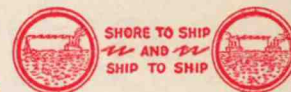


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FEDERAL RESERVE BANK FOR STRONG NYK
AS I AM DOUBTFUL WHETHER /LETTER WILL REACH YOU BEFORE
YOUR DEPARTURE J BEG TO CONFIRM BY CABLE YOUR KIND
LETTER OF MAY 25TH AND BEG TO SAY THAT J SHALL BE
VERY GLAD TO MEET YOU ON THIS SIDE J AM IN CONSTANT
TOUCH WITH OUR LONDON FRIEND BEST REGARDS

SCHACHT

ACKNOWLEDGED
JUN 19 1925

TELEPHONE: BROAD 5100

To secure prompt action on inquiries, this original RADIOGRAM should be presented at the office of the Radio Corporation. In telephone inquiries quote the number preceding the place of origin.

Benjamin STRONG, Esq.

President of the Federal Reserve Bank

NEW YORK

Dear President Strong :

I beg to send you herewith copy of my cable

I forwarded to-day to your address :

" As I am doubtful whether a letter will reach you before your departure I beg to confirm by cable your kind letter of May 25th and beg to say that I shall be very glad to meet you on this side. I am in constant touch with our London friend. Best regards.

Schacht."

and beg to believe me

Yours sincerely

Hjalmar Schacht

TRANSLATION

REICHSBANK POLICY

(Speech made at Cologne on June 25, 1925, by Dr. Hjalmar Schacht, President of the Reichsbank.)

1. The German currency is stable and will remain stable. Strangely enough there are still people who struggle against a recognition of this fact. So far as this struggle is not based on ignorance, nor on any kind of questionable interest, ~~but~~ it rests upon two facts. In the first place, that the prices of goods are not stable, and in the second place that the value of the gold upon which our currency and the money of the entire world rest is likewise not constant. Economic history proves that it is entirely impossible to create a stability of prices since the prices of goods are dependent upon innumerable factors of production and other factors. Undoubtedly an exact calculation and observation of price movements is necessary for all measures of currency policy, but to make a price index, or a combination of several indices the basis of a currency itself would be a mistake just as much as if I tried to measure the depth of the water in the Rhine by a floating peg.
2. We need as a currency basis a measure as stable as possible, such as the metre for the measuring of distance, and the gramme for the measuring of weight. Throughout the centuries, in spite of its own fluctuations in value which take place only within moderate limits and slowly, gold has proven to be such a measure. Furthermore, Germany is today more than ever a country dependent upon the international economic system, and cannot afford to experiment on a peculiar currency, but must adjust herself to the currency principles of the countries ruling the world market, above all, America

3. To all those who today speak too lightly the word "inflation", which only a few years ago was scarcely known to the public, I beg to point out the fact that the bank note circulation of the Reichsbank may in theory be reduced to 10 marks, but that the value of the Reichsmark notes in relation to the notes of foreign gold currencies may be changed in important respects only by a violation of the bank law, which the present administration of the Reichsbank as well as any German Government would never permit. The tasks of German currency policy include, therefore, not only a formal maintenance of gold value of the Reichsbank notes, but go far beyond this, and are directed towards a sufficient supply of the German economic life with such full value Reichsbank currency. Therefore the Reichsbank law is the basis of German currency only in a formal respect. The real basis of the German currency is the German economic system. If German economy does not of its own strength supply the bases for a sufficient note circulation, the notes will indeed remain stable but owing to the lack of a sufficient quantity will be of no use for German economy.

4. The necessity of maintaining at their gold value the quantities of Reichsbank notes in circulation at a given time prevents the Reichsbank from meeting the far-reaching desires of industry for the opening of the Reichsbank as a source of credit in greater degree than hitherto. A policy of a restriction of credit is therefore indispensable for the Reichsbank. Moreover, this policy is nothing new. It was also applied regularly in time of peace although by other means. In addition to the question of the solvency of the applicant for credit, which naturally plays its rôle today unchanged, the Reichsbank in time of peace made use against too large requests for credits of the means of defence in increasing the discount rate. Theoretically speaking, this same means could

be made effective today. However, in view of the fact that the capital requirements of industry as a result of losses through the war and inflation are so extraordinarily great, and are, furthermore, not as in time of peace temporary but continuous, the Reichsbank has added to the means of defence of the fixing of the discount rate the further instrument of defence in the so-called restriction of credit. This restriction is not applied to the individual customer but it is a self restriction, that is, a mathematical limit which the Reichsbank places upon its own branches.

5. A series of objections, not unjustified in themselves, is brought forward against this policy of restriction. These objections are that such a policy of restriction amounts to a certain arbitrariness in so far as the enterprises involved in the Reichsbank discount transactions receive preferential treatment as compared with the enterprises not participating. It is objected, furthermore, that an artificial holding down of the discount rate as is made possible by the policy of restriction prevents savings activity and the formation of capital, and finally, we are told that a policy of restriction causes the banks to keep larger liquid reserves than are necessary during an automatic functioning of the discount policy. In reply to these objections it may be said that the whole commercial administration of the Reichsbank is based upon the desire to grant applicants for credit as just as possible a treatment. It is to be emphasised that in the whole period of the application of the policy of the restriction of credit really serious complaints in this regard have never reached the Reichsbank. So far as the promotion of savings is concerned I believe that a Reichsbank discount rate of 9% is entirely sufficient to promote savings, and I do not believe that under the present conditions of German industry the formation of capital would be hastened in any way if instead a Reichsbank discount rate of 12% or 15% existed.

Finally, so far as concerns the necessity for the banks to maintain large liquid reserves, the statistics of the two months' balance sheets show that the liquidity of banks is today not at all greater than in times of peace, but remains a few per cent below liquidity of the last year of peace.

6. On the other hand the question of the restrictions of credit policy offers the great economic advantage that it makes possible the relative holding down of the Reichsbank discount rate and thus is the strongest means to force down the interest rates in the German economic system. If we should abandon the instrument of credit restriction the Reichsbank discount rate would have to attain much higher figures in view of the enormous capital requirements of German industry. Perhaps the more speculative part of industry would be able to bear this higher rate and also numerous enterprises which are not accustomed to making close calculations, but sound and closely calculated industry would have to suffer most from such a measure.

7. In spite of the reserve which the Reichsbank must practice in the granting of credit, the total amount of the credits given to industry by the Reichsbank directly and partly by other currency institutions is not inconsiderable. At ^{the} ~~middle~~ ^{of} June the credits at the Reichsbank amounted to about 1,400 millions, at the Rentenbank to 756 millions (aside from the Rentenbank credits ^{to} ~~of~~ the Reich), at Private Note banks to about 220 millions, and at the Golddiskontbank to about 100 millions. This makes a total credit granted of about 2.5 milliards which is given purely on the basis of the currency. Thus the maximum of the endurable at present has been reached, unless industry forms a better basis for the amount of the note circulation.

