish.

At the present time Dorothy and I are coming back from a week at Aiken, which, incidentally, is the first real holiday we have had since we were married. I expect to sail for Europe on the eleventh of March and I told my boss that he had to let me have a few days before I got away.



I shall probably be over there something like two months, which I hope will bring me back just about the time you turn up.

I see that our friend, ex-Governor Francis, will probably go to Russia as Ambassador. He is a good soul, of the stuffed-shirt variety, but he has no more idea of diplomacy than a cow has about running a double six. Dearing apparently is to go as First Secretary. He is a good man but I don't think he will be able to pull his Chief out of the hole which he is almost certain to get into as soon as he arrives. Why they select a man like Francis for a post that requires the most consummate skill, I don't know. It looks as if the apple-cart would not be set straight just yet.

Thanks for your birthday cable. I appreciated it very much, In order to save you funds, I have registered my cable address as "Strabry" New York", which is the code word I use with Bruce out in Shanghai, but a cable thus addressed will always reach me.

Incidentally, you will be glad to know that Andersen, Meyer and Company's affairs are progressing very satisfactorily, and I think that your investment should be a profitable one.

I note that there is again talk that "The Banderlog" wants to establish a base in Panama or Colombia, and I rather imagine that this is a little attempt to create a counter-irritant and prevent the American International Corporation from getting too busy in China.

Please give my love to Summy, Don Augusto, Don Luis and Vergara, and tell them their memory is still green.

Yours,

H. P. Fletcher,
American Ambassador,
Santiago, Chile.

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*Ambassade*
*de la République Française*
*aux Etats-Unis.*

*Washington, le* 28 février 1916.

Cher Monsieur Straight,

Je m'empresse de vous adresser ci-joint une lettre pour M. de Fleuriau, Conseiller de l'ambassade de France à Londres.

Je suis sûr qu'il aura plaisir à s'entretenir avec vous et qu'il vous facilitera, s'il en est besoin, l'accomplissement des formalités nécessaires pour votre passage en France.

Je ne crois pas, du reste que, muni d'un passeport américain, visé par le Consul de France compétent, vous ayez aucune difficulté à appréhender./.

Veuillez recevoir, cher Monsieur Straight, avec mes voeux d'heureux voyage, l'assurance de ma considération très distinguée.

Jusserand

Monsieur Willard Straight,
1 East 94th Street,
New York.

WILLARD STRAIGHT
ONE TWENTY BROADWAY
NEW YORK

February twenty-eighth.
1916.

My dear Mr. Minister:

Very many thanks indeed for your letter of the fifteenth of January. I am really delighted to hear from you and for this opportunity to write. As a matter of fact I have been thinking of dropping you a line about various matters for some time. As you mention, one or two clippings have come to my attention and I have been a little disturbed by what seems to me to be evidence of a rather unfortunate enthusiasm on the part of the young men representing our various affiliated interests in China. Discretion is very largely a question of age and experience. I should hate myself to claim to be a paragon in this respect and I am, therefore, apt to be rather tolerant of the very human instinct which prompts others to blow a little bit when they feel they are well supported. I have cautioned Meyer and all of them about this before they left and I hope that in the future they will be a little more circumspect. I am glad to learn from you that they are now proceeding more quietly.

In one of the newspaper articles to which you doubtless refer, I noticed a reference to the fact that Andersen, Meyer & Company were supported by a group of American capitalists who hope to displace you as Minister to China and put me in your post. I know it is quite unnecessary to speak of this matter for I feel quite sure that you would give no heed to such a rumor. In the first place, certainly I should not wish to displace you even if I could and in the second place, there

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is no possibility of such an eventuality. I am afraid that I am too much tarred with the Wall Street brush to go back to the Government service, although some day, I confess, I should be glad to return to the State Department, if ever the proper time comes.

As regards your reference to possible co-operation with other interests, I am glad that you were not disturbed by these reports. A very distinguished financier came to New York and talked rather freely, suggesting that the California land disturbance would soon be settled, he hoped satisfactorily, and that the only possibility of friction was to be found in a too keen economic rivalry in China. He suggested the idea of co-operation, which meant, as far as I could see, that we furnish the money, while his fellow country-men furnish engineers, foremen, material and everything else. Mr. Vanderlip, who saw him, and I myself, both stated that we certainly had no selfish motives in attempting to build up our trade in China, that we felt there was room enough for all, and that it might be very possible that there would be some enterprises in which we could co-operate, while there would doubtless be many others in which it would be more advantageous for us to act separately. Any co-operation we pointed out would only be possible if it were in the interest of China. We both, moreover, emphasized the fact that we saw no reason why our individual activities should be such as to create friction between our respective Nations. Our friend was certainly not warranted in stating that we had made a blanket agreement for co-operation. It seems to me highly desirable that we should be able to work along without friction. I am afraid, however, that this will be extremely difficult for I imagine that any activity on our part will be regarded with a great deal of jealousy by those who apparently desire to dominate the entire situation. Moreover, I appreciate fully the fact that any close



understanding between ourselves and these others would merely serve to prejudice our position with the Chinese. After my years in Korea and Manchuria I am not inclined to kick too hard against the bricks unless I am sure that I can wear hob-nailed boots instead of tennis shoes, and if we can't kick we can certainly try to gain our purpose in some other way. It has been my feeling for some time that while it is perfectly possible to go ahead with enterprises such as the Hankow Loan, the dredging of the Grand Canal and the establishing of a sound trading business, it would be unwise until we see how the outcome of the European war is going to affect the Chinese situation, to attempt any large Government loans. We cannot, it seems to me, risk trying to do too much at the present time, for we might over-reach ourselves and find that we had damaged both China's interests and our own by affording an excuse for extraordinary pressure from another source.

With best wishes for your continued success, and kindest regards, believe me,

Ever sincerely yours,

Thomas Lamont

The Honorable
Paul S. Reinsch,
The American Minister,
Peking, China.

THE HISTORICAL SOCIETY OF WISCONSIN

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WILLARD STRAIGHT
ONE TWENTY BROADWAY
NEW YORK

February twenty-eighth.
1916.

My dear Mr. Minister:

In one of Bruce's letters he stated that you had kindly expressed a willingness to facilitate our correspondence with Anderson, Meyer & Company and with Mr. Gregory, and I am, therefore, taking the liberty of sending you under one cover letters to Meyer, Bruce, Gregory and yourself. I should be very greatly obliged if you could send them on by ordinary post, but perhaps it would be more convenient if they could all be sent to Mr. Gregory, who I am sure would be very glad to mail them and save the Legation trouble. In these days it is very essential that we should work as quietly as possible. I have to-day written Gregory in regard to our views and have asked him to show the letter to you.

Sincerely yours,

The Honorable Paul S. Reinsch,
The American Minister,
Peking, China.

THE HISTORICAL SOCIETY OF WISCONSIN
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WILLARD STRAIGHT
ONE TWENTY BROADWAY
NEW YORK

February twenty-eighth.
1916.

My dear Professor:

Your two letters of the twenty-fifth of January and eighth of February I am ashamed to say have remained unanswered for a long while, owing to the pressure of ten thousand different things at this end.

I doubt very much if there is any room for the young German of whom you speak in your first letter. I don't think we are looking for any people of that sort.

As regards the "Old Stone Bridges", enclosed herewith please find copy of a letter which I have written to Mrs. Woods. I don't know of anybody who would be able to give this data but you might find it in "Williams' Middle Kingdom." Probably the best authority is Professor E. S. Morse of Salem, and as you will note, I have suggested that Mrs. Woods write to him.

The other young man you mention, Mr. Fletcher, sounds very good as we are looking for steamship men. I understood from your letter that he was located with the Luckenbach Steamship Company in New York, but I find that he is still in San Francisco. Mr. Rosseter, one of the vice-presidents of the Pacific Mail, is located in San Francisco and will doubtless be taking on new men. I am enclosing a letter for Mr. Fletcher to Mr. Rosseter and I think it would be well for him to get in touch as soon as possible with Mr. Rosseter. Later, we might want some shipping men here in New York, but Fletcher would probably want to stay in San Francisco if

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he could make a good connection there.

Please don't think for a moment that it is any trouble to do anything for any friend of yours. I consider it a privilege and only hope you will continue to write me when you think I can be of service.

Dorothy and I have just come back from Aiken, where we had a very pleasant holiday, the first we have had since we have been married, and it ended all too soon. Bill, unfortunately has to have his tonsils taken out on Tuesday and we are naturally somewhat disturbed about the operation, which I hope will go off without any difficulty. I, myself, expect to sail for Europe on the eleventh of March to be gone probably two or three months. My commission is rather a roving one and I don't know just where it will take me. I hate to leave Dorothy and the children but I think it would be impractical to take her at this time and I am afraid that even if I did take her, she would be obliged to spend most of her days alone, whereas if she stays here she will at least have the kiddies. Aside from these personal reasons, I am looking forward with a great deal of interest to making the trip at this time. People are thinking so hard in Europe just now that it should be very stimulating to get into that atmosphere.

It was the greatest pleasure in the world to have you with us this winter and we were glad that you could come back and forth and give us an opportunity to see a little more of you than before. Next winter I hope you will find time to come and stay with us here in New York. There will always be a room ready for you.

With love from us both, believe me,

Ever affectionately yours,

Willard Straight

Professor H. Morse Stephens,
Berkeley, Calif.

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[copy]

Professor Morse Stevens. -3- 2/28/16.

P. S. Many thanks for the copy of your Presidential address at Washington. I have read it with very great interest.

W.D.S.

Enclosures.

February 28th, 1916.

Memorandum regarding trip to Europe.

L O N D O N

1. Get in touch with Pauling & Company as regards Russia and China, and with Morgan, Grenfell & Company regarding Russia as described under Russia and China.
2. Get in touch with the Belgian interests, as described under Belgium. See Mr. Paquet.
3. Get in touch with the British Group as regards China, as described under China.
4. Get in touch with British interests as regards Russia in general.
5. Get in touch with the Council of the Foreign Bondholders in regard to the general question of South American and Central American securities, witha view to the ultimate refunding of the Central American debt.
6. Get in touch with people interested in Que bracho.
7. Consider such propositions as may be submitted in regard to co-operation between American and foreign interests in foreign fields.
8. Look into the advisability of establishing an Anglo-American International Corporation, and of organizing some sort of London Group to co-operate with the American International Corporation.
9. Take up with Mr. Fleming the question of holdings of International Railway's stock.
10. Take up question of representative and offices in London. In this connection look up J. G. White & Co. organization. 11. See Admiralty regarding Austrian ships.

P A R I S

1. Take up the question of steel plants at Caen.
2. Discuss with the Franch bankers and French Foreign Office questions of relations between them and International Corporation in regard to Belgium, China, South American and Russia.

BELGIAN BUSINESS. Immediately on arrival, through M. Carton de Wiart, get in touch with the Belgian Finance Minister and proceed along the following lines:

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1. - (a) Endeavour to secure with the Belgian Government and the Société Generale a formal agreement for the constitution of a Belgian-American Committee which, as regards the Government, will provide for the consideration of re-construction of Belgian steel works, house construction, operation of state railways, telephones, and the establishment of a Government subsidized steamship company, and which, as regards the Société Generale, will provide for studying various foreign enterprises in which the Société Generale is interested. The agreement should state that separate agreements shall be necessary in each case in connection with the enterprises in which the Corporation may be interested.

An agreement along the foregoing lines would bind both the Belgian Government and the Société Generale, but would not commit the Corporation to anything except the study of these various enterprises, the basis upon which we would be interested to be arranged in each specific case.

(b) Consider at once and submit data to New York regarding specific enterprises in South America, China or Russia, in which it might be possible immediately to take an interest.

2. Get in touch with Mr. Paquet and see what can be done about having him made secretary of the Belgian Committee.

3. Ascertain in both Paris and London as far as possible the standing of the Société Generale and the status of the various enterprises which may be suggested by it.

CHINA.

1. - (a) Discuss with the French and British Foreign Offices the possibility of amending the Hukuang Loan Agreement so as to permit American interests to undertake the construction of the railway from Ichang to Chengtu.

(b) In order to do this it will be necessary to reach an understanding with the

[2-28-16]

Memorandum regarding trip to Europe.

American Group in New York, as suggested in the memorandum handed to Mr. Stone.

2. Discuss with the British and French interests the question of general co-operation in China. It is believed that this will be essential.

3. Discuss with the Belgians the possibility of acquiring an interest in the Belgian Railways in China.

4. Discuss with Pauling & Company the possibility of acquiring an interest in the Pauling Concession - the road running south from Shashi.

RUSSIA.

1. Take up with Pauling & Company and Morgan, Grenfell & Company the question of the railroad to Kola Harbour.

2. Take up the question of co-ordinading Russian oil production and sales.

3. Take up the question of co-ordinating Russian steel and iron plants.

4. Study the question of Manganese.

5. Ascertain the general feeling in London and Paris regarding Russian enterprises, with a view to establishing pleasant relations, though not necessarily a basis of co-operation with the British and French interests already identified with Russian development.

6. After looking into the situation mentioned above, consider the possibility of acquiring the Wilenken Corporation for doing general business in Russia.

7. If found desirable to go to Russia, look into the various matters proposed by Mr. Meserve.

8. A study of the various projects now under consideration suggests the following tentative conclusions:

(a) Numerous projects have been suggested, none of which are fully digested, and all of which require examination. They are diverse in character, and satisfactory investigation would require the services of a number of experts along different lines.

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Memorandum regarding trip to Europe.



(b) Assuming that even half of these projects afford an opportunity for sound business, the temporary investment would be considerable and it would ultimately be necessary to issue in the market a very large amount of either Russian Government bonds or the stock of the various companies organized to do business in Russia.

(c) It is believed therefore, that it might be desirable with other interests, to acquire the Wilenken Corporation, and possibly organize a separate Russian Corporation in New York, based on a plan similar to that controlling the International Corporation.

