

Kaytettava suurenle diskretionilla

*Pres. Ryti'n
kirj. valtuus*

CONFIDENTIAL

*Arki-
kirje!*

Bank of England,

London, E.C. 2.

17th December, 1927.

Dear Mr. Governor,

I think you will understand why I can give you only the very shortest notice of a project which has been under discussion in London for the past week and which it is hoped to carry out within the next few days. It is intended immediately to establish by law a new fixed gold value for Italian currency. In this connection I have agreed with the Governor of the Federal Reserve Bank of New York to promote the arrangement of a credit to the Banca d'Italia from Central Banks, for the equivalent of \$75 millions.

The credit would be for one year from the date of the legal promulgation of the new gold value of Italian currency, and a clause would be included in the Agreement to be entered into between the Banca d'Italia and the several participating Central Banks to enable a prolongation for a further period of one year to be discussed, at the suggestion of the Banca d'Italia, three months before the expiry of the credit, but without commitment on either side.

It is intended that the terms should be as follows: the credit to be based on internal bills of exchange, or external bills in stable currencies, with a limited maturity: in the case of each participant the rate of interest or discount, as the case may be, to be 6 per cent. or the official rate of discount of the participant

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participant for three months' bank bills, whichever is the higher: a commission of one half of one per cent. to be payable at the outset to the participants. The Banque Nationale Suisse is expected to administer the credit and to act as depository for the security.

No stabilisation Loan will be issued for the Italian Government. But the Central Banks' credit is likely to be reinforced by a further credit of \$50 millions, which the Banca d'Italia proposes to obtain from private bankers in the United States and Europe: such a credit from private bankers in various markets will clearly broaden the basis of stabilisation.

I should be greatly obliged if on receipt of this letter you would let me know by telegram (1) whether your Bank will accept a participation of approximately £300,000, or the equivalent, in the Central Banks' credit which may be granted to the Banca d'Italia and (2) whether such participation would be in sterling or dollars. As soon as replies have been received from the dozen Central Banks whose participation is being invited, copies of the Agreement will be posted to the co-operating Banks for signature. To the Agreement will be appended a declaration, signed by Signor Stringher, summarising the information which he has furnished and

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substantiated orally in London as evidence that the plan of stabilisation can be successfully carried out.

Believe me, dear Mr. Governor,

Yours most faithfully,

Kivomaa

Monsieur Risto Ryti.