8. At this time conditions in industry do not, however, indicate that any considerable improvement will take place; we are still covered by too much inflation ^{lust}. In particular, the whole

apparatus of distribution of our industry is still inflated in

the most enormous proportions. Furthermore, the attempt is often made to cover the lack of capital power by transformation ^{and} expansion of the ~~internal~~ ^{of} form of the enterprise. In Berlin, for example, the number of the firms included in the trade registry has increased from 31,600 at the end of 1913 to over 61,000 in 1924. The increase in the number of Stock Companies is estimated at easily four times the pre-war number. The address book of directors and members of supervisory boards indicates an increase in such positions of 60% to 70% above peace time conditions. The number of banks and banking firms in Germany is still far beyond twice the peace figures. The number of Stock Exchange companies is still disproportionately great. These are all factors which point to a positively terrifying unproductivity of our economic apparatus.

9. ^a ~~The~~ large part of the superfluous enterprises has its final effect in the form of links in trade, and thus in unnecessary increases in price. It is very regrettable that great increases in the price of almost all raw materials took place as a result of the war, but this difference in price is far below the difference between retail prices and manufacturing prices. Even in the cases of most necessary food stuffs this difference is today often twice and three times as great as in peace time. In the cases of other articles of daily use, textiles for example, the difference between the retail price and the price of production is still much greater.

10. The figures of the bankruptcy statistics are lower than in peace time, but it must be remembered that the statistics do not include those bankruptcies which are never actually opened ^{ed} owing to the small sums involved. This number may, nevertheless, be today considerably higher than in peace time.

11. A severe burdening of the apparatus of production is also represented by the unemployment which the economic system must

still carry. In England it is often pointed out that our unemployment figure amounts to only a few hundred thousands. Actually, the charge upon the German economic system through unemployment is much greater because the whole cost of reduction of employees and of pensions must also be borne by the economic system. The exact figures in this respect are at hand only for portions of the system. In the case of the railways, for example, in 1913 an expenditure of 100 marks for wages contrasted with an expenditure of 17 marks for pensions and allowances, whereas in 1924 37 reichsmarks were necessary to meet these charges; in 1925 there were 339,000 active employees of the railway Company as compared with 230,000 employees receiving pensions, including widows and orphans; that is, for every three active officials there were two persons entitled to allowances but not employed.

12. Among the phenomena of inflation which have not yet been eliminated is the disrespect for the pfennig. No one today calculates in pfennigs. In every case round numbers are used and naturally in the upward direction.

13. Unfortunately the cartels for the most part occupy no satisfactory position from the point of view of national economics in the price policy directed ~~towards an upward tendency~~. The number, and especially the number of price cartels, has grown enormously as compared with peace time. If ~~the~~ German industry can be aided only by increase of productive capacity one must regard with skepticism in a very large degree the policy of cartels. The price cartels ^{can} attribute in a large degree to the circumstance that the overstaffing of our distributive apparatus, complained of by me, is not more quickly eliminated. More than ever the German policy of production must be directed towards lowering prices and thereby attaining enlarged sales. The reduction of the costs of production, and

thus of prices is the only really effective means to maintain our competitive capacity.

14. But whatever we may do in our internal economic policy to bring about greater production all will remain in vain unless the fundamental cause of all the evil brought about by the constant disquiet of foreign policy is eliminated. It now proves that the great laws of judicial and economic reason cannot be broken, even by the victorious powers, with impunity. Our situation in Germany is very bad to be sure, but conditions are not good in almost the entire remaining economic world. The confidence indispensably necessary for the revival of the *inter-*national exchange of goods is constantly weakened by the policy of the Entente. The inner insincerity and thus the unworthiness of confidence can no longer be concealed in a policy which has disarmed Germany but is itself bristling with arms, which sets up the right of self determination of the nations but would like to prevent for ever the union of Austria and Germany, which declares plebiscites decisive for the ownership of an area but has assigned Upper Silesia to a foreign power in spite of such plebiscite, which creates the League of Nations as the protector of a policy of justice towards all, and through this same League of Nations deprives the Saar district of its rights, which delays the payment of its own debts but gives others credits for military purposes, which demands the right of private property for itself but disrespects it for the enemy, which emphasizes the supremacy of the white race, but misuses the coloured race to fight and suppress members of the white race, which demands reparation payments but would like to fight an increase in the production and export of the debtor, and which declares the German people incapable of colonial activity but is itself constantly involved in colonial wars. All these are internal untruthfulnesses which violate the natural laws of development of humanity. So long as the political blindness which leads to such inner untruthfulnesses is not eliminated, so long will the economic

restoration of Europe be delayed.

15. It is a further misfortune that the shortsightedness of our opponents has caused us to take highly unwelcome measures if we do not want to be ground between the foreign millstones. Only from this standpoint are our present proposals with regard to customs policy comprehensible. Never was the free international exchange of goods so necessary in the world as today. Instead of this we see how every European State, even the smallest of those newly created, withdraws behind protective tariff walls, and chases after the phantom of a separate national industry. Every State would like to sell as much as possible to the others but buy nothing from them, whereas only the combination of really great markets will assure a rational economic development.

16. It is no wonder that in such an atmosphere voices are raised which already today deny the possibility of a transfer of the payments under the Dawes' Plan. These predictions regard^{ing} the Transfer Problem, it seems to me, ^{are} as premature assertions to the contrary. But we see here also again that the formal provisions of the Dawes' Plan have been understood everywhere, but that the great economic and human fundamental ideas of the Dawes' Report threaten to pass over the blinded world without a trace. The Dawes' Report is a serious and well considered attempt to remind the political rulers of the world of their economic responsibility upon which the material and spiritual welfare of the nations depends. Only if the sense of this responsibility prevails in authoritative quarters shall we save Europe from Bolshevism and chaos. The attempt to prove the figures of the Dawes' Plan to be impossible may possibly result in a weakening of the sense of responsibility. We shall therefore do well to remind ourselves that the Dawes' Report clearly emphasizes that the estimates contained therein are based on ^{the} assumption that Germany's economic activity will be hampered and restricted by no other foreign

organisation than the control organs contemplated in the Report and that the Plan is founded on the condition precedent that all measures which hamper this activity shall be made retroactive or shall be sufficiently modified as soon as Germany has begun to carry out the proposed Plan. I believe that a public statement is necessary and useful, that also in this case Germany has fulfilled and her opponents have not fulfilled, and that this declaration is necessary to make clear to the world the responsibility for the consequences.

17. That Germany and her economic leaders have not lost their extremely taut nerves in such a difficult situation, that on the other hand they have always been conscious of the great responsibility devolving upon them, is a fact which will be accounted to our credit by all the seriously thinking merchants of the world. I note with thanks and satisfaction that especially the English and American banking world have maintained their confidence in us in spite of the difficult situation in which we are. When the Stinnes case became known offers were received from abroad to help by the supply of foreign credits. We have expressed our thanks for this, but added that we should settle such matters ourselves and had sufficient strength to do so. We wished thus to show our foreign creditors that there is no greater security for the creditor than a sense of responsibility on the part of the debtor.

18. In the difficult struggle which we are carrying on for our national existence and which we can and will conduct only with intellectual and economic weapons, the Reichsbank policy covers only a small section, but within this field it will always work towards the end that responsible circles abroad may not deny their respect and aid to a great nation which was perhaps once led astray, but which has always been honest and competent.

Der Präsident
des
Reichsbank-Direktoriums

Berlin SW111, den 21.7.25.