(d) Such a corporation would undertake Russian financing business through the issue of debentures or through the purchase of Russian bonds which could be distributed by the different institutions participating in the company. This would have the advantage of creating a separate organization to handle Russian securities, so that in case the volume of Russian business was very considerable the American International Corporation would not have to carry too heavy a Russian loan.

Spain

Potash

Rails

Govt Tobacco

[2-28-16]

Supplemental. £1.

LONDON

12. Look up Zinc.

13. Look up question of East Asiatic Company.

14. Look up Antofagasta Railroad.

15. Look up man named Apples.

16. Take up Benguella Railroad matter with Paulings.

PARIS

4. Question of French Company for Allied Machinery Company.

5. Question of Government tobacco monopoly.

6. Look up Dupont and Coleman.

HOLLAND

1. Westermann. Get letters regarding him.

SPAIN

1. Potash

2. Railroads

3. Tobacco monopoly.

Get letters of introduction from
Morgans ✓
Barings
Lord Harris ✓
M. Homberg. ✓
Mr. Willenkin ✓

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[2-29-16]

By Mr Willard Straight

G

His Majesty's Officers

O

BRITISH EMBASSY,
WASHINGTON.

The undersigned British ambassador
begs to recommend to the good
offices of His Majesty's officers
the bearer Mr Willard Straight
who is going to England on business
Rotterdam leaving March 11th.
He is going to England on business
accompanied by Mr Nelson
Perkins, and two secretaries
also possibly an assistant. He is
personally known to me -

Cecil Spring Rice
29 Feb 1916

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February 29, 1916.

My dear Excellency:

Through Mr. Menocal of the National City Bank I have just received a report on Mr. Paes Leme. I hope you did not feel that I was unduly imposing on you in sending you the cable regarding him. Dorothy and I were both delighted to meet him socially, and Mr. and Mrs. Paes Leme dined with us one night and went to the Russian Ballet. Subsequently a couple of matters of business came up which it struck me might be of interest. He was dealing with some people here who knew nothing about him, and were only willing to negotiate with him on my say so. I had your letter, and in view thereof and of the fact that he had come as a delegate to the Scientific Congress, I assumed he was a person of responsibility. Very frequently as you know, however, our friends may be delightful socially but not entirely responsible in a business way. It was my desire to make assurance doubly sure which prompted me to send the cable. I thought afterwards that my giving the National City Bank as my address it might have caused you some embarassment and assumed this was the reason why I did not receive a cable reply.

Mr. Paes Leme has now gone to London, and I am afraid the matter which we discussed will not develop. I shall see him over there, however, and possibly something will come out of it.

We are getting quite accustomed to crises these days. The President seems finally to have taken a definite stand regarding the armed merchant ship issue. I doubt, however, if he would have done this had it not been for Root's speech. This speech touched the Democrats up in a pretty lively manner. They have been looking around for material with which to make an answer and hit upon Korea. In reply to Mr. Root's charges about our failure to protest against the invasion of Belgiun by claiming that when he was Secretary of State he failed to live up to our obligations under our treaty with Korea. This agitation, however, did not go very far, and I have heard nothing more about if for the last week.



**************

The Presidential possibilities now seem to be Wilson for the Democrats, and either Hughes or Roosevelt for the Republicans. Mr. Hughes has not as yet made a peep, but I think he will be smoked out pretty soon. Personally I think if Roosevelt could be nominated by both Republicans and the Progressives, he would very nearly be able to defeat Mr. Wilson.

Affectionately yours,

HIS EXCELLENCY
Edwin Morgan
American Ambassador
Rio de Janiero, Brazil.

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The New
REPUBLIC
421 West 21st Street
New York City

March 2, 1916.

Willard Straight, Esq.,
120 Broadway,
New York City.

File

Dear Willard:

I enclose herewith a chart which is intended to illustrate the close social and business connection, in one way or another, between the 50 men who signed the protest against the appointment of Brandeis to the Supreme Court. I also enclose an article which we were thinking of publishing with the chart.

I want you to understand right away that this chart and article will not be published without your consent, but I have gone ahead and have had a cut made and the article put in type so that you could see it as it will actually appear in type in case it is published, but I hope you will not make up your mind finally to disagree with the policy of publishing this until Walter and I have had a chance of talking the matter over with you. I cannot pretend in a letter



to give you all the reasons why I think it is desirable to publish it, but I can indicate them in general.

The one important question in relation to the local opposition to Brandeis in Boston is what it means. A good many people are undoubtedly prejudiced against Brandeis's appointment because they get a sense of independent and careful judgment taken by a number of people who dislike him because of their past experience with Mr. Brandeis and his methods. The object of this chart and this article is to show that such is not really the truth. Boston, more than any other community in the country, is an ingrowing community. The better citizens lead a social and business life into which comparatively few outsiders intrude and they react very intensely one upon the other. That is one reason why Boston does not count for as much as it should count, considering the wealth and education of its inhabitants, in the public life of the country. It is sidetracked because it is so specially and locally organized. The consequence is that its judgment upon a point like the one in question is essentially a group and not an individual judgment, and is controlled by the general principles of group psychology rather than individual psychology. The object of the chart and article is to point this out. We are not



making any reflections upon the disinterestedness or personal good faith of the people who make the protest. We are simply studying the case, partly of course in order to break the force of the attack upon Brandeis, but partly also as a very good contemporary example of the sort of thing which occurs in the life of every community and which it is a desirable thing, generally, to break up. It is just these intense eddies of opinion that resist the impact of social and intellectual forces. The labor movement suffers from the same kind of thing, and so does the socialist movement. The tendency is that such people see only other people who agree with them and it makes them impervious to wholesome outside influences. It so happened that Brandeis in the course of his career attacked the two corporations in which, more than any other, this group of people are interested, viz. the New Haven Railroad and the United Shoe Machinery Company. The event proved he was right in his criticism of the management of the New Haven Railroad, and I think the event also proved that the United Shoe Machinery Co. was a good type also of a questionable monopoly; but that point is not raised in the matter. The essential thing is that Mr. Brandeis, by his public activities, did carry on two successful fights against the business corporations in which these

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The New
REPUBLIC
421 West 21st Street
New York City

men, directly or indirectly, were most interested and it was natural that they should react strongly against him, but they have not been able to prove that his action in either case was not dictated by the highest public motives and has not resulted in public benefit.

Such, in very short compass, is the case for publishing this particular article. There is, of course, another aspect to the whole question, viz. the expediency of publishing this kind of thing at all. I shall not pretend to discuss that point in this letter but I realize it is an important question and one which I hope we can talk over together soon. If you are going to be in New York on Sunday, cannot Walter and I meet you on Sunday afternoon and have time to thrash the matter out thoroughly? As I say, we would not do a thing of this kind without your consent, but if your judgment does not agree with ours in the matter it is important that we should be able to define the precise grounds of difference and be able to understand fully on our part the precise weight of your objections, and on your part the full bearing of our arguments in



favor of the article.

I wish you would telephone me on Friday afternoon and let me know whether we cannot make an appointment to see you about it.

Faithfully yours,
Herbert Croly

HC/B

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[end. 3-2-16]

# *Signers of the Protest against Louis D. Brandeis*

**Member Somerset Club**

**Trustee or Banker**

**"State Street" Office**

**Back Bay Resident**

**Large Corporation Connections and Corporate Activities**

CHARLES H. FISKE, JR.
W. L. PUTNAM
WILLIAM W. VAUGHAN

*Storey, Thorndike, Palmer & Dodge*
J. L. THORNDIKE
RICHARD C. STOREY
REGINALD H. JOHNSON

HENRY WARE
F. WALKER JOHNSON

*Dunbar & Rackemann*
FELIX RACKEMANN
CHARLES S. RACKEMANN

HARRISON M. DAVIS
EDWARD S. DODGE
JOSEPH SARGENT
CHARLES A. WILLIAMS
LAURENCE MINOT
HENRY S. GREW
C. MINOT WELD
WILLIAM H. HALL
ARTHUR LYMAN

*Conveyancers' Title Insurance Co*
FREDERICK C. BOWDITCH
HENRY H. EDES
(CHARLES S. RACKEMANN)
MOSES WILLIAMS

*Peabody, Arnold, Batchelder & Luther*
FRANCIS PEABODY
EDMOND K. ARNOLD
WILLARD B. LUTHER

P. T. JACKSON, JR.
JAMES M. NEWELL
SAMUEL D. PARKER
GEORGE P. GARDNER
GEORGE B. DABNEY

*Blake Brothers & Co.*
LOUIS BACON
EUGENE J. FABENS
GEORGE B. HARRIS
J. A. LOWELL BLAKE
LAWRENCE P. DODGE

JULIAN CODMAN
I. TUCKER BURR
NATHANIEL H. STONE

*President and Treasurer of Harvard College*
A. LAWRENCE LOWELL
CHARLES FRANCIS ADAMS

*Formerly partners in Warner, Warner & Stackpole*
PIERPONT L. STACKPOLE
ROGER S. WARNER

*Loring, Coolidge & Noble*
AUGUSTUS P. LORING
HAROLD J. COOLIDGE
JOHN NOBLE
FRANCIS R BOYD
SAMUEL VAUGHAN

*Same Office*
CLIFTON L. BREMER
ROGER WALCOTT

HOLLIS R. BAILEY
MALCOLM DONALD

Straight lines — Membership Somerset Club; location of office and residence; significant business connections.
Curved lines connect fellow directors, trustees, and members of same family

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[3-2-16]

Department of State, U. S. A.

To the

Diplomatic and Consular Officers of the United States of America.
London, Paris and Petrograd.

Introducing: Mr. Willard Straight and Mr. Thomas Nelson Perkins.

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON, D. C.

DEPARTMENT OF STATE
WASHINGTON

March 2, 1916.

To the

Diplomatic and Consular Officers
of the United States of America
in London, Paris and Petrograd.

Gentlemen:

I take pleasure in introducing to you Willard Straight, Esquire, of New York City, and Thomas Nelson Perkins, Esquire, of Boston, Massachusetts, who are about to proceed to London, Paris and Petrograd.

I commend Mr. Straight and Mr. Perkins to your attentive consideration and cordially bespeak for them such courtesies and assistance as you may be able to render, consistently with your official duties.

I am, Gentlemen,

Your obedient servant,

Robert Lansing

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From
CAPTAIN GAUNT, R. N.
British Naval Attache
Room 809 South Ferry Building
42-44 Whitehall St., N. Y.

Phone Broad 3650

Mar. 9th, 1916.

Dear Straight:

Re your wire as to safe conduct of your party, I will wire your name on to the D. I. D., hoping that such a good friend of the Allied Cause may be saved any inconvenience on his arrival at Falmouth.

Yours very sincerely,

Geo. Gaunt

Willard Straight, Esq.,
120 Broadway,
New York City.

March ninth,
1916.

Memorandum for Mr. Tinsley.

In London I expect to hear by cable from you regarding possible developments in the following matters:

1. There may be something about Kola Harbor.

2. Information regarding the Anglo Russian American Corporation. Whether or not to call upon Speyers, and how far it would be desirable to discuss this matter in London.

3. The relation of the American Group, regarding the Hukuang Railroad's extension from Ichang to Chengtu.

4. Information regarding Spanish expedition.

5. Possible information regarding Cabracco.

6. Possible deal with Miner-Kieths, regarding international railways to Central America. It might be desirable to take this matter up with Fleming.

W. D. S.

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March 10th, 1916.

Dear Prather:

It is a great disappointment to me not to be here on your arrival, as I understand the Pan American Society is going to give you a large dinner and that all the piratical financiers on this side of the world want to lay their hands on you in order to have you further their interests when you go to Mexico. You will be beset from all sides, but I know of no one who is better able to keep his hand on the number and ultimately get away with the bacon. You have a wonderful job before you and if you get away with it, as I am sure you will, you ought one day to be either President or Secretary of State. Of course, you have been destined for one of these high positions, but your present job seems to be the right stepping-stone, for anyone who works out that situation is bound to hit the high spots on the next jump.

Things seem to be in pretty much of a mess at the present moment from all that I can learn. Carranza is apparently not going to pull it off and the Villa escapade, regarding which there will be a great many more developments before your arrival in this country, seems to have complicated the situation. Prophecy is an ungrateful thing, but it may be that the entry of American troops into Mexico will drive them all together so that we will have a serious job of intervention on our hands, in which case your position will be more interesting than ever before. They tell me that Mac will go down as Military Attache. Seventeen Eighteen will surely then be very much in the front as always. Why shouldn't it?

Mr. Thomas Lamont is looking after Mexico for J. P. Morgan & Company, and they, as I understand it, have been charged with looking after both the British and French financial and commercial interests in that country. This tie-up will be of great assistance to you. De la Barra is here now, and telle me that he is going to Paris in two weeks. He will probably already have left when you arrive. I should like to be here and talk the



whole thing over with you, as I have some very constructive (?) ideas. J. P. Morgan & Company and their associated groups will be the people upon whom you will have principally to rely. They are the issuers of the Mexican Government Loans, and any future financing must depend very largely on their good will and support. There will be a lot of others who will try to get on the bandwagon, but I think that you will find the best intelligence on this subject at the corner.

In my own business the American International Corporation have not looked into the Mexican situation at all. Possibly when matters clear up we may wish to go in there and take up various enterprise - more along industrial than governmental financing. We are already working out a pretty good program for South America, and in this I am sure you will be interested.

I have left word with Mr. Stone, Mr. Tinsley, and Mr. Baldwin, of our Corporation, that they get in touch with you on your arrival. Fiedler will look out for you and will be glad to do anything he can to help you. I would suggest that if agreeable to you, you might care to use my office which is very pleasant, centrally located, where you will always be able to find a stenographer, and where you will find Reuben Clark, formerly Solicitor of the State Department, who will give you pretty good dope on the situation as it develops. Inasmuch as I shall be out of the country, the fact that you may use my office will not be the least bit embarrassing. However, you are the best judge, and I wish merely to place these facilities at your disposal.

