

BRITISH EMBASSY,  
WASHINGTON D.C.  
March 29th 1939.

No. 371.

My Lord,

207/5  
With reference to my despatch No. 261 of the 3rd March, I have the honour to enclose herewith for your information copies of an exchange of letters between the Chairman of the Banking and Currency Committee of the Senate and the Secretary of the Treasury regarding the monetary policy of the United States. There is nothing new or unexpected in Mr. Morgenthau's letter but it sets out the considerations involved very fully and on orthodox lines and reaches the satisfactory conclusion that there is no acceptable alternative to the policy which the United States Government have been pursuing. Paragraph 4 of Section 8 on page 20 seems to imply that no early action is likely to control or restrict in any way the inflow of foreign capital into this country.

2. Further evidence both for and against the continuance of the President's power to alter the gold value of the dollar, has been given before Committees of the Senate and of the House of Representatives, Mr. Wallace and Dr. Feis in particular supporting extension of the power and various economists and also Mr. Jefferson Coolidge.

The Right Honourable

The Viscount Halifax, K.G.,  
etc., etc., etc.

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late Under Secretary of the Treasury, opposing it. The question has not yet come to the floor of Congress.

3. Copies of this despatch and of the enclosure are being sent direct to His Majesty's Treasury and the Department of Overseas Trade.

I have the honour to be,

with the highest respect,

My Lord,

Your Lordship's most obedient,

humble servant,

(SGD) R.C. LINDSAY.