Schacht
Ack 7/27/25
Brussels-

Dear Mr. Strong !

I gladly received your very kind letter of the 20th and hope you will have a nice holiday in Spa.

As promised to you I beg to hand you enclosed a translation of the items of the Reichsbank weekly statement. Furthermore I have ordered, that a copy of each weekly statement will be sent to you as long as we can reach you during your european stay.

On Monday I had a very nice and extended talk with Mr. Hautain who seems to be quite willing to let his colleagues in Paris and Rome all alone and ^{to} join our policy. However he thinks that he is depending upon a settlement of the german mark question, about which Mr. Norman will be able to give you some details. He has reduced his portfolio constantly, as he tells me, but his total circulation is still far too high, as it is about 50 Dollars per head. But the chief thing is, that he is willing to stabilize ^{the French} and in consequence to reduce this amount, so that a conversation with him and Mr. Norman that you will certainly have, may be very useful.

Mrs. Schacht and I have been very glad that you keep a kind remembrance of your Berlin stay and we hope that it has not been the last time, that we have seen you here. Please give our best regards to Mrs. Humphrey and to Mr. Norman and believe me

dear Mr. Strong,

Yours very truly

Mr. Benjamin STRONG
Governor of the Federal Reserve Bank
of New York,

Spa

Helene Schacht

Brussels, Belgium
7/27/25.

WEEKLY STATEMENT OF THE REICHSBANK
July 7, 1925

ASSETS:

1. Reichsbank shares, not yet issued.....	RM 177,212,000
2. Gold (bullion) as well as German and foreign coin, one pound (the pound equals 1/2 kilo) fine calculated 1392RM, divided as follows:	
a. Gold at Home.....	RM 974,947,000
b. Gold (not pledged) with foreign central banks....	RM 90,654,000
3. Foreign valuta (Devisen) used as cover.....	1,065,601,000
4. Portfolio of bills and cheques.....	355,200,000
5. German coin	1,579,680,000
6. Notes of other German Banks of issue (not including the Rentenbank).....	66,930,000
7. Loans against securities	18,936,000
8. Securities	15,611,000
9. Sundry Assets.....	201,344,000
	685,708,000

LIABILITIES:

1. Capital	
a. Issued and paid up.....	RM 122,788,000
b. Not yet issued	177,212,000
2. Reserve funds	
a. regular reserve funds, provided in the law	25,403,000
b. special reserve fund for future dividend payments	33,404,000
c. sundry reserve funds	127,000,000
3. Outstanding Circulation	2,442,639,000
4. Other Liabilities on call	573,984,000
5. Liabilities on term	—
6. Debts toward the Rentenbank	2,142,000
7. Sundry Liabilities.....	661,650,000

Bills rediscounted RM 540,406,000

(Translated by the Reichsbank in Berlin, July 10, 1925, and sent to B.S. at Spa)

DISCOUNT AND CURRENCY POLICY OF THE REICHSBANK.

The morning newspapers of July 29, 1925, publish the following account of an address made yesterday by Dr. Schacht to the Central Committee of the Reichsbank:-

"Since the last session of the Committee on March 23, 1925, the still depressed situation of German industry has been reflected plainly in the money and capital market. The great demand for long- and short-term capital has not diminished. It proves now that the reduction of the Reichsbank discount rate from 10 per cent to 9 per cent, which was made in February last, occurred at the proper moment for an interest concession to German industry; in fact, the curve of interest rates from the beginning of the year to the end of April shows a declining tendency but from that time it begins once more to rise slightly.

"In the past quarter, the Reichsbank has regarded it as its task to aid German industry so far as is reconcilable with the protection of the currency. We continue to hold the theory that the maintenance of the German currency, which has been completely successful, must take precedence over all other demands. In this connection, if we do not want to create a situation of complete disorder on the interest market, we cannot renounce also for the future the process of rationing credit. We note with satisfaction that the original objections to this policy have been almost entirely silenced and that all important industrialist circles have expressed their approval of this policy. On the other hand, in view of the fact that

-2-

ideas have recently been expressed, based exactly on the fact of the rationing, which desire a further reduction of the Reichsbank discount rate, we should like today to take occasion to explain to the Central Committee in a special report the reasons why such a reduction cannot be considered at the present time if the Reichsbank is to maintain the influence on the fixing of interest rates on the open market, which it has had so much difficulty in obtaining.

"It is no secret that in the past few months the demand for foreign exchange has been very strong on the German market. The reason for this outflow is partially to be found in our trade balance. Without attempting to discuss the reasons exhaustively, I should like only to point out that a considerable portion of industry does not devote to export that attention which is to be desired in the interest of our balance of payments. On the other hand, the purchasing power of the domestic market is artificially increased by an administration of public monies, which is often mistaken, and thus gives the appearance of a stimulation of business activity which, in view of the tax charges upon industry, must necessarily reach a speedy end. The permanent strengthening of domestic purchasing power which is so necessary can be obtained only through the cheapening of production and especially through an increasing of agricultural production.

"A further cause of the demand for foreign exchange was the refusals to renew short-term foreign credits, owing to several reasons, partly political and partly economic in nature. The Reichsbank has pointed out repeatedly to German industry the objections to such short-term foreign credits. The careful

policy of the Reichsbank is to be thanked that difficulties have not arisen in repayment. Industry will, however, have to keep in view the possibility that even in the future, under certain circumstances, the Reichsbank will not give up foreign exchange against credits but only against payment in marks.

"Finally, it must not be forgotten that the reparation obligations also resulted in a serious burdening of German industry in foreign exchange. The payments for the interest service on the Dawes Loan, for the Recovery Act and for those costs of administration and occupation which are transformed by their receivers into foreign exchange, have thus far certainly exceeded the amount of 250 million Reichsmarks in foreign exchange. Furthermore, the deliveries in kind naturally also burden our balance of payments directly through the imports of raw materials necessary for these deliveries in kind, whereas, on the other hand, our trade balance as a whole is made considerably more unfavourable by the gratis deliveries in kind.

"Nevertheless, the Reichsbank has been in a position to increase its holdings of gold now to over 1100 million Reichsmarks. We intend to continue still further to increase our gold supply. We regard the partial foreign exchange cover permitted by the Bank Law merely as an emergency measure and believe that regardless of the small loss of interest, cover in coined and uncoined gold is far preferable for a bank of issue. Although, therefore, we have hitherto shewn regularly one-fourth of our total cover in foreign exchange and only three-

fourths in gold, we shall in future endeavour, by

transforming foreign exchange cover into gold, to modify the ratio in favour of gold.

"It is fortunate that the Reichsbank has been in a position to meet all the demands for foreign exchange made on it, without having to undertake a reduction of the credits hitherto granted by it. Neither, as things are at the moment, is there reason for anxieties as to the future. On the other hand, no increase in the amount of credits granted by the Reichsbank can be counted upon at this time.

"Wherever concessions to industry on the part of the Reichsbank seem possible, we are endeavouring to make them. Thus, recently, in order to promote payment transactions without cash and to simplify our business with clients' bills, we have undertaken a considerable reduction of the fees for such bill business. We hope that the Banks and other organisations concerned will do everything on their part which may lead to simplifying our payment transactions and to reducing expenses and costs."