My one wish is that you will take pains not to fail to see Mr. Stone and the other people at our shop, and give them the benefit of your advice regarding the South American situation in general. I am more particularly interested in having you meet them, as they are a find crowd and the best I have ever worked with. It is possible that the situation may get so

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mixed up that you may not be able to go down in the near future. If this means that I will see you before you start for your post, I shall be very glad, provided, however, that it does not interfere with your program. I expect to be away for six weeks or two months, and trust it will develop into something very profitable.

All the political dope I might give you, you will be able to gather when you arrive. It looks like T. R., although Hughes might run, but I understand Wilson is pretty strong despite the recent row in Congress.

**********

Yours,

H. P. Fletcher,
American Ambassador to Mexico.

On Board S. S. Rotterdam.
March sixteenth.
1 9 1 6.

My dear Admiral:

On departing I thought that I had written a memorandum on almost everything, but I ~~am sure that~~ perhaps there is one thing which I left untouched. It was my impression that I had written a memorandum on this some time ago but it may be that this was not done.

Mr. Eugene Willard, son-in-law of W. D. Guthrie, is affiliated with the Brady-Billings interests. He came in some time ago and informed me that the Bradys were building a big terminal near the Bronx, something like the Bush Terminal in Brooklyn, and he thought the Corporation might be interested in this. He said that in order to get traffic for this terminal, the Brady's people might ~~wish~~ be willing to go into some shipping venture concern. This may be of interest to you in connection with the Pacific Mail and also in the establishment of some line in the Caribbean. I told Willard that I would refer it to you so that he will not be surprised to hear from you in case you care to communicate with him. The backers, as you know, have a good many millions which it might not be a bad plan to get hold of and have working with us.

We have had a very pleasant trip up to date. It was pretty cold the first two days and quite rough yesterday, but we have a pleasant ship's company and Perkins and I manage to spend the days

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without any great hardship. The ship is extremely comfortable, furnished in the same simple style which you admired so much when we went over to see the Columbia the other day. We are having a very quiet, restful time, and only wish the rest of you were along. I miss our half past ten meetings and I assure you that I think of you constantly.

With best wishes to you all, believe me,

Sincerely yours,

George J. Baldwin, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

On Board, S. S. Rotterdam.
March sixteenth.
1916.

My dear Mr. Commissioner:

In the haste prior to my departure I failed formally to communicate with you regarding my absence from your deliberations. I greatly regret that it was necessary for me to go abroad and fear that my duties will keep me here until probably the middle of May. It was impossible for me to attend the several meetings of the Commission before my departure, owing to the pressure of work incidental to my proposed trip. I hope that you will express to your colleagues my regret that I was obliged by the circumstances to neglect the work of the commission. I feel very much chagrined that having undertaken this task I should not be able to devote more time to it for I regard it of very great importance and have and do consider my appointment as a member of the Commission a very real honour.

With best wishes to all, believe me,

Yours ever sincerely,

Honorable
Bronson Winthrop,
32 Liberty Street,
New York, N. Y.

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On Board S. S. Rotterdam.
March sixteenth.
1 9 1 6.

Dear Mr. Fiedler:

The trip has been very satisfactory up to date. It was a little rough yesterday but nothing to speak of.

I am writing to Mr. Stone regarding one or two matters and have asked him to read the book called "The Challenge of the Future" by Roland G. Usher. Will you please send a copy of this book to him.

I hope everything is going well with you, Mrs. Fiedler and your small family, and that Rennick is not too disppointed about not having come with us. I assure you that I feel very much relieved that he is staying on there to assist you. I shall be very much interested to hear of the developments since I left. Keep me posted from time to time regarding matters as they arise.

Yours very truly,

A. W. Fiedler, Esquire,
120 Broadway,
New York, N. Y.

On Board S. S. Rotterdam.
March sixteenth.
1 9 1 6.

Dear Herbert:

We are now more than half way across and the voyage up to date has been extremely pleasant. Yesterday was a bit rough and the two preceding days were pretty cold but otherwise we have nothing to complain of

It was very good of you to send me the two books and I particularly appreciated your note. I wish you could have come for it would have been a joy to have had this opportunity to really talk things out. These last months have been so hectic and the next thing has always been so pressing that it has really been impossible to carry through a number of the subjects which we have discussed. I know it would have done you good and I am sure it would have done me good, but I quite understand that it was impossible. As you say, the time between now and November is going to be a critical period for "The New Republic." I have every confidence in you particularly and in you all, but I have been very anxious that you should get a rest before the strain really started for it seems essential that you should go into the fray on your toes and not all worned out by the last year's writing, for no matter how much you may be interested in what you are doing, you cannot keep at it too long without losing your edge. Not that I mean you have lost it by any manner of means, but I have been much afraid that being pressed as you now are, you could not go on into the big game unless you had a rest in between.

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Usher's book I have read with great interest. It seems to me that he has been carried away by his own facility in writing. He could have made his argument more convincing had he stated it in half the space, but his conclusions, as I understand them, seem to be pretty nearly right. Of course, "The New Republic" has gone along more or less these lines, but don't you think the time has come for developing in a specific way the general ideas which have already been stated. For instance, the alliance with Great Britain would be of the utmost value to us in solving our shipping problem. Patchin touched upon this the other night and I hope that Johnson or someone will discuss it more fully with him. As Usher points out, if our Government starts to build a merchant fleet, it will be directly in competition with Great Britain's principal industry. The passage of the shipping bill will commit us to a policy the full significance of which we by no means realize. Usher's definition of "Preparedness" and "Independence" seems to me quite right. "Independence" in the sense he uses the word would for us be analagous to "Pan-Germanism." If we don't want that--and most of our people would be very loath to admit that we are not independent and slow to agree that we should give up such independence as we had--a long campaign of education is necessary. The issue would seem to be pretty clear if it can only be driven home. Either we must build against the British fleet or we must arrive at some mutually satisfactory understanding. It is either an alliance or a fight. As stated, there can be no question but that our people would be for an alliance, but the alternative to an alliance must be made clear. Germany could not bear carrying on her over-sea commerce under the constant menace of the British sea power. A legitimate commerce would never have been threatened, but Germany could not bear playing second fiddle. With us



as Usher points out, the Monroe Doctrine and the "Open Door" policies have been supported by the British fleet. Most of our people think that these Doctrines have in some way derived their strength from our beneficent institutions. They have never thought about the British fleet. When they are now talking about building up a merchant marine, they are equally blind to the fact that the injection of a number of American vessels in normal times (I am not speaking of the present, when no ships are to be had) might upset the whole international carrying trade. Once these things are pointed out, there will, of course, be some who will try to make the eagle scream and urge that we enter into competition with Great Britain. All the sausage-eating hyphenates and Irish-Americans will raise their voice in protest but somehow I hope the great mass of people will recognize facts and endeavour to reach some adjustment (which as Usher points out) could be made mutually beneficial.

This brings up the whole question of our attitude toward the war. Your friend August Schvan is on board and he has handed me an article which he sent to the New York Sun, and in which he points out that the attitude of the United States towards the European war should be the great issue in our coming presidential campaign. I am not at all sure that Schvan is not right. By entering the war on the side of the Allies on conditions which we might obtain, for an alliance pledged to assure the world's peace in the future, we would certainly be performing a service to humanity. We would no longer have our argument with Great Britain regarding maritime trade. We could direct our financial resources to the support of the Allied cause and we could join with Great Britain, France and Russia in an economic entente to follow the war. It seems to me that the time has gone by when we can use our influence as neutrals towards lessening the horrors of war, and that the time, it seems, has come when we shall more

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nearly live up to what we believe to be our ideals if we abandon neutrality and take a definite stand. In our last talk it seemed to me that perhaps you were already thinking along this line. As you know, I have for a long time felt that we were going too far in our desire to avoid trouble, and that we have tolerated Bernstorf and his intrigues, and winked at hyphenated activites in a manner which was bound to lead up to trouble for the future. If a lot of these people had been piled into jail, a good deal of difficulty might have been avoided. Here again Usher, it seems to me, is pretty sound.

As regards China and the Far East generally, he seems to be pretty nearly right also. If under an arrangement with Great Britain and France we could give up the Philippines, have them neutralized as part of the agreement, maintain coaling stations there and with England, France and Russia join with Japan in some general agreement whereby Russia and Japan would take Manchuria and Mongolia and the rest of China would be neutralized and open to international trade on conditions of equality of commercial opportunity and under Japanese political control, causes for future war, it seems to me, would be pretty well eliminated. This of course is granting that the settlement in Europe did not leave a festering sore which would break out again in one or two generations.

You are of course hammering at the "Preparedness" issue and I think along the right lines, as Usher points out, what we need is not so much a very large increase in our armed forces as it is "Preparedness" which would be derived from better political, industrial and economic organization, and for the life of me I can't see how that is going to come with Congress constituted as it is to-day. For this reason I am delighted that you are going to have Lynn Haines write that series of articles for you which as I understand it, will hold our friends up to the scorn which they



so richly deserve. Poor Schvan was very disconsolate about "The New Republic" and told me that a number of his friends who were readers of that journal, also felt that you were not doing all that you might to give free thinkers an opportunity to publish their ideas. He refers especially I think to his article on Universal Peace and Free Trade which I believe you turned down. I explained to him that there was no use complicating the argument at present by bringing in "Free Trade", which would so horrify many of our people that they would not listen to what there was of merit in his case. Schvan, however, holds that if you think it is a good thing, you ought to publish it and I told him that I believed that to be your attitude. Sir Paul Harvey, the British Financial Agent, who is aboard, is a reader of "The New Republic", which he considers the best and most interesting publication in the United States.

I am sorry that we did not carry through that night our argument regarding the quarterly. I sincerely hope that you will go ahead with it. I know that Dorothy feels that this is the time when you should not be perturbed by any fear of extra expense. The paper has done so much already and has made a position which will enable it to do so much more that you ought to drive pretty hard at the present time, even if you must increase your overhead very considerably. It seems to me that it should be done.

Mr. Perkins and I have talked matters over and I should judge we ought to reach home about the middle of May. He has to be back by that time and I am quite sure that I will come with him. I am looking forward to a most interesting time, as he is a charming personality, with whom it is a delight to work. He is mellow, intelligent and has a fine open mind such as one is not apt to find among those who enjoy the confidence of the dollar chasers.

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With much love my dear Herbert to all and to Louise in particular.

Yours,

Herbert Croly, Esquire,
421 West 21st Street,
New York, N. Y.

P. S. Don't fail to look after Dorothy and keep her to her engagement to come to lunch at least once in two weeks, and ring her up now and then on the telephone, just to be sure she is all right.

On Board S. S. Rotterdam.
March seventeenth.
1916.

My dear Colonel:

Many times since we sailed I have greatly regretted that it was impossible for me to have an opportunity to talk with you more at length, for there are a number of phases of our trip over here which I should have liked to go over with you. As I told you, the Corporation does not wish our friends on this side to think that we are attempting to pick things off the bargain counter. We believe it will be very much sounder policy if we can work out some scheme under which by furnishing capital now required we may be able to buy ourselves, so to speak, into a partnership with British and French interests in various parts of the world. In this connection I have been very much interested in reading the latest book by Roland G. Usher, entitled "The Challenge of the Future", a copy of which I have taken the liberty of sending you, though no doubt you have read it already. The meat could have been compressed in about one-third of the space, but Usher's exposition, in which he shows that the United States to be really independent--that is to be able to do exactly as we please despite all interference--would necessitate a sort of Pan-Germanism policy in our country. Believing this to be both unwise and inexpedient, he advocates an alliance with Great Britain, which he believes would be mutually beneficial and which amongst other things would solve our shipping problem and not place us, as would Government operated steamships, directly in competition with Great Britain's principal industry. He advocates the recognition of

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Japanese supremacy in the East, a substitution of Pan-Americanism for the Monroe Doctrine, as far as the principal countries of South America are concerned and the extension of virtual American political and financial control in Mexico and in the countries bordering on the Caribbean. Whether you agree or not, his ideas are interesting.

In connection with the Mexican matter, of course it is impossible to prophesy just how this will develop, but in case it becomes necessary for us to place civil administrators in Mexico or to appoint civilians to co-operate with our forces in Mexico, may I make bold to call to your attention the names of Cameron Forbes, who used to be Governor of the Philippines, Warwick Green, who was Chief of the Department of Public Works in the Islands, and E. L. Bowditch, Jr., who is now with Mr. Forbes in connection with the Brazil Railways and who was formerly secretary of the Moro Province. There are undoubtedly a number of other men who could render excellent service but these three men are particularly competent and have been particularly successful in dealing with administrative problems. I hope you will pardon me for addressing you thus at length.

With best wishes to Mrs. House and yourself, believe me,

Very sincerely yours,

Colonel E. M. House,
115 East 53rd Street,
New York, N. Y.

P. S. Mr. Warwick Green is to be found care of the Rockefeller ~~Institute~~ Foundation. I understand he has gone or will go to Europe very shortly to make certain enquiries on their behalf. Mr. W. Cameron Forbes and E. L. Bowditch can always be reached care the Brazil Railways, 25 Broad Street.

On Board S. S. Rotterdam.
March seventeenth.
1 9 1 6.

Dear Mr. Kennan:

Enclosed herewith some rough notes on Mr. Harriman's interest in the East. For a long while I have wished to write these out as part of my personal records. I therefore made the narrative a personal one and have not confined it solely to Mr. Harriman's activities, although all the events narrated were dominated by his personality. Some of the facts given herein may be of service to you. My personal connection therewith is of no concern save to myself, but if you can find something of interest in this document, it will serve your purpose as well as my own.

With best wishes, believe me,

Yours very sincerely,

George Kennan, Esquire,
1038 Fifth Avenue,
New York, N. Y.

