

8, BISHOPSGATE,

LONDON, E.C.

17 September 1915.

Dear Mr. Hill,

When our Commission started for the United States we confined ourselves to giving a short letter of introduction to you to Sir Henry Babington Smith, as we did not feel justified in asking you to come East for the sake of seeing them. However your letter of September 2nd came to hand after they had started, and seemed to us to take so broad a view of the Exchange situation that we determined to communicate with Sterling and ask if he could make arrangements for you to meet Lord Reading. We are greatly obliged for your ready acquiescence of which we have learnt by cable. We have heard nothing of the progress of negotiations, except as reported in the newspapers, but we judge from them how potent your influence has been, and how helpful for us.

As to the grain trade your forecast in the Spring has proved correct, and I hope the present level of prices may not again be exceeded. In the long run a very high price is harmful for the grower as well as burdensome for the consumer. The figures you give of grain production for countries other than



the United States and Canada are confirmed by our grain people on this side, though of course the question of export from Russia is highly problematical, even if the Dardanelles were open. As far as this country is concerned the possibilities of exports from Russia and the tonnage question will be determining facts in the future price, and the question of tonnage is almost as important as any other, so at least I am assured.

I was glad to hear that the Ore Trustees had been making sales. I have stuck to my certificates and intend to keep them, at least until a day arrives when satisfactory dividends are being paid.

We expect the Budget next week, and have little doubt but that its provisions will be drastic enough: they need to be and no one will complain. In these days when Income Tax and Super Tax have been brought up to their present refinement, there is a sweet simplicity about the Chancellor of the Exchequer's operations. He deducts half the interest paid out on the Government debt for Income Tax, and then claims the other half for Super Tax; <sup>and</sup> ~~so that~~ I have concluded that so long as a Government debt is owned by its own citizens, it is of comparatively little consequence how big the debt is, or what is the rate of interest. Whatever the Chancellor pays to-day in interest, he claims tomorrow in taxation. Of course this does not apply

to debts held externally. The position of any debt we are likely to borrow from the U.S. or elsewhere abroad, is thus placed in a far more favourable position as regards security than at first sight would appear, as practically the foreign debt is the only one that need really be burdensome to the Nation as a whole.

I shall write to you again shortly, meantime all your friends here are grateful for the help you are giving us..

Yours very sincerely,

*James J. Hill*

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