.....

The Vice-President of the Reichsbank Directorate, Kauffmann, then explained in detail the reasons against a lowering of the discount rate of the Reichsbank. The Central Committee, almost all of the members of which were present, approved unanimously the standpoint of the Reichsbank Directorate and considered a further reduction of the discount rate impossible in view of the present situation on the money market.

Extract from "Frankfurter Zeitung" 1st August 1925

The Reserve Policy of the Reichsbank

Gold instead of Devisen

On Tuesday after an interval of several months a meeting of the Central Board was called. At this meeting the Reichsbank President explained fully why a reduction in the Bank Rate was not being considered at the present moment. The members were surprised to hear such an explanation at a time when, in view of the strained situation of the money market, the possibility of a reduction in the rate could hardly be discussed in serious economic circles. The unanimous approval which the Board has given to the point of view of the Reichsbank management will have strengthened the latter in the view that there is no room for non-economical considerations in decisions regarding the discount policy.

At the same meeting another announcement in the programme was made which in a certain sense shows a turning point in the gold policy of the Reichsbank. The Bank management having hitherto been out to strengthen as much as possible the gold and devisen position of the Institution, they now surprise us with the announcement that they merely considered as a measure of expediency the partial devisen cover allowed to the Reichsbank by the Bank Law and far preferred cover in minted and unminted gold for the investment of their reserves. It is known that the Bank Law binds the Bank always to hold a cover of at least 40 per cent. in gold or devisen against their notes in circulation. Of this at least three quarters must consist of gold. Hitherto the Reichsbank has arranged in accordance with the authority granted to them that a quarter of the total cover should only consist of devisen and only three quarters should consist of gold. In future by the conversion of the devisen forming cover into gold they will

endeavour to alter the proportion in favour of the gold. They renounce voluntarily the possibility left open to them in the Bank Law of placing 25 per cent. of the total cover in interest-bearing devisen.

The opinion that cover in actual gold is preferable for a note-issuing Bank is not uncontested. The legal regulation regarding minimum cover is on the whole only a conception of currency policy which is out of date. Every reserve which is prohibited from being touched has forfeited its chief meaning. Always the devisen concession stands in contrast to the costly hoarding of gold as the rational form of this kind of reserve policy. Devisen are - excepting for wartime considerations which need not be taken into account - superior to gold as an investment for the available reserves of a Central Bank because the stocks of gold in order to become available for balancing temporary fluctuations in the payment balance - their particular purpose - must first in all cases again be converted into the currency concerned. There is the additional advantage of interest. For impoverished Germany this is certainly not without importance.

? Can
The Reichsbank-management meets such objections by pointing out that to-day only five currencies are considered for investment purposes. If means are so limited a state of undesirable dependency might easily arise. Currency losses must be absolutely avoided by the Central Bank. The German Reichsbank's stocks of gold are suitable for use in the exchange market because, one hears, the object in view for a long time has been to procure chiefly minted gold. The importance of the loss of interest cannot be overestimated. As the Bank Law only permits of a quarter of the cover being held in devisen, three quarters must in any case remain non-interest bearing.

There are surely other points of view which have influenced the Reichsbank to decide to give up the proportion of 3 to 1 of covering gold and covering devisen. The solution of the great problem, of the threatened redistribution over the world of the accumulated American gold reserves, will depend on what gold policy the German Reichsbank pursues as the chief of the rehabilitated great note-issuing banks on the continent. The conduct of the Reichsbank, which of course only has scope within the narrow scope of the Dawes Laws, will stand as an example of the practice for Central Banks to follow when their currencies are similarly stabilised. Only when America succeeds in effecting the return of the gold to Europe will the duration of the danger of an international depreciation in the value of gold be checked. There is no better means of ensuring the maintenance of the value of gold than propaganda for actual gold cover. According as the Reichsmark is firmly pegged to the gold currency the German Reichsbank feel themselves, as guardian of the value of German money, responsible for turning the gold currency to good account. They could not then logically refuse their active cooperation in the distribution of the American gold.

If such a policy brings with it the advantage of a closer relationship of confidence between the management of the Anglo-American currency banks and the Reichsbank, if the support which the German central bank gives in this manner to the Federal reserve system also enables them (the Bank) to be considered to a certain extent as being in trust of common interests on the European continent, those who are not convinced like our Reichsbank of the superiority of actual gold cover but are of the opinion that

devisen deserve the preference as an investment for reserves will be able to reject such principles. For Germany in her present position more depends on the firm establishment of her international credit relations than on the materialisation of a reasonable currency theory.

The conjecture is not amiss that a thorough discussion of all these questions took place with the Governors of the Bank of England and the Federal Reserve Bank on the occasion of their recent visit to the Reichsbank President in Berlin.

9 While the anxiety, which the decentralisation of the stocks of gold has for a long time caused the Americans, is not under-estimated, it is to be emphasised that no acute reason for definite measures is present. Therefore, as we already stated in No.511, only an agreement as to principles was established between the three Bank chiefs, business agreements on the contrary not being made. For example, re-discounting negotiations between the Golddiskontbank and the American Banks were not brought up at the conference. These were conducted independently and quite ^{unofficially} unceremoniously with various Banks after the Institute had increased the loans granted by it to £6.5 millions and had thus exhausted its own means. Just as these negotiations have nothing to do with the visit, no conditions were made regarding the purchase of gold. The Reichsbank has, as before, a free hand, and it is not to be assumed that they will shortly enter the gold market in great style as buyer. That a readiness exists on the part of the Reichsbank to hoard gold does not depend on a promise which may vanish to-day or to-morrow but on the assurance based on principle of the money-producing countries. The American currency policy only fits in with the granting of credit to Europe when a movement of the yellow metal is thereby occasioned!

The stocks of devisen of the Reichsbank as we know after the way in which they have been drained during the last fe

months, are not so plentiful as at the beginning of the year. The total reserves shown have considerably increased. The gold reserve rose from the end of 1924 to the 23rd July 1925 by 343 millions to 1,103 millions and the stock of cover devisen by about 115 millions to RM367 millions. Against this rise of 458 millions in the cover shown however there is a greater decrease in the stock of free devisen. Exact figures in this connection are not available. In view of the present condition of the devisen market the Reichsbank shuns the disclosure of their special reserves. Consequently one has to draw circumstantial conclusions from the movements to which the account "Other Assets" is subject after deduction of the Rentenbank-notes entered therein. Exclusive of Rentenbank-notes it still only came to 339 million RM. on the 23rd July. An indication of the extent of the free devisen stocks of the Reichsbank is not provided by this figure, for according to the not inconsiderable credits entered in the devisen account during the past year the position of the Reichsbank is stronger than appears from the balance sheet.

Should the influx of foreign credits be shortly renewed, should in particular the Renten bank loan be satisfactory in its first instalments, the proceeds of which will hardly be directed at all to the financing of foreign imports but similarly to the 800 millions Dawes Loan will go entirely to the Reichsbank and be exchanged by them for German money. an increase in the reserves would result. In view of the contraction of the circulation of Rentenbank notes which is to be expected in the late Autumn, such an increase would perhaps not be undesirable.

Der Präsident
des

Reichsbank-Direktoriums

Berlin SW 111, den 10.9.25.