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[enclosure]

NOTES ON THE LATE MR. E. H. HARRIMAN'S INTEREST

IN THE EAST.

Mr. Harriman, accompanied by his family, Mrs. Harriman, two daughters and two sons, Mr. and Mrs. Robert Goelet, Doctor Lyle and Mr. R. P. Schwerin, then vice-president of the Pacific Mail Steamship Company, came to the Orient in the summer of 1905. They stopped for some time in Japan, then chartered a steamer and went to Tientsin and Port Arthur. They also spent a few days in Seoul, Korea, where they were the guests of Mr. Edwin Morgan, the American Minister. Leaving Seoul and returning through Japan, Mr. Harriman and his party left for the United States at the end of September, 1905. I am not familiar with the influences which were originally responsible for Mr. Harriman's trip to the Orient. I understand, however, that the suggestion that he make the journey came from the Japanese Government, with whom Mr. Harriman had established close relations by virtue of the assistance rendered by him and by Mr. Schiff in co-operation with Sir Edward Cassel of London, in floating the last Japanese loan in New York and London. At any rate, Mr. Harriman for some years apparently had considered the idea of a round-the-world transportation system. He already controlled trans-continental lines in the United States and the trans-Pacific Steamship service. He desired to acquire an interest in the trans-Siberian Railway, with the idea of ultimately establishing a steamship line between some Baltic port and our own east coast. By reason of the Russian defeat, he believed it might be possible to make some arrangement for the acquisition of the Russian line. To connect therewith he desired to obtain an interest ~~ex~~ in the South Manchurian Railway, which the Japanese during the war had captured from the Russians and which under the Portsmouth Treaty they were entitled to operate from Port Arthur and Dalny up to Kwang-cheng-tze, at which point the southern road connected with a Russian branch line to Harbin. In July, or early August, I believe it was, assisted by Mr. Lloyd Griscom, then American Minister to Japan and Mr. H. W. Denison, an American attached as adviser to the Foreign Office, Mr. Harriman reached an understanding with Marquis Ito and Count Katsura, then the



Japanese Premier, under which Mr. Harriman was to furnish the capital for the reconstruction and operation of the South Manchurian Railway and for the development of various mining, timber and other enterprises along the line. The Japanese were to have a joint interest and political control on this undertaking. It was understood that Mr. Denison was later to become the representative of the Japanese interests in the Railway and to reside in the United States. This agreement being reached, Mr. Harriman left for his trip to China and Korea, but in the meantime he had despatched two of his men to look over the Railway situation in Korea and Manchuria. Mr. Harriman had hoped that this agreement might be definitely ratified before he left Tokio on his way back to the United States. Count Komura, then Minister of Foreign Affairs, had gone to Peking, accompanied by Mr. Denison, to negotiate with the Chinese a treaty for the adjustment of Chinese and Japanese interests in Manchuria on the basis of the Portsmouth Treaty, which Japan had previously signed with the Russian Government. Mr. Harriman was assured ~~that~~ there would be no hitch, but was advised that nothing definite could be done pending the result of Count Komura's negotiations with the Chinese Government. It was pointed out that the Manchurian Railway secured by Japan from Russia, was controlled by the Chinese Eastern Railway Company, which was nominally a Russo-Chinese organization, and therefore while the Japanese had acquired the Russian interest, it was necessary for them to secure China's consent before determining the future of this line.

With Mr. Morgan I left Korea late in 1905 and returned to the United States in January, 1906, and shortly after left for Cuba. In June I was appointed Consul-General at Mukden. Coming north from Havana in July, I went with Mr. Morgan to spend a week-end at Arden, Mr. Harriman's country place near Tuxedo. While there Mr. Harriman invited me to come to the Southern Pacific offices and look over the papers regarding Manchuria. These documents were in very rough shape and consisted principally of notes of interviews with Marquis Ito and some correspondence with one or two leading Japanese. As I remember it there were no official communications but there was a letter from Baron Shibusawa or some other Japanese financier, stating that Count Komura had taken up with the Chinese Government the matter of joint Japanese-American operation of the Southern Manchurian Railway and that the Chinese had not approved of this undertaking.

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The letter went on to say that in view of this fact the Japanese had determined to deal with this problem themselves. Mr. Harriman's project had not been definitely turned down, but it was obvious that no further progress could be expected.

Prior to my departure for Mukden in August, 1906, Mr. Harriman asked me to keep him advised as to railway developments in Manchuria. He was still determined if possible to obtain a foothold in that region to carry out his scheme for an around-the-world transportation system. Ultimately the Japanese Government arranged to obtain in London the funds with which to finance the construction of their Southern Manchuria road. As I recollect it, the stock was held in Japan and bonds bearing six per cent. interest were sold in the London market. In their Peking agreement, signed in December 1905, the Japanese secured from the Chinese Government the right to build a road from Mukden to Antung on the Yalu River to connect with the line running ~~xo~~ north from Seoul to Wi-ju (on the opposite side of the Yalu) which in turn connected with the road running south from Seoul to Fusan. In order to assure uniformity, the Japanese, much to the disappointment of British interests, expended the funds which they had obtained in London in placing orders for railway material in the United States. In doing so, as I understand it, they were partly influenced by a desire to make up in some way for the failure to carry out their agreement with Mr. Harriman.

Chau-Erh-Sun, the Vice-roy of Mukden was replaced by Hsu-shi-chang who was appointed the first vice-roy of the three Manchurian provinces. Tang-shao-yi (subsequently first Premier of the Chinese Republic) was named Governor of Mukden and was in effect the moving power in the Manchurian Government. Both of these men were close friends and associates of Yuan-shih-kai, then Grand Councillor and chief adviser of the Empress Dowager. In the early summer of 1907, Lord ffrench, representing Pauling and Company and J.O.P.Bland, representing the British and Chinese Corporation, came to Mukden and secured from the Chinese Government the right to build an extension of the Chinese Imperial Railways from Hsin-min-tum, forty-seven miles north to the town of Fa-ku-men, with the ultimate right to extend this road to Tsitsihar on the Trans-Siberian Railway. I was familiar with these negotiations which seemed to offer an opportunity for the realization



of Mr. Harriman's plans and for the creation of Anglo-American-Russian co-operation in Manchuria. This I believed to be essential, for I did not feel that the United States was sufficiently strong politically alone to undertake ~~it~~ to counterbalance Japanese influence. I had several discussions with the Vice-roy and Governor and as a result drew up an outline of agreement which would give to American interests the contract for a loan of some twenty-million dollars, carrying with it the right to establish a Manchurian bank to co-operate with the Manchurian Government, which bank would be the financial agent of the Manchurian Government in undertaking mining, timber and agricultural development and the construction of certain railways, among others the line from Tsitsihar running north to Aigun on the Amur River. This scheme I sent to Mr. Harriman in September 1907, asking him on receipt thereof to cable me whether or not it would be possible for him to undertake this business. Early in October I received a cable stating that financial conditions in New York were such, brought on by the panic, that the transaction would be impossible.

In the spring and early summer of 1908 I made an extended trip through Manchuria, by rail north from Mukden to the point where the railway crosses the Sungari, up the Sungari by boat to Kirin, from Kirin by horseback to Yenchiting in the so-called Chientao District just north of the Tumon River, which the Japanese were at that time trying to rape from China, from Yenchiting to Ninguta on the trans-Siberian Railway, by rail to Harbin, from Harbin by boat to Habarovsk, up the Amur to Blagovestchensk, across the River to Aigun and then by horseback to Tsitsihar and by rail back to Mukden. At Tsitsihar I received a cable from Washington instructing me to return to the United States as soon as possible.

Prior to leaving Mukden I had several further discussions with Tang-shao-yi and on the night before I left signed a memorandum of agreement providing for a loan of twenty-million dollars for the establishment of a bank and mining, timber and agricultural development and railway construction along the lines of our previous discussions. I reached New York in September and was advised by Mr. Phillips of the State Department that Mr. Harriman desired to see me as soon as possible. In our first interview I told Mr. Harriman of this agreement, which he desired to see. I asked him, however, to secure from Mr. Root, then Secretary of State, authority for me to show

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the agreement to him. Mr. Harriman asked me to write Mr. Root who was then at Clinton, asking for the necessary authority. I received no direct reply but was later informed by Mr. Phillips that there would be no objections to my taking the matter of the Chinese agreement up with Mr. Harriman. Mr. Phillips shortly after left for Central America and I was attached to the Department as acting chief of the Division of Far Eastern Affairs. On the third of November, with George Marvin, by Mr. Harriman's direction I called upon Mr. Otto Kahn of Kuhn, Loeb & Company and took up with him the question of the loan to China. Prior to my departure from Mukden it was determined that China was to send a special mission to thank the United States for the return of a portion of the Boxer indemnity. It had been agreed that Tang-shao-yi should be appointed as special ambassador and that on his arrival in America he should complete the negotiations for the loan the preliminary agreement for which I brought home with me. Tang was to arrive in Honolulu about the middle of November and after our conversation with Mr. Kahn, I cabled him that matters were progressing satisfactorily and I believed the loan could be arranged. In the meantime, early in November, both the Empress Dowager and the Emperor Kuang-Hsu died suddenly. At the end of October, moreover, Baron Takahira, who was then Japanese Ambassador to Washington, had suggested to Mr. Roosevelt and Mr. Root that in order to prevent any difficulty between Japan and the United States in the Pacific, there should be an inter-change of notes regarding the preservation of the "Open Door" in China, stipulating that both the United States and Japan should mutually respect the other's interest in the Far East. In the original draft of these notes as presented by Baron Takahira, no mention was made of the "territorial integrity of China" a phrase which had appeared in all the previous correspondence regarding the "Open Door" policy. This was significant and it was only with great difficulty that Mr. Root induced Baron Takahira to include this phrase in the final draft. It seemed obvious that Japan was endeavouring to forestall the arrival of Tang-shao-yi and the attempt which it was believed he would make to reach some understanding with the United States, By making it appear through the inter-change of such notes that there was a virtual alliance between the United States and Japan. After considerable difficulty Mr. Root and President Roosevelt were induced to postpone the actual signature of these



notes until Tang's agrival. He reached Washington on the thirtieth of November, the notes were shown him at noon that day by Mr. Root and the notes themselves were signed at four o'clock in the afternoon. Tang was very much discouraged. He had every reason to be. On the death of the Emperor Kuang Hsu, his nephew was named as his successor and his brother Prince Chun appointed Regent. The Regent hated Yuan-shih-kai and every effort was made to remove him from office. Yuan, however, was endeavoring to hold his position by claiming that through Tang's negotiations in the United States, he would be able to secure American support which would counter-balance Japanese domination in Manchuria. The interchange of notes with Japan was promptly used by the Japanese who were intriguing against Yuan to prove that Yuan had failed in securing American support and that the United States instead of supporting China against Japan had in reality concluded a virtual alliance with the Japanese Government.

While these events were taking place in Washington and China, Mr. Harriman kept closely in touch with the situation and my discussions with Tang-shao-yi. Mr. Kahn desired to go to Washington to see Tang but Mr. Harriman prevented him from doing so, stating that when the time came, Tang should come to New York to see him. Tang-shao-yi arrived in Washington on November 30, 1908. He was so much distressed by events in China that he felt that any further discussion of the loan was useless until it was certain that Yuan would be able to retain his position in Peking. Yuan was driven from power early in January, 1909, and Tang himself left for London shortly afterward. He stopped in New York two or three days prior to his departure and called upon Mr. Harriman at his house. The loan negotiations, however, were for the time being allowed to drop.

In November, Mr. Schiff, who was in close touch with Mr. Gregory Wilenkin, formerly the Russian financial agent in the United States and then the Russian agent in Japan, had been advised that there was still some possibility that Russia would be willing to sell the Chinese-Eastern Railway. Mr. Schiff wrote to his friend Baron Shibusawa to ask whether the Japanese would be willing in view of the previous memorandum of agreement with Mr. Harriman, to sell the South Manchuria Railway to American interests, provided the Russians would sell the Chinese Eastern. At Mr. Schiff's request, early in December, I prepared a memorandum as to the

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basis upon which these two lines might be acquired by anticipating the provisions of the original agreement between the Russian and Chinese Governments for the construction of the Russian lines in Manchuria, a portion of which had now been transferred to Japan. This memorandum I believe formed the basis for the Knox neutralization proposals.

During the winter and early spring I was in constant touch with Mr. Harriman, who was still interested in the Chinese situation. Mr. Phillips had returned to Washington and the Department desired me to return to my post at Mukden. Mr. Taft had in the meantime been inaugurated. Mr. Harriman, through Mr. Knox, Senator Hemenway and others, made very strenuous efforts to have me appointed Minister to China. I told him that it would be a bad thing for the service, that I was too young and that I did not desire the post, but he seemed very anxious that I should receive the appointment. Early in may, Kuhn, Loeb & Company decided to send a representative to China to endeavour to complete the loan negotiations which had been undertaken the previous year. They offered me this position which I refused. Subsequently, however, when it became obvious that unless American financial interests were willing at once to enter the field, the right to participate with the British, French and German interests in the construction of the Hukuang Railways would be lost to the United States, I agreed to go to Peking. At this time I was working very closely with Mr. Robert Bacon as well as with Mr. Harriman. J. P. Morgan & Company were also thinking of sending a representative to Peking and in order to secure co-operation between the American financial interests, and to secure as strong representation as possible, it was agreed to form the so-called American Group, consisting of J. P. Morgan & Company, Kuhn, Loeb & Company, The First National Bank and the National City Bank, and I was designated as their representative. The Group was finally organized early in June. Mr. Harriman sailed for Europe at the end of May and I followed at the end of June. In early July we had a conference in London regarding the Hukuang Railways without reaching any satisfactory understanding. Shortly after, I went to Bad Gastein where Mr. Harriman was then taking the Cure. I stayed two days with him and talked over the Far Eastern situation very fully. Although going to China ostensibly to secure participation for American interests in the Hukuang Railway loan, in reality my mission was to carry through Mr.



