

FEDERAL RESERVE BANK

OF NEW YORK

CONFIRMATION OF CABLEGRAM

WE CONFIRM OUR CABLEGRAM OF October 2, 1931 WHICH DECODED SHOULD READ AS FOLLOWS:

Finlands Bank,

Helsingfors

No. 32 CONFIDENTIAL FOR THE GOVERNOR

ONE

I have learned through the Bank for International Settlements and other sources that irresponsible rumors have been circulating in Europe with regard to the condition of some of the larger New York City banks. It has occurred to me, therefore, that you might care to know that there is in fact no foundation for these rumors. All of the principal New York City banks are in sound condition, they are generally more liquid than for many years past and there is no reason for concern as to any of them.

TWO

In this connection the merger of the National City Bank New York and the Bank of America, National Association, New York was not due to any difficulty whatever in either bank but was simply a logical step in the previously announced policy of the Transamerica Corporation (the principal holder of Bank of America stock) gradually to divest itself of its controlling interest in various banks.

THREE

Please feel at liberty to use this information in any way you wish.

Harrison

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FEDERAL RESERVE BANK  
OF NEW YORK

CONFIRMATION OF CABLEGRAM

WE CONFIRM OUR CABLEGRAM OF October 6, 1931 WHICH DECODED SHOULD READ AS FOLLOWS:

Finlands Bank

Helsingfors

No. 34 CONFIDENTIAL FOR GOVERNOR RYTI

ONE

The New York Times prints this morning following dispatch from Helsingfors

"According to an official statement The Federal Reserve Bank of New York and the Banque de France have announced that they are prepared if required, to grant the Finlands Bank credits in order to support the currency"

TWO

We do not know whether any such statement was issued in Helsingfors but as you know it does not of course reflect the correct position. We advised you that we were giving sympathetic consideration to your request for a credit and were communicating with the Banque de France about the possibility of some kind of joint action to assist you. The Banque de France have cabled you that they are ready to examine a credit operation in joint account with us and have asked you to send a representative

THREE

I do not want to suggest or request you to correct the statement referred to in the New York Times but I think it is important that between us there should be no misunderstanding regarding the present status of the matter

FOUR

As we have advised the Banque de France we are too far away and know too little of the situation in Finland to

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decide whether a credit would solve your difficulties.  
Furthermore we have the general impression that it is  
doubtful whether a short central bank credit would be in  
your own best interests since it would result in pledging  
away almost all of your gold reserve. Nevertheless if  
you wish us to do so we are prepared with the Banque de  
France to examine the matter further.

Kindest regards

Harrison.

FEDERAL RESERVE BANK  
OF NEW YORK

CONFIRMATION OF CABLEGRAM

WE CONFIRM OUR CABLEGRAM OF October 7, 1931 WHICH DECODED SHOULD READ AS FOLLOWS:

Finlands Bank

Helsingfors

No.35 FOR GOVERNOR RYTI

- ONE I have your cable No.9 for which I thank you and from which I understand that you contemplate repayment of all your remaining foreign creditors after which your position will be secure because there is no considerable flight of capital and you have an active trade balance, a balanced budget and low cost of production
- TWO I would assume from your cable that your remaining foreign creditors might be repaid from the proceeds of a central bank credit and I must admit that such a prospect disturbs me
- THREE In your case as you put it in your cable I should think that if your private foreign creditors would maintain their present positions a central bank credit would not be needed. Please give me the benefit of your views.

Regards

Harrison.