ACKNOWLEDGED

SEP 24 1925

R S

Dear Mr. Governor !

I beg to send you enclosed copy of my letter, I sent August 20th to Mr. Paul Warburg, which I think, after our conversation, will find your interest.

Believe me,

dear Mr. Governor,

Yours very truly

Helmut Thaut

Mr. Benjamin STRONG

Governor of the Federal Reserve Bank

New York

*translation
attached
[not here]*

Der Präsident
des
Reichsbank-Direktoriums

Berlin SW 111, den 21.9.25.

Schacht

Dear Mr. Strong,

/ enclosed I beg to hand you a list of acquaintances on your side for your lists. I keep strictly to our arrangement that I do not accept any invitations unless they are ^{agreed} arranged by you. To-day Mr. Herring, who is as I understand your commercial Attaché in Berlin, asked me whether I should like to accept an invitation of the American Bankers Association and I asked him to apply to you.

I am sailing with Mrs. Schacht, my daughter and Mr. Weismann as Secretary October 9th by the Deutschland of the Hamburg-Amerika-Line and hope to arrive in the course of the 19th.

Believe me,

dear Mr. Strong,

Yours very sincerely

Pauline Schacht

Benjamin STRONG, Esq.

Governor of the Federal Reserve Bank of New York

New York

1. Peace Treaty and Dawes Commission -Members.

General Dawes
Owen D. Young
Henry Robinson (Los Angeles)
Rufus Dawes
Professor Kemmerer
Jeremiah Jenks
Colonel Aires
Commandor Auld
Sterrett
John Foster Dulles
Gates Mac Garrah

2. Bankers.

Paul Warburg
Mortimer Schiff
Krech
Kies
Leary
Mitchell
Morgan
Lamont
Owen
Speyer
Shaplan
Walker
Morris
Otis

3. Newspaper -Reporters

Marcosson
Roosevelt
Bernstein
Potter

4. Others

Alexander
Dr. Hugo Lieber
Rudolf Pagenstecher

RADIOGRAM

WORLD WIDE WIRELESS



CONTINENT
TO
CONTINENT



SHORE
TO
SHIP



SHIP
TO
SHIP



Via RCA" RADIO CORPORATION OF AMERICA "Via RCA"

FORM No 112

RECEIVED AT **64 BROAD STREET, NEW YORK, AT** _____ **M. DATE** _____ **192** _____

1925 OCT 16 PM 7 33

SR 119

CW CE 135 RADIO

SS DEUTSCHLAND DDT RCNEWYORK 18

FEDRESERVE FOR GOVERNOR STRONG NEWYORK

MOST GRATEFUL YOUR 2 TELEGRAMS EVERYTHING YOU ARRANGE

IS PERFECT BEST REGARDS

SCHACHT

TELEPHONE BROAD 5100

Digitized for FRASER
<http://fraser.stlouisfed.org/>
Federal Reserve Bank of St. Louis

To secure prompt action on inquiries, this original RADIOGRAM should be presented at the office of the Radio Corporation. In telephone inquiries quote the number preceding the place of origin

Nov. 10, 1925

- a copy of this was given to the newspapers today when they talked with DeLoach

There have been various rumors afloat concerning the purpose of my visit to this country to the effect that I came to arrange credits or to suggest modifications of the Dawes plan, or to negotiate some kind of world financial compact. I wish to say again, as I said on my arrival, that these rumors are absolutely without foundation. I had nothing of the sort in mind before coming here, nor has anything of that nature developed during my visit. I have had no secret motives whatever in coming here and the statement which I made upon landing here was a frank and complete statement of my purposes.

As far as the Dawes plan is concerned, I have only one comment to make and that is an expression of appreciation of the work which is being done in connection with the Dawes plan by the American representatives with whom I come in contact. These gentlemen are working in perfect harmony with our government officials and with the Reichsbank. We see frequently Mr. Gilbert and Mr. Shepard Morgan, his economic adviser, Mr. Sterrett of the Transfer Committee, and Mr. McGarrah, who is a member of the board of the Reichsbank, and we have come to feel the highest respect and esteem for them. They have conducted their business so tactfully and so wisely that we have come to look upon them as friends who are helping us in working out some of our difficult problems.

Concerning the object of my visit, let me repeat what I said in a previous statement that the purpose is, first, to pay my respects to the Governor of the Federal Reserve Bank of New York with whom we have many important business relations. I have also been to Washington to pay my respects to my ambassador, to members of the Federal Reserve Board, and to Secretary Mellon and Secretary Kellogg.

Second, the visit to this country has given me an opportunity to meet bankers here many of whom I have met before in Germany, and to exchange with them views regarding the world credit situation, giving them information about German conditions and securing from them information about conditions here. We are, of course, particularly interested in conditions in the American money market because financiers and the investing public here have taken such an interest in aiding in the reconstruction of Germany by making loans to us. Germany appreciates greatly the help given by this country.

Concerning general conditions in Germany, we have many difficult problems to face and much hard work to do before we shall recover to our old time prosperity, but we now have a working basis. Our greatest need is working capital. Our liquid assets were dissipated. Fortunately the currency has now become reestablished on a sound basis and we no longer fear any recurrence of inflation. The Reichsbank is in a strong position. This furnishes a basis for a wise use of credit, but we recognize that such credit must be discriminating and we recognize our responsibility in that regard. It is for this reason that the government and the Reichsbank have discouraged borrowing by states and municipalities for any but productive and essential purposes. An advisory board has been created by the government, with the minister of finance as chairman, which

exercises rigid control over applications of states and municipalities to float loans abroad, and only approves those loans which promise to assist commerce and trade. Due to the fact that many municipalities own productive plants, such as electric plants, harbor improvements, etc., there are many municipal loans which may have a genuinely productive purpose. Each case, therefore, has to be judged upon its own merits. No such control is needed for industrial and agricultural loans, which are favored because they are of direct aid in increasing the country's productivity.

Besides the lack of liquid funds there are other problems Germany is facing. One is the difficulty of finding markets for our products. With the erection of many new states in Europe, customs barriers have been set up and it will take some time either to find new markets or to open up the old markets by satisfactory commercial treaties.

We are not discouraged by these problems. German industrial plants are in good shape and scientific invention is increasing their efficiency. Farming prospects are promising with the aid of a wider use of fertilizers and machinery than before the war. German industrial and commercial enterprise still prevails as before the war. Although we have lost money we have not lost our courage. Our banks are handled along the old, sound financial lines and we believe perhaps the greatest security which those who deal with Germany have is the continuance of complete responsibility in meeting our commercial engagements.

I want to express my thanks for the hospitality which has been extended to me here and to say how sorry I am that I have not been able to accept more than a limited number of the many invitations which have been so

-4-

freely extended to me. I have met many new acquaintances and I have renewed many old ones, and I hope my visit may have done a little something to restore our old friendly relations with the American people.