Harriman's plan of securing an interest in railway construction in Manchuria, to obtain this link for his round-the-world transportation system. No one I think was familiar with his plans. I doubt very much if Mr. Kahn knew the details and I am quite sure that none of the other interests of the American Group, in which Mr. Harriman also had a participation, were at all familiar with his ideas. While in Paris Mr. Harriman had arranged with Mr. Noetzlin to go to Petrograd to discuss with the Minister of Finance the possible purchase of the Chinese Eastern Railway. I was to endeavour to secure from the Chinese Government the right to build a line from the Gulf of Pe-chi-li to run north to the trans-Siberian Railway, possibly up to the Amur. Once an agreement had been reached with the Russians and the right for the construction of a north and south line secured from China, we would have been in position to negotiate with the Japanese. If they had been willing to make some arrangement regarding joint operation of the South Manchurian Railway it would have been unnecessary to construct another north and south line. If they were unwilling to make such an agreement, the construction of another north and south line operating in conjunction with the Russian road would have placed them in a very embarrassing position.

I reached Peking early in September and on the second of October, with Pauling and Company, signed with the Vice-roy of Manchuria an agreement for the construction of a line from Chin-chau to Aigun. This line was to be financed in America, and to be constructed by Pauling and Company who had the original concession from the Chinese Government for the line from Hsin-min-tum to Fa-ka-men. We hoped thus to have the advantage of securing Anglo-American co-operation. I had received word of Mr. Harriman's death on the tenth of September. Returning to Peking from Mukden, I found a letter from Mr. Harriman written on the way from Paris to Cherbourg, in which he told me that Neetzlin had come back from Petrograd where he had arranged with Kokovtseff, the Minister of Finance, that on his return to Russia from a trip which he was about to make to Vladivostock, he (Kokovtseff) would recommend the sale to American interests of the Chinese Eastern Railway. The arrangement had been made with Russia, the contract secured from the Chinese Government, but the directing genius had gone. I cabled to New York urging the group to get in touch with Mr. Harriman's secretary and familiarize themselves with his plans. I had previously urged that a representative be sent to Petrograd in

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[3-17-16]



order to negotiate with the Russians but this recommendation had been turned down. No one in New York knew precisely what Mr. Harriman had in mind; no one was capable of carrying through his scheme. The Group, I understand, advised the State Department of the arrangement which Mr. Noetzlin had made. Shortly after they cabled me asking whether the Imperial Edict had been issued ratifying my preliminary agreement with the Vice-roy of Manchuria. I replied that from reliable sources I understood that the Edict had been issued. Without cabling the Legation which at that time was in charge of Fletcher, now Ambassador to Mexico, without waiting for any confirmation from me, the State Department on the basis of the report above mentioned, launched the neutralization proposals. The scene had been set, but to carry through the plan it would have been necessary to conduct unofficial conversations with both Tokio and Petrograd, to secure the approval of London and Paris and possibly of Berlin, and then when all arrangements had been made, to make an official proposal. It would have been wiser, probably, in any case, to have left these negotiations in the hands of private individuals. But this was not done. In Russia, M. Izwolsky, the Minister of Foreign Affairs was a bitter enemy of ~~M~~ Kokovtseff. Izwolsky desired a closer understanding with Japan and Kokovtseff wished to work with American capital. By handling these neutralization proposals through diplomatic channels, the negotiations were placed in the hands of Izwolsky and not of Kokovtseff. They were doomed to failure. They resulted in a rebuff to the United States, the nullification of all the work which had been done by Mr. Harriman and the signature of the Russo-Japanese agreement of July fourth, 1910, which practically lost Manchuria and Mongolia to China.

On Beard the "Rotterdam",
St.Patrick's Day,1916.

Dear Mr. Stone;-

The trip thus far has gone splendidly. It was a bit cold for the first day or two and then we had a turn of rough weather with snow and fog, and incidentally nearly cut a tramp in two, but just missed her. Started off as we were on a career of crime by your generosity we have been living high. There is a good ship's company, a sprinkling of young Canadian women whose officer husbands had better look after"em, for they have badly roving eyes, and a number of the usual mixed variety of Hebrews searching hats , cloaks and suits, and womens underwear.

We've been doing a bit of entertaining and hope you wont be astounded to learn that our first business on behalf of the International Corporation has been to sign a contract with Madame Edvina , for three years, at ten thousand dollars a day . She's worth it. Of course we realize that Opera may be a bit out of the usual line and that you may have some difficulty with the Executive Committee in putting this through, but I know that both Mr. Vanderlip and yourself rely on Perkin's judgement , and feel sure that Messrs. Sabin and Woodward , and presumably Mr. Kahn will appreciate the necessity of introducing a little soul& and imagination into this foreign business. We await your bmlessing on this our first venture. We've had some talk with Edgar , who is interesting and with various other near and actual financiers on board. We're in entire accord I think on the fundamental wisdom of keeping our shirts on in London, with our feet very close to the ground , our hands on our respective numbers, cards to the chest, and constantly wearing the muffler. Perkins is a peach . He's one of the most delightful people I've ever met, he's sane and conservative, yet with plenty of imagination- a wonderful mixer . Not only do I approve the wisdom of your sending him , but I am grateful to you for giving me this opportunity for making his acquaintance . I wish you could persuade him to come to New York or better still to stay in London . HE's a wonder.

You may be interested in an echo of the Ulen contract which De Camp picked up. Apparently there is a man on board who is a friend of Ulen's lawyers. Before Ulen went to New York his lawyer advised him not to go near the City Bakk crowd , for they'd trade his " pants off". When he came back he was much chagrined , and said that while he still had his pants he'd lost all the buttons and thought the trousers would slip away almost any time. On this job he said he wanted the prestige of our backing but never again. I must confess that from what I heard of this deal I was a little afraid that we were trading pretty close. May be I am quite wrong , but it occurs to me that the organization of the Corporation is going to create such an interest in foreign investment that some of the smaller folk will be willing to take a chance on it . We are creating competition for ourselves. If we make friends they'll stick to us , but if we are too near, they'll use us once and the next time go to others whose organization we have made

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possible. You have this in mind I know for you have so frequently said that you wanted to do this thing a little better and on a little bigger and more generous lines than others had been willing to do it. Hence I thought you might be interested in the Ulen story.

Our expedition seems shaping up satisfactorily. We have a good deal of dope whch has been indexed and made ready for reference. We are all full of health and vigour, and I hope we shall be able to accomplish something if specific accomplishment proves desirable. If not I feel sure that we will come back with general impressions that will be of value.

With best wishes always, believe me,

Sincerely yours,

The colloquialisms in this letter as well as the typographical errors, are due not to careless dictation , nor to an inefficient stenographer, but to the fact that this epistle is written with my own fair hands.

On Board the Rotterdam,

March 17th,1916.

Dear Jim:-

Just a word to tell you that youre brother is a peach . Altogether from what I've seen of you it seems to me that youre really a remarkably attractive family. Do they raise many sich in Milton? WeVe had a good voyage up to date , bar one rough day, with fog. Theye are many beautiful women on board , and for that reason I am glad you are not here. We've been having a very amusing time with Mr. and Mrsl Henry Clews, and Madame Edvina. The latter is charming. Your brother will have to speak for himself, but as far as I am concerned I've neve r been with any one whom I liked better, and I am looking for ward as I trust he is to the job in London , for I am sure that I am going to learn much by having this opportunity to work with him.

The orchestra is tootling and luncheon is served , Thank the Lord I can eat it. Be good to yourself, We'll welcome you on the dock when you arrxive. Keep an eye on Andersen Meyer and Co.and call my Lady wife up now and then, She'll appreiate it and so will I.

Yours,

Can you wirte the typewriter? WJat do you think of this for an amateur effort.

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The New
REPUBLIC
421 West 21st Street
New York City

March 18, 1916.

Willard Straight, Esq.,
Claridge's Hotel,
London, England.

Dear Willard:

I am sorry you got away before Vincent Massey came to New York. We had our talk with him on Saturday evening of last week. He, Charlie Howland, George Beer, Walter Lippmann and I went over the idea thoroughly of establishing groups in this country for the intensive study of problems connected with American foreign policy. We all agreed that it would not be possible to form those groups and get them to working in a useful manner unless we arranged for them to receive an impulse from some kind of intellectual headquarters. The English and Canadian groups are supplied with the stuff on which they chew chiefly by Lionel Curtis who is General Secretary of the whole movement, and who produces, monthly, a voluminous string of studies which the local groups can read and discuss. The movement in this country would also



require a General Secretary who could travel around the country, talk to the groups and supply them with literature. The difficulty is to find the man. If The New Republic had never been born, or were to die a premature and undeserved death, it is a job that I myself should like very much to undertake; but at the present time neither I nor anybody in the office could undertake the responsibility of supplying these groups with stuff to feed upon. I don't know as yet of anybody outside who could give the time to doing the work. Of course he can be found eventually, but I do not think we ought to go very far in trying to organize the groups until we have him. We have, however, decided to call a meeting in the month of April here in New York in order to talk over the proposal. The idea is to get about a dozen men together, including people from the Middle West and from New England, and to present to them the advantages of organizing groups and the difficulties, and see what they have to say by way of suggestion or objection.

The only other matter of importance during the week was the luncheon which Walter and I had with Colonel House at the Princeton Club on Friday. We were not able to find out just what the object of the interview was unless it was that Col. House wished to look us over. He was very cordial and seems to be reading The New Republic regularly, judging by the number of his refer-



ences to its articles, but he was extremely reticent about all matters of domestic and foreign policy. Both Walter and I brought away a very high opinion of the man's ability and good faith. It will be a useful thing to have established a means of communication with him so that in future we can get at the President through him, or get information from him when we critically need it. I may add that the other side of the Administration is paying more attention to us. Senator Hollis has told Walter that the President wanted to see him the next time he goes to Washington, and an interview is to be arranged next week.

I saw Dorothy yesterday for a few moments and she seemed to me to be looking exceptionally well. We have arranged to have her come to one of our private editorial staff dinners next week, so as to keep her in touch with what is going on. The week after I am going West, perhaps for as long as three weeks.

Faithfully yours,
Herbert Croly

HC/B

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Parkmo1

London, March 23, 1916.

Dear Charlie,

This will be a sort of general letter, covering shortly various things that have happened and what we have done, and then I shall write you separate letters covering certain specific things.

We had a very good crossing. The ship was very comfortable. We had good weather for the first two days. Then we had a nasty snow storm on Tuesday, with a strong easterly breeze. Tuesday evening we came very nearly all going to the bottom, owing to the fact that in the snow storm we and another steamer coming the other way almost got together. The captain said that when he discovered the other ship she was not more than two ship's lengths away, and that our escape was due entirely to the prompt action of the other vessel. Wednesday was rough and most of us felt somewhat ragged, and from that time out the weather was pretty good, although on Saturday it blew hard and kicked up a big sea. I think everybody was rather nervous the last day or two, and when we sighted the Scilly Islands and found a number of boats in our immediate vicinity it was rather comforting.

We got into Falmouth Sunday night after dark and landed Monday morning, after some delay in going through the formalities. The day was perfectly beautiful and everything looked very attractive.

Straight and I got through early, owing to the fact that Percy Chubb, who came with us on the ship, knew the agents of the line and we got through to London ahead of the rest of the party. We reached the hotel about nine o'clock. About eleven Cam and Peter Bowditch turned up and discussed a number of matters until half past twelve. We had quite a talk about the Kola Railway matter and about the Belgian situation. Cam had been in conference with the Belgians and had a report made up by Jadot of three enterprises about which Straight is writing you more in particular. Cam had also been in conference with the Foreign Office here and certain other individuals about the Kola Railway situation. As is usual, he had the meat of the propositions very well in his head and his work has unquestionably been most helpful. I have rarely seen him appear to better advantage than he has ever since we got here.

Tuesday morning Cam came to breakfast, bringing his maps and memoranda, and we went at more length into the Belgian matters and the Kola Railway matter



After breakfast on Tuesday we called at the American Embassy, had a first class talk with Laughlin and later had about twenty minutes conversation with the Ambassador. They both felt that we could accomplish what we were after, to a considerable degree at any rate. The Ambassador said that people here were clearly at very great tension, in spite of the fact that their natural reticence and selfcontrol concealed that fact pretty thoroughly. He believed that if we stuck to the idea which we suggested to him - that our function was to co-operate with people here and not at all to try to take advantage of their present situation to "grab" things - we could be of great use and have a really first rate opportunity.

We lunched with Francqui, Carton de Wiart, Jadot and Cam. Straight is writing fully about that. Francqui is quite a remarkable fellow, quick, magnetic and very vigorous; he brushes any obstacles out of his way with a wave of his hand, and almost accomplishes the illusion of making you think that they are out of the way by the skill with which he waves his hand. Carton you have seen. Jadot (and Straight is saying which Jadot it is) struck me as being clear-headed, direct and I should say straightforward. We talked glittering generalities mostly. After lunch we adjourned to Cam's room and talked until half past four.

We dined with Cam, Boylston Beal and Mrs. Hood, and in the evening Straight and I had a talk. He has already found out my besetting sin, and pointed out to me that I must be more self-assertive. If I keep on sitting up until one or two o'clock at night I am awfully afraid that I shall reform and that this besetting sin will disappear with a bump sometime, but I hope not.

Yesterday we breakfasted with Stettinius and Charles Whigham. Then we went down and saw Francqui and Carton at the Ritz. Francqui suggested that there ought to be a trade made with Belgium about exchange, pointing out the profits in it. This of course is a banking matter. He said that the Guaranty must be included in any American group of banks that take this matter up. It may pay you to take this up with the banks, and it looks like a good opportunity to show your good intentions.

