Finance Prepares
Foreign Exchange Group
To Act in Event
Of War Emergency
Would Maintain Orderly Mar-
kets and Guard Against Bear
Raider in Currencies

Washington Machinery Ready

In both Washington and New York yesterday close attention was focused on finance circles as they
were said to act in event of shock from possible war
in Europe.

The first and only extraordinary step yet taken in
New York was the formation of a Foreign Exchange
center to which was given the job of maintaining
orderly markets and preventing bear raiding in curren-
ties.

In Washington, the President said all in response
were the formation of a Foreign Exchange committee
to protect the nation's economic structure from the
possible shock of war.

First definite step was the formation of a
Foreign Exchange committee at the sugges-
tion of the Federal Reserve Bank of New York.
This committee, composed of representatives of
various institutions interested in foreign ex-
changes in New York, will coordinate the Reserve
Bank and government efforts towards maintaining
orderly foreign exchange market.

The formation of the committee was the
first step in the event of a possible war in
Europe. Yesterday both the stock market
and the government bond market declined
considerably.

The general readiness of the financial mar-
ket to meet any emergency was again em-
phasized by President Roosevelt who said the Reserve
Bank had been made ready to meet any possible
situation.

Would Guard Against "Raiders"

A chief aim of the Foreign Exchange com-
mittee was to maintain order in the foreign ex-
change markets for as long as possible.

Also under consideration is the formation
of a general advisory or consulting committee
to meet with Reserve Bank officials in con-
nection with possible protective measures in case
of war. Whether this committee actually
will be formed is not finally decided at present.
Names of prospective members were being re-
commended by the government, institutions which
are part of the group are: Reserve Bank, Federal
Reserve Bank, private banking houses, savings banks,
investment houses, stock exchange firms, and
insurance companies.

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formed were made by George L. Harrison,
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These Please turn to page 8, column 2
groups would serve as liaisons between the money markets and the Reserve Bank and other interested Government agencies.

About a year ago, there was formed a foreign exchange committee in London. The one here will serve much the same purpose.

Carrying on his policy of keeping in close touch with money market conditions, Mr Harrison conferred yesterday morning with private bankers and investment houses and yesterday afternoon with savings bankers.

After the organization meeting of the Foreign Exchange committee late yesterday afternoon, R. F. Loree, vice president of the Guaranty Trust Co. who was elected chairman of the group, said that meeting on commercial, private and foreign banks would be held Monday afternoon to acquaint them with the work of the committee. J. C. Roven- sky, vice president of the Chase National Bank, was elected vice chairman of the new exchange committee.

Almost a year ago, at the time of the Munich conference, and again this past spring, when Czechoslovakia was being taken over, leading bankers here were called in by the Federal Reserve Bank. This is the first time, however, that definite steps have been taken looking toward the protection of American markets.

Meanwhile, yesterday, New York exchange officials kept a close eye on market activities. The aim of these officials is to keep the market open in the event of a war outbreak. However, they also wish to keep it unrestricted, according to a philosophy developed during the Munich period last fall, and if that is found impossible, perhaps to inaugurate minimum prices. These probably would be adjusted daily.

Formation of a Foreign Exchange Committee here is particularly welcomed by Reserve Bank officials since it provides a small group with which they can quickly get in touch when necessary. At certain times in the past it has been necessary for such contact and it meant reaching a large number of interested people. The committee's formation will greatly simplify this situation.

For much the same reason a general advisory committee is being considered. To contact commercial bankers in New York alone would mean reaching more than a score of men and other groups of institutional representatives. Therefore, it is pointed out, it is desirable to have a committee to represent these groups of institutions and give advice should developments make it advisable.

One of the markets which had been under discussion at the Thursday meeting of the commercial bankers was that for U. S. Government securities. These obligations, which suffered substantial declines in light trading on Thursday, were moderately higher yesterday. There were reports of Federal Reserve Bank open market purchases of Government bonds but it is understood that the Reserve account was not a substantial factor in today's decline. Turnover continued light.

Following are the members of the newly-formed Foreign Exchange committee, in addition to Chairman Loree and Mr Rovensky: Leo Shaw, vice president of the National City Bank; C. E. C. Freyvogel, vice president of Bankers Trust Co. and E. Huvo- nd, vice president of the Bank of New York and Trust Co.—all representing commercial banks: Knight Woolley of Brown Brothers, Harriman & Co., and I. C. R. Atkins of J. P. Morgan & Co., representing bankers and investment houses doing a foreign exchange business: G. J. Stephenson of the Canadian Bank of Commerce, representing foreign banks; and Sidney J. Weinberg, representing Stock Exchange firms. The members were picked by the various institutions in their groups.