RECEIVED
DONALD
MAY 19 1944

CLASS OF SERVICE	SYMBOL
TELEGRAM	
DAY LETTER	BLUE
NIGHT MESSAGE	NITE
NIGHT LETTER	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION



TELEGRAM

CLASS OF SERVICE	SYMBOL
TELEGRAM	
DAY LETTER	BLUE
NIGHT MESSAGE	NITE
NIGHT LETTER	N L

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NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

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Received at

Letter Book No

F157CC 8C 22 RADIO

SS NEWAMSTERDAM NY. NOV 14 1925

FEDRESERVE

FOR SENIOR OFFICES NEWYORK (NY)

MANY THANKS FOR KIND WISHES AND GIFT AND ONCE MORE FOR ALL
COURTESIES EXTENDED TO ME

SCHACT

1152P

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT

TELEGRAM

DELIVERY NO.

This is a fast Telegram unless otherwise indicated by signal after the number of words—"Blue" (Day Letter) "N.L." (Night Letter) or "Nite" (Night Telegram)

TELEGRAMS
TO ALL
AMERICA



CABLEGRAMS
TO ALL
THE WORLD

STANDARD TIME
INDICATED ON THIS MESSAGE

Form 16
35 NASSAU
RECTOR 97

15 NY RU 41 BLUE

HOBOKEN NJ NOV 14TH 1925

FEDER BANK FOR GOVERNOR STRONG

33 LIBERTY ST NY

ACKNOWLEDGED
NOV 14 1925
B. S.

MANY THANKS ONCE MORE FOR ALL YOUR COURTESIES EXTENDED TO
US ~~IF~~ ^{STOP} IF WE WOULD HAVE KNOWN BEFORE WHAT YOU
DID WITH OUR MOTOR CAR WE WOULD NOT HAVE USED
IT SO FREQUENTLY AND LARGELY PLEASE REMEMBER US TO ALL
FRIENDS

SCHACHT FAMILY 12PM

FEDERAL RESERVE BANK
OF NEW YORK

TELEGRAM

WIRE TRANSFER
DIVISION

COMMERCIAL WIRE—INCOMING

DECODED _____

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COMPANY _____

ATTENTION _____

TRANSLATION COPY

18PO MQ 118 BLUE HN HOBOKEN NJ NOV 14
GOV STRONG.

IN THE MOMENT OF LEAVING YOUR COUNTRY I WISH TO EXPRESS
MY FULL SATISFACTION WITH THE RESULTS OF MY STAY THE MANY
CONVERSATIONS I HAD WITH YOU WITH THE WASHINGTON AUTHORITIES
AND WITH A GREAT NUMBER OF LEADING FINANCIAL AND INDUSTRIAL
MEN HAVE GIVEN ME THE FULL CONVICTION THAT THE AMERICAN PEOPLE
HAS DECIDED TO HELP RECONSTRUCTING OLD EUROPE IF THE EUROPEAN
PEOPLE ARE WILLING TO COOPERATE IN FRIENDLY UNDERSTANDING EACH
OTHER AND PEACEFULLY DEVELOPING THEIR ECONOMIC AND INTELLECTUAL

FEDERAL RESERVE BANK
OF NEW YORK

TELEGRAM

WIRE TRANSFER
DIVISION

COMMERCIAL WIRE—INCOMING

DECODED _____

CHECKED _____

COMPANY _____

ATTENTION _____

TRANSLATION COPY

~~18P0-118~~ HOBOKEN TO GOV STRONG.

FORCES, I HIGHLY APPRECIATE THE SHARE YOU HAVE TAKEN IN THIS
TASK AND ADMIRE YOUR CLEARNESS OF THOUGHTS AND YOUR COURAGE
IN CARRYING THEM THROUGH YOU WILL ALWAYS FIND ME READY TO
COOPERATE WITH YOU IN THE SAME SPIRIT.

HJALMAR SCHACHT

1230

FEDERAL RESERVE BANK
OF NEW YORK

TELEGRAM

COMMERCIAL WIRE—INCOMING

TRANSLATION COPY

Schacht
WIRE TRANSFER
DIVISION

ATTENTION _____

DECODED _____

CHECKED _____

COMPANY _____

10 WU C 25 RADIO SS NEWAMSTERDAM NY NOV 14

FRB FOR PIERRE JAY

~~NEWYORK~~

THANKS FOR KIND GIFT AND ONCE MORE FOR ALL

KINDNESS SHOWN TO US HOPE AU REVOIR IN GERMANY

SCHACHT FAMILY

907A

NOV 16TH *DB.*

Der Präsident
des
Reichsbank-Direktoriums

Confidential

ATTENDED TO
FEB - 8 1926
W.A.B.
Berlin SW111, den 21.1.26.

Benjamin Strong, Esq.

Governor of the Federal Reserve Bank

New York

Dear Mr. Governor !

It is very kind of you to trouble about a special arrangement for our cables and I appreciate very much getting a special shuttle for the Hammond used already with Governor Norman. I quite agree with you that only our secretaries have to handle this method and all cables for you sent directly by me shall be addressed: Strong Reichsfed New York.

As soon as I have the shuttle in hand I shall let you know by cable.

Believe me,

with kind regards

very truly Yours

Adolf Schacht

Schacht

Der Präsident

des

Reichsbank - Direktoriums

Berlin SW 111, den 6.5.26.

Governor Benjamin Strong,

Hyde Park Hotel

London

My dear Mr. Strong :

it was a great disappointment for me that the circumstances did not allow me to come to England these days. The telegram, which Governor Norman sent me arrived just half an hour before I had to go to the railway station. Nevertheless I am grateful that Mr. Norman advised me not to come, as perhaps it would have been difficult for me to leave in time, which would have been important for me, as to-morrow I have to be in Darmstadt. I was so glad foreseeing the opportunity of seeing you in London that I feel very sad learning from your letter, that I may not see you before July. I hope however that you will find a full recovery for your health on the Riviera and that the various european problems, which are waiting for your help, will develop until July so far that a solution then can be reached. I shall stay in Berlin the whole summer except a few weeks in July but if you can let me know in time, when you expect to come to Berlin, I can easily arrange to be here when you come.

Please give my best regards to Mr. Norman, who was kind enough to write me the same day you did. I am waiting for some further news of his part telling me when my visit to him will be convenient.

I remain,

dear Mr. Strong,

very sincerely Yours

Hjalmar Schacht

Schacht

Der Präsident
des
Reichsbank-Direktoriums

Berlin SW111, den 11.6.26.

My dear Mr. Governor !

I am much obliged for receiving your very kind letter of June 5th. In order to make it absolutely sure that I shall be in Berlin, when you pass here, I have arranged to begin my holidays already the 27th of June. My address in Holland is Hotel Rembrandt, N o o r d w i j k aan Zee. If you will kindly let me know a few days before when you expect to be in Berlin, I shall certainly be here.

In the meanwhile I hope you will have a perfect rest so that I shall have the pleasure to meet you in full health.

Believe me,

dear Mr. Strong,

Yours very sincerely

Adolf Schacht

Governor Benjamin Strong
Hotel du Cap d'Antibes
Antibes

W. T. 11. 1 50M 11-26

FEDERAL RESERVE BANK
OF NEW YORK

TELEGRAM

COMMERCIAL WIRE - INCOMING

TRANSLATION COPY

WIRE TRANSFER
DIVISION

DECODED _____

CHECKED _____

COMPANY _____

ATTENTION _____

12WUO 131 NL NEWYORK NEWYORK JULY 13TH
GOVERNOR STRONG.