We then wasted half an hour in a police station trying to get registered, and went down and had a talk with Grenfell at Morgan's. I will write about that in another letter. We then went over to see Bobby Grant. He struck me as being very good. He made one suggestion that seemed to me to have great merit, and that was that we should get in touch with some of the big men outside of London and let them understand that our idea was to co-operate and not to "grab." He thought that we had better talk with Holden and the Bank men.

We then lunched with Gibson, who has been Whitlock's secretary in Belgium. He was very interesting. As Straight has written you, he more or less knocked on the head the idea of going to Belgium. I myself had already concluded that I was not going to Brussels, although of course this idea may be changed by developments. Personally, I do not see what we can accomplish .

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After lunch we finally got registered, and then went down and had a talk with Vivian Smith about the Chilian Transandine Railway and the Argentine Transandine Railway. deCamp is going down this morning to investigate that matter at Morgan's office.

We then called on Frederick W. Baker at Salisbury House, with whom Cam had made an appointment, and discussed Russian mining concessions and the Petrograd drainage idea, about which we cabled you last night. Baker's letters to Brown give substantially all the information that he gave us. The thing looks interesting. On its face, it sounds better than anything else we have met. I do not know about Baker.

Alton, of the City Bank, called on us just before dinner last night, and said he would look Baker up. The same Petrograd drainage idea had been brought into Alton by a man named Cook. We will get word across to you about that as soon as we find out about it. Baker is clear-headed, is certainly smooth, and I should think is capable, and right there I stop. I do not know whether he is safe to tie up with, ~~and~~ but I do not feel awfully sure of him.

Alton says that England is as full of Russian exploitation as New York was of munitions contracts a few months ago. Russia looks like a big field, but it is a bad place to do business.

We have heard nothing yet from Holbrook or Patten. This brings us about up to date.

Yours very truly,

Thos N Perkins

Charles A. Stone, Esq., President,
American International Corporation,
New York.

Perkins 2

London, March 23, 1916.

Dear Charlie,

Our conversation with Grenfell yesterday was satisfactory in one way. He was not only agreeable and very kind, but seemed interested and insofar as he could seemed ready to help. We discussed the whole situation backward and forward with more or less glittering generalities. He soon saw that we were vague in our ideas and were looking to find out what to do and how to do it; he said that they could do nothing until the close of the war without the approval of the Government. He asked whether our idea was to finance strong enterprises in other countries in temporary need of cash, enterprises (using the simile which he adopted) like the Pennsylvania Railroad, which would bring us an immediate income; or to pick up good "lame ducks" from which we would not get any income at first, but which would hold out a larger hope of profit in the long run. He was very clearly of the idea that the latter course was the wiser one, or at least the thing struck him that way as we talked it over.

Personally, I suppose that a wise combination of the two is the course that we should want to follow, being careful that in handling the "Pennsylvania Railroad" class of enterprises we did not antagonize the banking interests and hurt our chances by arousing their jealousy, or perhaps "antagonism" is the better word. I wish you would consider and let me know how far you think it important to be able to pay dividends on your stock. If your stock is so held that the stockholders can be made to wait until things have had a chance to work out I should think that over a period of say ten years more could be done than if you have to try to show immediate returns to the stockholders.

Grenfell felt that we ought to have some one here to represent the Corporation. He said it could not be an Englishman, because all the good Englishmen were busy, just as busy as they could possibly stick; that he did not know of anybody, and that if he did know of anybody he would not let us have him if he could prevent it, because he thought all the goodsones should go to the Government in whatever capacity they were best suited to work in.

In this connection, I had quite a talk with Cam last night about Grant Forbes. I rather think that the wise thing to do would be to leave Grant here when Straight and I come home, to keep his finger on the pulse a little, with the idea that he should work into

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the position of "permanent secretary," using an Embassy simile, if he proves to be what Cam thinks he is. Cam says he has great capacity for sensing opinion, mixes with people very well, and has a very clear, analytical mind. My information about him all supports this view. I do not believe that I should recommend him to be the chief representative of the Corporation here, but I think he could be enormously useful.

Very truly yours,

Thomas N Perkins

Charles A. Stone, Esq., President,
American International Corporation,
N e w Y o r k.

Perkins 3.

London, March 23, 1916.

Dear Charlie,

Continuing my general letter of this morning, we went down at about eleven o'clock and called on the Barings and had quite a satisfactory talk with Farrar and Cecil Baring. They did not warm up very noticeably but I think, on the whole, approved of the ideas we had in mind. We talked to them along the line of having them feel that we were an instrument for financing certain of the needs at present and in the future on a joint account basis and, on the whole, I think the result was satisfactory.

We then called on Mr. Eyre. Straight is writing you specifically about that. Eyre is delightful. Glittering generalities and skirt dancing may or may not interest him, but he knows what he knows, has his information ready to use, and talks perfectly straight from the shoulder. He told us that the Transandine proposition was one which if we wanted to make it a link in a big chain was worth taking on, because it was the key to the situation, but that if we did not want to make it a link in a big chain it would not pay us to touch it with a ten foot pole.

We then lunched with Laughlin. The Grant Forbes's were there, Howell Forbes, Mr. and Mrs. Stabler — she was Miss Bessie Wells, and Straight and I. We then went down and had a talk with Brown, Shipley & Co. Saw Mr. Chalmers and Mr. Clifton Brown They were "bully." They are ready to help and I should think might prove to be first class critics of other people here. We are now going to call on the Ambassador and his wife, and then to tea with Mme. Carton, after which we will go to see Strong.

So far we have met with rather a sympathetic reception. It has been general talk. It seems pretty obvious that the thing to do is to have some one here to represent the Corporation. It seems equally obvious that for the present at any rate the representation here had better be individual. It seems probable that until the war is over it has got to be an American, although Brown evidently felt that an Englishman would be better. I say that it has probably got to be an American because, as I said in my letter of this morning, it is doubtful if any good Englishman is available. I will see and

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C.A.S.--2 3-23-16.

have a talk with Williamson to find out whether he knows of any good man with Stock Exchange connections whose work has been very much cut down by the war who would be available.

Incidentally, see if you can find out what has become of the Englishman that was Cahan's engineer on the Western Canada Power Company and in Mexico. I think his name was Hayward. It was Hay- anyhow and either -wood or -ward. He struck me in the talks we had with him as being a mighty good fellow and very capable. He very likely has come home and is doing something in the army. He was very presentable and I think very competent.

Very truly yours,

Thomas N Perkins

Charles A. Stone, Esq., President,
American International Corporation,
New York.

Claridge's Hotel, London.
March twenty-third.
1916.

TO WHOM IT MAY CONCERN:

The bearer, George Bennett, has been in my service for the past four years. Since the outbreak of the war he has visited England with me on two occasions, once stopping here from the beginning of December, 1914, to the end of January, 1915, and again spent two weeks in March, 1915. On both occasions he endeavoured to enlist but was each time refused because of his physical condition. He has, I understand, a bad rupture and he has recently broken his knee cap and still limps. He had a pass-port, issued by the British Consul General at New York, which was taken up by His Majesty's Officers upon his recent arrival at Falmouth.

I am now stopping at Claridge's Hotel and expect to make a voyage to France, returning to London before sailing for America about the end of April.

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The New
REPUBLIC
421 West 21st Street
New York City

March 24, 1916.

Willard Straight, Esq.,
Claridge's Hotel,
London, England.

My dear Willard:

There has been no particular news since I last wrote. It is extraordinary the extent to which the political situation remains obscure. I get a general sense that Mr. Roosevelt is not gaining strength as he should in case he is to get the nomination. It is the absence of news of any kind which is so puzzling. One thing, however, seems certain, that Mr. Wilson is gaining in strength and that the Republicans have not succeeded in making an effective attack upon him. In the vote upon the Army Bill in the House of Representatives this week there was a large minority of Republicans who voted against the majority of the party on the question of the size of the army, and there was a large minority of Democrats who voted against the majority of their party in opposition to a larger army. It does not seem possible that the Republicans can get any issue out of preparedness legislation, particularly



in view of the fact that the bill, when it emerges from the Conference Committee, will probably provide for a standing army of 160,000 or 170,000 men.

The Hughes candidacy still remains pretty well buried, but it seems to have much more vitality among Republicans than Mr. Roosvelt's. During his last trip to Washington Walter had a long talk with Wayne McVeagh about it. Wayne McVeagh is a really intimate friend of Hughes. He said that Hughes' attitude is really that of a man who is extremely reluctant to take the job, and who prefers to remain a Supreme Court Justice. He may very likely refuse in any event, and probably will do so unless the offer of the nomination comes to him from a practically unanimous party.

During the same trip to Washington Walter had a long interview with Mr. Wilson, an interview lasting from an hour and a quarter to an hour and a half, during which time Mr. Wilson talked with the utmost freedom about his present difficulties and the situation of the country as he saw it. The interview really did not add very much to our knowledge of Mr. Wilson's own opinions, but it did bring out the present difficulties which he has been laboring under, and he made some very effective retorts to some of the criticisms being passed upon him. He intimated that whenever we had anything to say to him, or wished to have any better understanding of what he was getting at than we could obtain



through the newspapers, he would always be glad to see some member of the editorial staff of the paper. He seems to be realizing the extent to which he suffered from his inaccessibility. One respect in which I think he has been unjustly criticized is in the Belgian matter. He said, for instance, that at the time war broke out both Root and Lodge were on the Foreign Affairs Committee of the Senate and he was in constant communication with them, and that none of them even intimated that we had any duty in respect to Belgium except that of maintaining our own neutrality. We have emphasized that point this week in calling attention to Mr. Roosevelt's own remarkable change of opinion between his article in "The Outlook" in September 1914, and the article in the New York "Times" early in November. I think this is a good line of criticism to urge because the conclusion is not that Mr. Wilson ought to be criticized for the past, but that those who wish to do something on behalf of Belgium should join in a movement on an American guarantee of Belgian neutrality after the war is over. We are having a dinner at the office tonight in order to talk over with Norman Angell and some others a project of this kind.

Faithfully yours,

W.L.

HC/B

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Straight #1.

London, March twenty-fourth.
1916.

Dear Mr. Stone:

The Commodore has, I understand, written you summarizing our various interviews with Cronfell and Vivian Smith of Morgan's, the Barings, Brown Brothers and Baker, and with Eyre at Grace's. From this you will be able to form an idea of the general picture. I shall deal specifically with these different subjects, and facilitate Doctor Tinsley's filing system. These letters are being taken over by Mr. Stettinius which gives us an opportunity to get them through without being censored. Not that there is anything in them which would be likely to be cut out, but apparently letters are greatly delayed. We shall, however, do our best to keep you posted with regard to all that we are doing.

Hoping everything is going well with you, believe me,

Sincerely yours,

(Signed) Willard Straight

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

Straight #2

London, March twenty-fourth.
1916.

Dear Mr. Stone: TRANS-ANDINE RAILWAY.

As Mr. Perkins has written you in his letter of even date, Mr. Vivian Smith has discussed with us the possibility of our taking over the Morgan and Grace interests in the Trans-Andine Railway. As I understand it, there are two sections, one in Argentine and one in Chile, the Argentine section running from Mendoza to the Chilean frontier, where it meets the Chilean section, which runs on to Los Andes. The Chilean Company, which is now being operated by the Morgan and Grace interests, has not been successful to date, owing in part and perhaps largely to the lack of capital to put up snow protection. The Argentine section has been leased to the Buenos Aires and Pacific Company, which runs to Mendoza from Buenos Aires. This latter Company has, according to Vivian Smith, done its best to cripple the section under its control. Vivian Smith thinks this policy has been due to the desire of the Buenos Aires and Pacific ultimately to force the Morgan and Grace interests to dispose of their holdings. As regards the Chilean section, there are bond and stock issues outstanding. Vivian Smith has been negotiating with the Chilean Minister here to get the Government to issue its own obligations to replace the railway bonds now outstanding.

His idea is that it might possibly be of interest to us to form an operating Company which would manage both the Chilean and Argentine sections, leasing the former from the Chilean Government and purchasing control of the latter from the Morgans and Graces, who could arrange for the

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terminationoff the present ~~line~~ lease to the Buenos Aires & Pacific. He believes the Chilean Government would heartily favor such a plan and would facilitate it in every way.

We are not attempting to send you any definite data regarding this at the present time. De Camp is now working in Grace's office with Mr. Martin, who is secretary of the Chilean Road, and they will prepare a statement which we will transmit to you in due course. We have had quite a talk this morning with Mr. Eyre, who frankly states that he would not consider that this proposition would be of interest to us on its own merits. He feels, however, that if we were going into that Railway field (i.e. Chile and Argentine) this might and in fact would be the corner stone of a possible broad arrangement embracing Argentine meter guage and Chilean Railways. The present route is the only way across the Andes in this general section of country. J. P. Grace in New York will be apt to be able to give you almost as much information as we are able to get at this end, and I would suggest that you get in touch with him in regard to this matter. It would also, I believe, be a wise thing for you to thank Mr. Grace for Eyre's courtesies to us. He has gone out of his way to be helpful and should be of great assistance.

Yours very truly,

(Signed) Willard Straight

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

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Claridge's Hotel, London.
March twenty-fifth.
1916.

Dear Colonel Roosevelt:

As Ted has perhaps told you, Nelson Perkins and myself came over here to look into certain matters for the International Corporation. I have an idea that I wrote you a line before I left New York but I confess that my mind is pretty hazy and I was in such a brainstorm before I got away, that I am not quite certain what I did or did not do. I telephoned Ted and told him I was going and that I hoped by being away I should not miss too many opportunities to be helpful in the general situation; not that I felt I could do very much but I am so anxious to be of service wherever possible that I was reluctant to leave just at this time.

We saw your friend Arthur Lee this morning and have seen Graham Wallas, some of the Round Table people, and a good many more men in the City. They are all tremendously interested in the political condition at home and all praying that things will so work out that you will be able to direct things during the next four years.

