

8, BISHOPSGATE,

LONDON, E.C.

15 July 1915.

Dear Mr. Hill,

Many thanks for your letter of the 21st June. I was glad to hear from you and to learn that the Great Northern still had a good wad of cash in the till after its strenuous year.

Alas, for the tragedy of your fishing. I know you will grieve for the loss of one of your oldest friends and associates; Thorne was a general favourite and without an enemy, and will be much missed by many friends. I am more sorry that I can say to think that your own holiday will have been broken up.

I am sending you by this mail a little book entitled "War and Democracy," written by various authors and the best book on war subjects that I have yet read, the articles by Zimmern on Germany, and another on the future after peace is made, being remarkably lucid, informing and thoughtful. I quite agree with you that a autocratic form of Government is an advantage over popular representative Government in such a war as this. I fancy the answer to the question you ask is that the Allies had not the necessary supplies of arms and ammunition to make them



dare risk a decisive battle, but I hope that both in organisation and in arms we may constantly improve from now on, and pending the receipt of further supplies I trust they will give up these isolated attacks which involve enormous loss of life without apparently any corresponding advantage. Our own people are more than ever convinced that man for man they can easily hold their own and win against the Germans, but we have been woefully deficient in high explosives and still more in quick firing guns. We have made up our minds to another winter campaign, and I think and believe that in this country at any rate people are being more and more roused and more and more determined to face the sacrifices that a continuance of the war involves.

Now that our War loan has been subscribed, with a total that appears to me quite phenomenal, our present pre-occupation must be how we are to meet the payments becoming due to your country for war supplies and food. I think we could send a good deal more gold without creating uneasiness here if it becomes absolutely necessary. Besides the visible supplies in the Bank of England; and in the <sup>41</sup> Note reserve, (£23,000,000 which might well be spared), the Joint Stock Banks are believed to hold about eighty to one hundred million sterling. In addition



there is of course quite an amount circulating in the pockets of the people. France has ~~170,000,000~~ in the Bank of France, and Russia a like amount in her State Bank; if the three can be got together and agree there ought to be no difficulty in sending ~~100,000,000~~ sterling. H. P. Davison of Morgans, however, who is here now, protests that none is needed in the U.S. if other acceptable means of payment can be found. As you know, there have been very large sales of American securities during the last few weeks, and I suppose it is inevitable that these must continue, much as I regret it, but I believe it will be wise for our Government to leave these sales to take place naturally by the owners' free will; any attempt to force them to sell such as Davison has suggested would be likely to fail in its effect. So far as I can understand Great Britain could fairly easily manage to pay for her own purchases, but is hard put to it to find credits to balance <sup>the</sup> amounts needed for satisfying the purchases of our Allies as well.

With kind regards to Mrs. Hill,

Believe me,

Yours sincerely,

James J. Hill Esq.,

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Saint Paul,

Minnesota.