Σ 1927

AT THE MOMENT OF LEAVING THIS COUNTRY I WISH TO THANK
YOU DEAR MR STRONG FOR ALL THE KINDNESS YOU HAVE EXTENDED
FOR ME DURING MY STAY STOP ALTHOUGH WE WERE NOT
WORKING ON A SPECIAL PROGRAM I FEEL ABSOLUTELY SURE
THAT OUR FRIENDLY CONVERSATIONS HAVE CONTRIBUTED A GREAT
DEAL TO THE FURTHER DEVELOPMENT OF INTERNATIONAL PEACE
MUTUAL UNDERSTANDING ENLARGEMENT OF WORLDS TRADE AND

W. T. 11, 1 50M 11-26

FEDERAL RESERVE BANK
OF NEW YORK

TELEGRAM

COMMERCIAL WIRE — INCOMING

WIRE TRANSFER
DIVISION

ATTENTION _____

TRANSLATION COPY

DECODED _____

CHECKED _____

COMPANY _____

GOVR STRONG⁷ (2ND SHEET)

ECONOMIC RECONSTRUCTION STOP MAY PEOPLE MORE AND MORE
REALIZE HOW LARGELY PERSONAL CONTACT KNOWLEDGE AND
FRIENDSHIP ARE BOUND TO FOSTER SUCH A DEVELOPMENT TO
THE GOOD OF ALL I HOPE WE SHALL TO CONTINUE ALONG
THESE LINES ON MANY OTHER OCCASIONS TO COME STOP
PLEASE REMEMBER ME TO ALL MY FRIENDS WITHIN THE
FEDERAL RESERVE BANK SYSTEM AND BELIEVE ME TO REMAIN
WITH WARMEST PERSONAL REGARDS VERY SINCERELY YOURS.

DOCTOR HJALMAR SCHACHT. 9AM

REICHSBANKPRÄSIDENT
DR. HJALMAR SCHACHT

Woodruff

BERLIN SW 111, DEN

Schacht

13. July. 26.

Dear Mr. Henry.

I am very sorry to see from your kind letter that you have not been quite well and I hope that the rest which you still intend to take at Antibes will do you good.

No need to say, that all the news, you may have read in the Papers about my going to Paris etc. are all wrong although it might be useful one day to discuss the situation with the French but of course this should then be a common conversation with you and Norman. Although the economic situation in Germany is not very good, the financial and currency situation is perfect, and it looks as if some day the French may intend to profit of the German money market for placing some short term Notes as the Belgians have done already.

Mr. Kissering, whom I met yesterday, would be very glad to see you. He has been to see Franconi about the Belgian situation, but it seems to me, that Franconi marches rather slowly.

I shall be in Berlin from the 19th to the 31st of July and then come again here for a week to get my family back from here. From the 8th of August I shall be in Berlin again. This is only to inform you, where I shall be available in case Norman or you want me. By all means I want to see you somewhere before you go back to New York and I hope you will give me the chance somewhere on the continent or in London, I shall come to any place which will suit you. Give my best regards to Mr. Norman and believe me, dear Mr. Henry, yours very sincerely
Hjalmar Thacke

Schacht

Der Präsident

des

Berlin SW111, den 29.7.26.

Reichsbank-Direktoriums

Dear Mr. Strong !

I still have to thank you for your letter of the 15th and I beg to say that I shall be in Holland (Noordwijk Hotel Rembrandt) from the 3rd of August in the morning. I shall stay there for a week. I hope that you and Norman, whom I have informed to the same end, will give me an opportunity to see you there. ^{in Holland} Of course I am also ready to come to London from Noordwijk, when-ever you prefer me to do so.

Believe me

dear Mr. Strong

Yours very sincerely

Walther Schacht

Governor Benjamin Strong, Esq.

Hotel du Cap d'Antibes

Antibes

France.

Der Präsident

des

Reichsbank - Direktoriums

Berlin SW111, den 13.8.26.

Dear Mr. Strong :

Thanks so much for your letter of the 11th. The Eupen and Malmedy question has become a general object of the Belgian papers. As far as I can see all the rumours come from Brussels. The German papers behave so far well in that matter and show a great reservation. I do not pay attention to all the various news about you or me or any other friend, because they are all guessings and everybody really concerned knows that they are guessings and do not touch the real ground.

I absolutely agree with what you say in your letter about political affairs and I myself shall absolutely keep out of the political side of the whole transaction.

I had a long talk with Gilbert about the whole matter, whom you presumably will see in a few days.

I hope you will enjoy your Evian stay very much, should circumstances arrive I may come to see you there.

I remain,

dear Mr. Strong,

Yours *sincerely*

Pauline Thacker

Benjamin Strong, Esq.

Governor of the Federal Reserve Bank of New York

c/o Messrs Morgan, Harjes & Company

14 Place Vendôme

P a r i s

Schoecht

Der Präsident
des

Berlin SW111, den 24.8.26.

Reichsbank-Direktoriums

Dear Mr. Strong :

This is only to inform you that the Belgian matter of which I had spoken to you in Holland has been seriously hurt by Poincaré and has to be dropped for some while, but I hope not for ever.

I am looking forward with much pleasure to your news about what time you intend to be here and shall be very glad to see you again.

Please remember me to Mr. Mellon and believe me

Yours very sincerely

Thalman Schoecht

Benjamin Strong, Esq.

Governor of the Federal Reserve Bank of New York

c/o Messrs Morgan Harjes & Company

14 Place Vendôme

Paris

Der Präsident
des
Reichsbank-Direktoriums

Berlin SW111, den 21.5.27.

Dear Mr. Strong :

I think you might be interested in having a report about the events of the last weeks on our money-market and therefore I beg to enclose copy of a letter which I have sent to-day to Mr. Norman.

I remain

dear Mr. Strong,

Yours very sincerely

Hjalmar Schacht

21.5.27.

The Right Honourable
Montagu Norman, D.S.O.
Governor of the Bank of England,

London E C 2

Dear Mr. Governor :

Inclosed please find copy of our exchange of telegrams and let me thank you for the confidence which again you have shown me by your answer.

It is not very easy to get a clear picture of our situation by merely following the german newspapers which unfortunately in such cases do not prove the esprit de corps, which characterize your press. That created so much noise here was, that the Banks had resisted for months and months to the advice and to the warnings, I gave them and now suddenly everybody was surprised; that strict action was taken. The situation of the Reichsbank was that in 1926 by mostly longterm foreign loans a great amount of money in the form of Devisen flow in which was not immediately used but which served for financing stock exchange speculation. During all that time, as you know, I fought very hard but mostly in vain for getting control over the so-called public funds, in order to reduce the credits going to the bourse. Of course the Devisen situation of the Reichsbank was splendid but most of that was borrowed money. I lost totally control of the market, as our portfolio went down to almost nothing. So therefore were compelled to reduce the rate which I tried to postpone as long as possible, as I knew that by such a reduction some wrong impression might be created on our market as to the general interest level for investments. In the first half of January however I could not help going to 5 %. The immediate result was what I expected, that

a good deal of foreign short money left the country. Unfortunately the former Minister of Finance for internal political reasons issued the 5 % Reichs-loan, in my absence (I spent a short time in Florence) without giving any notice to me in time and without complying with my wish (which I telegraphed) to postpone the meeting of the syndicate until my immediate return. The loan had not a bad success but was too big for being totally placed. Hereby the bond market became disturbed for a long while and speculating in shares was still more favoured.