Naturally these people are entirely concentrated on one thing--to win the war--and it is interesting to come back after a year's absence to find none of the hysteria which was noticeable last year, and everywhere to gain the same impression of dogged determination and the steady stride, like that of the long distance runner who has found his second wind.

[5-25-16]



We are not popular over here, which is not surprising and more or less inevitable. When people are seeing "red", there is little love lost for the fellow who sits on the fence. There might be, nevertheless, a good deal of respect for the man who occupies that position if he were doing it by conviction or on the part of a consistent policy, for while they might not like it, they would at least understand, but their attitude now is more or less "Oh! Hell." They are glad to see us individually, and inclined to be helpful, but there is an undercurrent of contempt which eats into one's very soul. You may hate and still respect a man, but you only wish to spit upon the jellyfish. Even in the music-halls they laugh at us. The comic shop-keeper says he has no stationery, because President Wilson has used it all up writing notes! On the other hand there is a very real desire to have our friendship. The two things may seem conflicting, but they are co-existant. If we could only be a little more "red-blooded", we could have everything our own way. From our business point of view, the obvious readiness to discuss co-operation is a most helpful sign and if our Corporation can only work out some scheme whereby we can co-operate with British interests in the undeveloped portions of the world, we should be able to do something for the future. In this situation I am thinking of you constantly and praying that you may have the opportunity to lead us out of the welter of mud and slush and make us a nation of men once more. No one else can do it.

With much love to you all.

Yours,

Colonel Theodore Roosevelt,
Sagamore Hill,
Oyster Bay, L. I.
New York.

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[3-27-16]

HERBERT CROLY, Mar. 27, 1916.

FIFTY-FIVE EAST SIXTY-FIVE, NEW YORK.

DO NOT WISH PRESS MY VIEW FOR YOU MUST JUDGE BUT SEEMS TO ME TIME COME WHEN REPUBLIC SHOULD ADVOCATE SEVERANCE DIPLOMATIC RELATIONS GERMANY AND ESTABLISHMENT DEFINITE BASIS COOPERATION WITH ALLIES IN ENDING WAR. STOP. SUCH BASIS WOULD NOT NECESSARILY, INVOLVE US IN PURELY EUROPEAN POLITICS BUT WOULD SETTLE BOTH OUR RELATIONS TO ALLIES THEMSELVES AFTER WAR AND JOINT RELATIONS TO PROBLEMS SOUTH AMERICA FAR EAST. OUR ENTRY MIGHT END WAR AND THUS SERVE HUMANITY WHILE SUPPORT EXTENDED NOW WOULD BRING US INTO RELATIONS TO BRITISH IMPERIAL SCHEME WHICH YOU HAVE ADVOCATED. ADMINISTRATIONS WATCHFUL WAITING POLICY IS RESPONSIBLE FOR MURDER AMERICANS ON HIGH SEAS JUST AS ITS DRIFT AND QUIBBLE EMBOLDENED VILLA TO MASSACRE AMERICANS ON BORDER. FURTHER CONVERSATION WITH GERMANY JUST AS USELESS

Page two)

AS PROTRACTED MEXICAN NEGOTIATIONS. INDECISION WILL BRING FRESH DISASTER. IT IS BETTER TO LOSE THOUSANDS IN MAINTAINING SELF RESPECT THAN HUNDREDS THROUGH INDIFFERENCE AND POLITICAL COWARDICE. FURTHER ATTEMPTS TO PLEAD HIGH MOTIVES NO AVAIL. BAD ENOUGH BEFORE SUSSEX BUT INACTION NOW WILL BREED CONTEMPT AND PROVOKE INSULT WHICH INEVITABLY UNDER LESS LONG SUFFERING ADMINISTRATION WE WILL BE FORCED TXXX ACTIVELY TO RESENT. UNDERSTAND ALLIES TRADE CONFERENCE PARIS RESPONSE TO GERMAN MITTEL EUROPA SCHEME AND IS CONSIDERED BY BEST PEOPLE NOT CALCULATED TO CREATE MACHINERY CRUSH GERMANY BUT AS PROTECTION AGAINST GERMAN AGGRESSIVE POST-BELLUM CAMPAIGN.

STRAIGHT.

The Willard Straight Papers at Cornell University

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[3-28-16]

Straight. #6.

Claridge's Hotel, London.
March twenty-eighth.
1916.

Dear Mr. Stone: PETROGRAD SEWAGE SYSTEM.

On Tuesday last, as Mr. Perkins has already written you, we met Mr. Frederick Baker, who is interested in the Russian Mining Corporation and also in the Inter-Russian Industrial Corporation. The latter organization has for some time been negotiating with the Petrograd Municipal Officials for the installation of a sewage system in the suburbs of Petrograd. Mr. Baker believes, as statediin his letters to Mr. Hartness Brown, whom you have seen, that it may later be possible to arrange for the installation of a similar system in Petrograd itself.

Mr. Baker proposes that either (1) a concession should be obtained to operate the sewage system, or (2) that a construction company be formed to obtain the contract for the installing and financing this work through the sale of municipal obligations.

As we understand it, the credit of Petrograd in not very favorably considered.

Surveys have been made and detailed drawings prepared. They are in Petrograd and Mr. de Camp is now analysing such information as is available here.

As at present advised, we think that if the business is at all practical, the contract scheme rather than the concession would be the most advantageous. No definite arrangement, however, has as yet been reached with the Petrograd Municipality and further negotiations will be necessary before the necessary rights can be obtained. Baker had, before the



war, discussed this proposition with Pearson & Sons, Ltd. (Lord Cowdray) and feels that he owes a certain moral commitment to them. He claims that the Inter-Russian Industrial Corporation, which has handled the negotiations, has spent some £30,000. and desires that we put up a like amount for a joint account. The question of whether Pearson should undertake the contract, or whether a new Company should be formed in which Holbrook could be given an interest, is a matter for adjustment. In addition Baker suggests the possibility of organizing a company to sell plumbing accessories, which have heretofore been sold in Russia almost exclusively by the Germans. If this particular work were undertaken, there would probably be a chance for similar enterprises elsewhere.

We have endeavoured to check up Baker, who seems to be considered intelligent but somewhat optimistic. He is not in the first flight of London finance. He is, however, associated with Lord Harris in the Russian Mining Corporation and seems to have a number of friends of good standing. We will probably advise you further by cable.

Yours very truly,
(Signed) Willard Straight

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

Enclosures: Copies of letters from Mr. Baker to Mr. Hartness Brown.

P.S:- We have arranged to have Mr. Patten meet Mr. Baker, and on his return to Petrograd he and Mr. Holbrook shall look over the detailed information which is now on file there.

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Straight. #8.

Claridge's Hotel, London.
March twenty-eighth.
1916.

Dear Mr. Stone: INTERVIEW WITH CHARLES SELIGMAN AND SIR EDWARD HOLDEN.

Yesterday we called upon Charles Seligman and Sir Edward Holden. Both were most cordial. Seligman felt that there might be a number of enterprises which he would be glad to offer the Corporation. He informed us that his New York office, with some associates, had done emergency financing for the Barcelona Tramways on a very satisfactory basis. In this enterprise the General Electric were greatly interested. I discussed this matter with Mr. Coffin, Mr. Burchard and Owen Young last Spring when Doctor Pearson, who secured the original concession, was in New York. Seligman impressed us favorably. He might be useful here and we suggest the desirability of keeping closely in touch with the New York house. This may be a channel through which good business is apt to develop.

Sir Edward Holden's conversation was general. He said that he had been invited to join a syndicate for the reconstruction in France and Belgium. He also mentioned that the big London joint-stock banks are discussing a plan under which each will put up a certain amount of capital to create a large Foreign Trade Bank. This, he thinks, will probably be done. He added that certain London interests were now attempting to make far reaching arrangements with an Italian Banking



Syndicate. He was somewhat vague but Westinghouse was mentioned and it might be interesting to learn what Mr. Tripp knows of the situation. This is merely passed on for your information, as indicating that while the City is primarily engrossed in the war, it is determined if possible to retain and increase its hold on the world's finance and commerce after the war is over.

Yours very truly,
(Signed) Willard Straight

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

The Willard Straight Papers at Cornell University

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The New
REPUBLIC
421 West 21st Street
New York City

March 29, 1916.

Willard Straight, Esq.,
Claridge's Hotel,
London, England.

My dear Willard:

So far as I know there has not been any doubt in this country since the news of the Sussex arrived that in case it proved true that the Sussex was sunk by a submarine the result would be a break with Germany. There is a great deal of doubt here whether the Sussex was itself sunk by a submarine or a mine. There has been no evidence telegraphed over from Paris or London which was at all satisfactory on this point, and a great many American naval officers have reached the conclusion, from an examination of what evidence there was, that it was a mine rather than a submarine which did the job. This aspect of the matter will be cleared up, however, in a few days. It looks to me, no matter how the Sussex incident itself turns out, as if a break will have to come soon. There seem to be submarines again operating in British waters and nothing is so more certain, if they operate, that in the



end they will involve a collision between the United States and Germany. From the way President Wilson spoke to Walter his mind is fully made up upon this matter. He is as clear as we are that the submarine should not be used as a commerce destroyer, and he may even make such a demand upon Germany. In any event, a break will afford him an opportunity of plunging the United States into the European system, no matter whether the Middle West likes it or not, and from the way Colonel House talked, they are apparently reconciled to that alternative. Our whole line of comment in this event will be to try to suggest the proper basis of American intervention, the policy that ought to lie behind it, and the limits within which it should be confined. We are working on that matter now.

I myself am off to Chicago today and shall be gone for 12 days, during which time I shall not be doing any writing for the paper at all. As I wrote to you before you left, I should like to relapse into silence for a month or two rather than a week or two, but that seems to be out of the question at present. I hope to come back from Chicago with a little more energy. I probably shall not write to you from there but as soon as I return I will write you a full account of all that I learned during my trip.

Faithfully yours,

Herbert Croly

HC/B

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W. S. EYRE.

144, Leadenhall Street.
London, E.C. 29th March 1916.

Dear Mr Straight,

I have taken the liberty of getting an Honorary Member's Ticket for you for the City of London Club for the term allowed by the rules, and which can be renewed after a short interval.

I hope that when you are in the City you may make use of the Club.

Yours faithfully,

W. S. Eyre

Willard D. Straight, Esq.,
Claridge's Hotel,
Brook Street, W.

Perkins. #4.

Claridge's Hotel.
London, March twenty-ninth.
1916.

Dear Charley:

We have your cable approving of arrangement with Grant Forbes, as suggested in our cable No. 5.

It seems perfectly clear to me, and grows clearer each day, that the way to handle this situation, for the present at least, is to get a first class representative here and have him, with whatever staff may be necessary, open an office and be ready to consider and transmit all propositions that may come up. Forbes is presentable; is clear-headed, speaks French and at any rate reads and writes Spanish; ( I don't know whether he speaks it or not) and is, Cam says, a good lawyer. That I don't know. He should, I think, make a first rate lieutenant to the man who is here and his qualities make it possible to have a different man here from what would be needed if he didn't have the qualities I have mentioned. I don't think that he has got sufficient decision of character or sufficient business training to enable him to steer the whole thing here or to have an effect upon the head representative here at all controlling.

I think you had better be looking around for the man. I think you had better not select him, definitely at least, until we get home, because it is quite impossible for me to give you in a letter a complete idea of what I think you want. I think Jim could do it. I think Eliot Wadsworth could do it. I don't mention them because I think that either of them would do it, but to give you an idea of the class of man I think you ought to have.

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We had a talk with Grenfell on Monday about which we cabled you. The first talk we had with him was very general and we were trying to feel our way a little about where we were at. Grenfell is busy and while interested and extremely courteous, as in fact everybody we have met has been, the thing wasn't concrete enough to do more than start his mind working. He quite approved of our idea of seeing Mr. Stillman and then seeing him again later. On Monday, the trip over to Mr. Stillman having been delayed by the difficulty of getting across the Channel, and we having got considerably more definite in our own mind about the situation, he began to see the possibility of using the Corporation to finance good enterprises that could not be financed from here under existing circumstances. I rather thought when we were talking with him that he had some definite concern in mind, but when I read him my cable to you, he suggested that I make it clear that he did not have any such.

He was obviously entirely ready to use the Corporation and if the Corporation can get a number of good sound ~~concerns~~ enterprises to start its career here, it is going to help it very much indeed. If it once acquires a reputation for respectability, subsequent slips will make much less difference than would a slip made right at the start.

I can't emphasize too strongly the importance, to my mind, of a satisfactory relationship with the Morgans here. It is perfectly clear to me that Grenfell, feeling bound not to use the position of his firm with the Government to gain an unfair advantage over anyone else, and feeling the absolute necessity of not being on two sides of any trade, would be willing to throw such financing as he thought needed to be done to us or to anyone else with whom he had cordial relations, and by cordial relations I don't mean financial but purely friendly. If New York does not turn him against us, he would be glad to work with us. My only hope



is that by taking the matter up with him, we haven't forced your hand in New York. I don't pretend to know Wall Street politics. I do feel, however, that it would be dreadfully short-sighted policy to let any personal feeling of any one man, or any group of men, interfere with a united effort on the part of our financial interests to deal with this situation intelligently and comprehensively. I know that you will feel this way and I hope that you will be met by others in the same spirit.

If we can find the right man and fix the relations with the Morgans on a satisfactory basis, this situation will work out.

Yours very truly,

Thomas N Perkins

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

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[3-29-16]

Perkins. #5.

Claridge's Hotel, London.
March twenty-ninth.
1916.

Dear Charley:

We have been over the Russian situation thoroughly enough to get a general idea of how it had best be dealt with, although of course, we have not made any detail study of conditions in Russia, nor for that matter, of detail conditions here.

