

January 28, 1939

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PERSONAL.

The Hon. George S. Messersmith,
Assistant Secretary of State,
WASHINGTON,

Dear Friend:

As you are aware, a number of European Corporations - besides Central Banks - are holding a substantial portion of their liquid reserves in the form of gold bullion. Most of this gold is deposited at present in England, Holland, and Switzerland.

The question arises whether it is expedient to leave it in these countries: it does not concern only the interests of the depositors.

Firstly, there is a danger of the gold falling into enemy hands. Secondly, access to the strong-room containing the gold may be temporarily impeded at the very time when it would be most desirable to have it available for private or public use.

Now, I gather that the U.S.A. regulations, as they stand at present, preclude the deposit of gold in the States, exceptions being made solely in favour of certain Central Banks. The object of this letter is to put forward the suggestion that this ruling be relaxed without departing from the principle that the Federal Government shall be the only authorized buyer of gold in the States.

In substance, my suggestion is that the facilities already afforded to Central Banks be extended to other holders of gold. In order to facilitate supervision and avoid petty accounts, a minimum, say of \$1,000,000, might be stipulated for each deposit. Bullion imported for deposit would be delivered to the Federal Reserve, it being understood that this institution would be precluded from transferring it to any buyer in the

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United States other than the Federal Government, but authorized to transfer it (under the same proviso) to the account of a foreign buyer or to export it following the depositor's instructions.

Could you see your way to have this proposal examined in the proper quarters? I think the U.S.A. would be rendering a notable service to the world by extending its hospitality to 'refugee gold'.

With kindest regards,

Very sincerely yours,

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