We have seen Tait and Stodart of the Russian Corporation. We have talked with Patten, we have talked with Lord ffrench, with Cam, and with Baker of the Russian Mining Corporation. We have listened to a little on this subject and a good deal on others from Sir Edward Holden.

Our conclusion is, as we cabled you to-day, that the way to handle the Russian situation is to appoint Holbrook representative of the Corporation in Petrograd. Patten thinks Holbrook would undertake it. In this way we would get a man whom we know to be first rate, a man on whom we can absolutely rely to consider all the various projects which may be brought to him in Russia. Patten has apparently established very good relations with Grube of the Bank of Commerce of Siberia. Patten says that Grube is going to be ultimately the Russian Minister of Finance. He says he is a thoroughly alive and the most thoroughly alive banker in Russia, and the most reliable. By following the course of having Holbrook as our personal representative, we would be free to take up each specific enterprise that may seem worth while, dividing the participation in the enterprise between ourselves and Russian and either British or French interests and there will be enough of the participation for the Russian



and British or French interests to make it a material element. Each one of the enterprises would probably have to be operated by a Russian corporation, although it might possibly be advisable to use say a British Corporation, having the right from the Russian Government to do business in Russia. The latter course does not seem to me to be probable. Such a corporation would pay income taxes in Russia and in England, and would, according to Patten's views, not be as popular in Russia as a Russian corporation would be. Patton says, and Tait confirms Patten's statement, with what real authority I don't know, that there is no difficulty in organizing a Russian corporation, or in getting authority for a foreign corporation to do business in Russia.

Wilenkin's Corporation does not seem to us to be worth while, because if we should attempt to use it for the operation of a number of enterprises in Russia, the question of participation by the Russians, or the British in such a corporation would be a difficult one. It is open to the difficulty about taxation of which I spoke about and if Tait and Patten are right in their statement that there is no difficulty in organizing new corporations in Russia, there does not seem to be any special advantage in the Wilenkin Charter.

The Russian Corporation has, as you know, an authorized capital of £2,000,000, of which £1,000,000 has been paid in. The shares were issued at a premium of a shilling per pound, so that the organization expenses were all paid and the Company now has intact its £1,000,000 of capital. £500,000 of this capital is held by Russian interests and £500,000 by British interests. The Board of Directors includes the heads of the five big Russian banks. The chief financial interest here is Sir Edward Holden. They would like to issue another half million pounds of capital and have us buy it at par. Copy of a recent balance sheet of the Russian Corporation is enclosed herewith.

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[3-29-16]

TNP

Charles A. Stone, Esquire. -3-

It does not seem to us worth while for the Corporation to go into this venture. In the first place the Corporation would be left with a one-third interest, the other two-thirds being held by the English and Russians respectively. A combination between the English and Russians could leave the Corporation in a hopeless minority at any time. The investment of two and one-half million dollars is a large one and we do not see what advantage we should gain by being a part owner in the Russian Corporation. I would seem, however, to be wise to be ready to co-operate with the Russian Corporation in particular ventures. Patten says that Grube says that the Russian Corporation is too cumbersome. Buying a one-third interest in the Russian Corporation also seems to be open to the objection that it seems to commit us pretty conclusively to tie-up with those people instead of leaving us free to tie-up from time to time in particular enterprises with other interests here.

For the reason stated, neither the Wilenkin Corporation nor Tait's scheme attract us. The advantages of our suggestion seem to be great.

Patten had an idea that we had perhaps better have a Russian holding company to take care of our general investments in Russia. He, I think, now realizes that such a course would be unwieldy, would not be able to offer satisfactory terms of participation to Russian or British or French, and I think Patten is to-day satisfied that our scheme of a personal representation is the best one. Patten says that he feels sure that Holbrook would be entirely satisfied to go on with the idea, relying upon the fact that you and he are sure to be able to arrange for his participation in enterprises on terms satisfactory to you both.

Yours very truly,

Thomas W. Perkins

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York.

Perkins. #6.

Claridge's Hotel, London.
March twenty-ninth.
1916.

Dear Charley:

In regard to the Belgian situation, I was very much impressed by the evident ability of Francqui. I am inclined to believe that Carton de Wiart is both capable and honest. All the information that we have been able to get is that the Societe Generale has done its business with ability and success and has a good standing among financial people. We have not talked generally in London about the Belgian situation. Sir Ernest Cassel, however, showed what might be almost called traces of enthusiasm when Straight spoke of the Societe.

My impression is that the Societe Generale is quite worth our establishing relations with, ~~them~~. To bring about this result I believe that a committee of investigation should be formed soon. I should think that Grant Forbes would be a good member of such a committee. He speaks French and would, I think, deal with the Belgians very well.

As we have cabled you, the Spanish Railway scheme seems to be the best enterprise which the Societe has available at the moment. The statements made to us indicate that it is not only the best they have available but that it is good. Some combination with the Agricultural Chemical Company in regard to Spanish work may be worth looking into.

I think we should form an investigating committee, should at once send an expedition to Spain, preferably with a competent engineer in charge, or if not in charge as part of the expedition, investigate the

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[3-29-16]

THP

Charles A. Stone, Esquire. -2-

Societe's railway scheme and if it is good, take a participation in that scheme.

The Belgian Congo matter can be investigated next. The Jadot who has had charge of it and who is here, seems to be a good man. He gives one the impression that the enterprise is a good one. It is quite impossible for me to have any impression about the Congo matter that is worth transmitting. It is all such new language and such new conditions that I don't feel that I have any understanding of the matter at all. We have had no figures or facts to judge from. Cam, however, has seen the Jadot in Spain and is very favorably impressed by what he learned.

Yours very truly,

Thomas N Perkins

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

P. S. The Jadot who is now in Spain has got to leave by the first of May. Investigation of the Spanish proposition should if possible be made while he is there.

Perkins. #7.

Claridge's Hotel, London.
March twenty-ninth.
1 9 1 6.

Dear Charley:

I am sending you herewith a letter dealing with the organization here as I see it, with the Russian situation as I see it and the Belgian situation. I feel pretty well convinced that I am right about the way to handle this situation here. I feel pretty well convinced that I am right about the Russian situation. The Belgian situation, I think we are right about, but I don't feel that I understand the problem as well as I do either of the others. Of course, I have seen the Belgians and I know nothing whatsoever about Russia. My conclusions of the Russian situation are based on my knowledge of Holbrook and the obvious advantages which come from being free to deal with each specific proposition as it comes up and not at all on any knowledge of Russian conditions. This situation I have begun to have a little feeling of understanding about.

It has all been most interesting. We have been just about as active as one could well be, seeing various bankers, men in public life and having very satisfactory interviews with them, all, of course, along our general line.

Yours very truly,

Thomas N Perkins

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.

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Claridge's Hotel, London.
March twenty-ninth.
1 9 1 6.

Dear Charley:

We have today seen Sir Walter Townley, who is in the Foreign Trade Department of the Foreign Office. He took us in and introduced us to his chief, who I think indulges in the title of "Controller" and whose name is T. Worthington Evans. Evans apparently started life as a lawyer in the City. Then he got interested in finance, where I believe he was successful. He is a politician also, being a member of Parliament. He is pretty clear-headed, evidently understanding the general financial game very well and I think might prove to be pretty helpful.

We talked with Evans and Townley for some time. Evans asked questions of quite a searching kind and finally said that he now knew of a public utility venture in South America where the British owned certain links of the chain and the Germans certain other links of the chain; that each link in itself was successful and making money and that an Anglo-American participation might be worked out that would make a complete chain possible; that he would think the matter over and talk with us later. The thing sounded so good that Straight, who hasn't as much faith in human character as I have, almost suspected that Evans might have some financial interest in the situation. It is a little along the general line of what Grenfell spoke about and we wired you about.

Yours very truly,

Thomas Perkins

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York, N. Y.



Claridge's Hotel, London.
March twenty-ninth.
1 9 1 6.

Dear Charley:

To continue the account of what we have done, that I gave in my two general letters of March twenty-third,--we dined that night with Mr. and Mrs. Paget, Straight's sister-in-law and brother-in-law, met Walter Long, who is a member of the Cabinet and his wife, Lady something or other, Lord and Lady ffrench. Long is a thoroughly insular Briton but not uninterested in a general way in our scheme, which we didn't talk much about.

Friday the twenty-fourth, Stettinius breakfasted with us. We had a talk with Grant Forbes, had a conference with Cam. Cam took the view that he thought the time was about right to make some specific trade. I disagreed with him because I did not feel that I knew the situation well enough to know whether we wanted to tie ourselves into one place or another yet. Since then, as you will judge from my other letters, my ideas have cleared somewhat. We called on the Earl of Donoughmore, whose wife was a Miss Grace, cousin of your associate; lunched with Lloyd Griscom and Graham Wallace which wasn't a successful combination, as they neutralized each other very much. Wallace was full of the idea that relations with Germany after the war would depend entirely upon the political and social organisation of Germany after the war. After lunch we called on a Belgian Princess, in order to be pleasant to the Cartons, who had suggested the idea. It didn't accomplish much of anything. Then we called on some friends of Straight's at the Foreign Office, discussed our general situation and learned a little about the Chinese situation. The Cartons and Grant

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[3-29-16]

THP

Charles A. Stone, Esquire. -2-

Forbes's dined with us. Saturday, the twenty-fifth, Tootal, who is a friend of Tripp or has some connection with Tripp, brought in Cargill who wants a job. Cargill struck me as a very well trained and probably very efficient banker. I don't think you want him for the Corporation, but I think the City Bank might find him mighty valuable. He claims to know France well, having been there twenty-five years,and Belgium very well. We next called on Sir Ernest Cassel. It reminded me rather of an interview with Mr. Furth before I got to be intimate with him. We saw several other officials and business men here and late in the afternoon called on Fleuriau, Councillor of the French Embassy. We dined with the Walderf Astors, had a very pleasant talk with Mr. Balfour, who was there, and who was theoretically interested in our scheme and believed that co-operation between England and America very important. The day didn't accomplish much except giving us quite a little more of the atmosphere of people here than I had succeeded in getting before.

Sunday, the twenty-sixth, we called on Harcourt in the morning, lunched with Lord Eustace Percy, who is in the Foreign Office, and pretty well posted on Russian trade among other things. Dined with the Astors, saw the crowd which seems to inhabit the Astor house. They are the "Round Table" editors and satellites. Later in the evening, Marshall of the New York Times and New York Sun came in. He was on the Sussex when she was blown up and gave us an interesting account of the whole affair, which was pretty horrible.

Monday we called on Charles Seligman, of Seligman Brothers, called on Sir Edward Holden, lunched with Lord Harris and a number of his Board of Directors, called on Eyre, saw Grenfell, had the talk with Patten and Forbes about Russia, dined with Carton de Wiart.

THP.

Charles A. Stone, Esquire. -3-

Yesterday morning we went down to the Embassy to see what we could find out about getting over to Paris and saw an incident that would have been funny if it hadn't been so irritating. An English Colonel from the Foreign Office came in with despatches for somebody at the Embassy. He wanted to get hold of somebody and somebody quick. They have at the Embassy as attendant a Southern Colonel--a most agreeable old gentleman with white hair and white moustache and delicious Southern drawl. The Englishman was in an awful hurry and indicated it as completely as he possibly could and the Southern Colonel was no more harrased by the Englishman's impatience than you would expect a real Southern gentleman to be. I almost had to restrain Straight from beating him up. We went down town and had a long talk with Tait and Stodart, lunched with Colonel Lee of the Munitions Department, met Patten early in the afternoon and discussed the Russian situation with him at some length.

Today, ffrench came in early, then Patten and Forbes. We lunched with Lord Bryce, went down town and saw Carton de Wiart for a minute, met Sir Charles Addis, talked a few glittering generalities about China with him and then went and had the talk with Townley and Evans, of which I have written you. We are going to dine at the Embassy tonight.

Yours very truly,

Thomas N Perkins

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York.

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March thirtieth.
1 9 1 6.

Dear Mr. Eyre:

Very many thanks for your note of the twenty-ninth and for your courtesy in securing for me a card to the City of London Club. I shall take great pleasure in using it, but would much rather have an opportunity of lunching with you.

Yours very sincerely,

W. S. Eyre, Esquire,
144, Leadenhall Street,
London, E. C.

Straight. #9.

Claridge's Hotel, London.
March thirtieth.
1 9 1 6.

Dear Mr. Stone: KOLA RAILWAY.

Reference was made to this project in our cable #6, of yesterday's date, we have discussed it fully with Patten and Lord ffrench, as well as with Governor Forbes, who has had some conversation on the subject with the British Foreign Office. From Mr. Patten and Lord ffrench we gather that the Russian Government, or at least certain officials, are not particularly anxious that the work should be done by American interests. The British Foreign Office, however, is very desirous that it be completed by the end of the year. This, Mr. Patten and Lord ffrench believe would be absolutely impossible, owing to the probable necessity of protracted negotiations before work could be commenced and the character of the country, which would make thekwork extremely difficult if ever it were started.

As indicated in Governor Forbes' letter, he has asked the Foreign Office certain questions, pending a reply to which no definite decision seems to be possible, but our conclusions up to date are that it would be useless to attempt to take the contract from the Government to finish the work this year, but that it might be interesting for Mr. Holbrook to investigate the commercial possibilities of the road with the idea perhaps of securing a concession for its operation later.

Mr. Forbes letter is enclosed herewith.

Yours very truly,

(Signed) Willard Straight

Charles A. Stone, Esquire,
American International Corporation,
55 Wall Street, New York.

Enclosure: Letter from W. C. Forbes.

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[1916]

31. March.

TELEPHONE.
2712 WESTERN.

3, PALACE GATE, W.

Dear Mr Straight

I have received your letter with enclosure from Mrs Lee, & if you will kindly let me know about a week in advance, when I could expect you in my Studio in April, I shall be very pleased to make arrangements

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to paint your portrait.

Yours sincerely

P. A. de Laszlo

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