Some time later short-term money flow in again for which there was no need in commerce and trade but which was placed merely into credits on the stock exchange. The continuous boom in shares attracted especially a comparatively enormous amount of american money, which was partly given as bourse credit and partly invested on joint account on the bourse. As to the Devisen situation, this time things developed not as they did in 1896, when exports were favoured by your coal strike, but owing to the great deficiency in our balance of trade the Devisen did not come to the Reichsbank but were absorbed by the importers. The easy making of profits on the bourse contributed a great deal to the increase of imports, as can be seen from the articles imported for mere consumption. So the time was reached that I had to change my perpetual warnings to the banks into direct action. I got the banks together and told them that I considered the business they did not only to be a dangerous one from the standpoint of the mark exchange, but that I also saw a great danger in their lack of liquidity, as I could not consider their advances on shares given so freely to be a liquid asset. So I asked them to increase their cash liquidity by shrinking business. The result was the resolution which they published on the morning of the so-called "black Friday". As to the wording of the resolution I had of course no part in it as I left it to them by what measures and in what way they were meaning to conduct their business.

This is the story, now let me add some reasoning before

giving you the consequences. Some banks, being chiefly interested on the stock exchange, insisted before me that the Reichsbank should raise the rate of interest instead of asking for a reduction in business. My answer was that this was just what the gamblers wanted, because they thought that by raising the rate, still more foreign money would come in and would finance their speculations. On the other hand the portfolio of the Reichsbank had meanwhile increased, but not to such an extent, that I could not meet all the regular demand of commerce and trade. Even to-day after the collapse the portfolio of the Reichsbank is only about 1200 million marks and if I am not going to loose more Devisen I can easily meet another considerable increase of the portfolio. So, I told them that I was not going to raise my rate before not their amount of business was reduced. Furthermore, I want you, Mr. Governor, to understand from all these events, how important it was, and still is, that I should get control of the public funds. You will learn from Sir Charles Addis, who came to see me this week, that we have not yet reached an understanding about the Golddiscountbank and that Gilbert as well as Addis are blaming me for taking public funds into the Golddiscountbank by paying interest, which the Reichsbank is not allowed to do. I want you to know that even to-day some hundreds of millions of railway money are placed with the private banks and I would like you to tell me how I can manage the currency and how I can control the market if hundreds and hundreds of millions public money is left outside of the control.

Now the consequences : a good deal of the short money is being withdrawn and of course I am loosing Devisen. The Bank has come down to 2.000 million marks now of gold and Devisen, which of course is still satisfactory but which may be further reduced during the next weeks. If the tendency continues, the Bank shall certainly be obliged to raise the rate which will become more effective now after I have cut down gambling. I cannot tell you when the time for a raise will have been reached because that depends upon how many Devisen I am going to loose and how many bills will come to the Bank.

Of course the Dawes payments contribute a good deal to my losing Pevisen and it is clearly shown that so far the transfer is being made out of borrowed foreign money. I think you will agree with me that on the long run a country's currency cannot be based on borrowing Pevisen and certainly not on short foreign loans. But before entering upon that question, which at all events will have to be solved one day, I think I have to do everything to cut down speculation, luxury consumption and to induce people to be thrifty and economizing, which is a very difficult thing to do in a country, which has passed such a frightful inflation as we have.

I keep in close touch with Gilbert and he is always informed about everything what is going on here and I think he is clearly aware of the situation and understands it.

Now there is one technical point which I should like to deal with. We still have some foreign balances on term with America. The gold which lies with you and with Strong will most probably be absorbed very shortly. So if further Pevisen are required and as I do not want to use our foreign balances before they mature, I shall most probably be obliged to ship gold to New York. If you know a way to avoid it, I should gladly take your advice, as selling gold to London does not pay for the moment regarding the sterling exchange. In this respect I think the French operations have brought some trouble upon the exchange market. Eventually I should be obliged, if you would send me a telegram after having read this letter.

I hope that these lines will give you some light about the happenings here and it is only left to add a few words about the Polish matter, which you have dealt with in your letter of May 9th. I think it would be rather unhappy if the initiative for the credit to the Bank Polski would turn into the hands of the Banque de France, because that would give a rather political aspect to the whole matter, which to avoid we were all very anxious. Furthermore I am sorry to say that the attitude of the Poles towards the Germans in Upper Silesia has become so brutal these last weeks, that I am very uncertain, what attitude I myself

Der Präsident
des
Reichsbank-Direktoriums

Ans. 10/3/27

Berlin SW111, den 21.9.27.

Dear Mr. Strong:

I was very much pleased to learn from your letter of August 31st about your health and about your European plans for the winter. Needless to say that I shall have great pleasure in meeting you, be it in Algeciras or wherever you are going to ask me to come. Of course Algeciras would suit me perfectly because I know so little of Spain and it may give an opportunity to Mrs. Schacht and to myself to combine a few holidays with my visit to you. I hope that Norman and Moreau will agree and that also Vissering and Bachmann will come. So I am looking forward to further news and in the meantime I remain,

dear Mr. Strong,

Yours very sincerely

Pauline Schacht

Benjamin Strong, Esq.
Governor of the Federal Reserve Bank

New York

=====

Der Präsident
des

Reichsbank-Direktoriums

Miss McCordy
B. S. Pres.
Berlin SW111, den 4.11.27.

Dear Mr. Strong :

I was very sorry to read your letter of October 3rd indicating an eventual alteration in your plans for the winter. It is a pity that everywhere the heads of the Central Banks are drawn into ~~the~~ political discussions of all kind, but I think you will be able to stand that too. I am looking forward to further news from you, if and when you are able to dispose definitely of your time.

Believe me,

dear Mr. Strong,
sincerely Yours

Paulina Thacht

Benjamin Strong, Esq.

Governor of the Federal Reserve Bank of New York
New York

Der Präsident
des
Reichsbank-Direktoriums

Berlin SW111, den 20.1.28.

Benjamin Strong, Esq.

Governor of the Federal Reserve Bank of New York

---New York---

Dear Mr. Strong:

Herr Hans Fürstenberg, Member of the Berliner Handels-Gesellschaft, is making a trip to America and I have asked him to pay his respects to you and to bring you my warmest regards. He is the son of the old Carl Fürstenberg, who was the founder and is still a manager of the same Bank, which takes a high rank amongst our banking institutions. Herr Hans Fürstenberg will be in a position to answer any financial and banking questions which you may be interested in with regard to our country and I shall be much obliged, if you will kindly spare him some minutes of your precious time.

Believe me,

dear Mr. Governor,

Yours sincerely

Adolf Thack

REICHSBANKPRÄSIDENT
DR. HJALMAR SCHACHT

Schacht
BERLIN, DEN 2.7.1928.

ausdly wire 7/5/28

Dear Mr. Strong!

As I see from your very kind telegram that my visit at Evian about the middle of this month will be convenient, will you please give me the name of your hotel so that I may telegraph the exact date of my arrival in time.

Hoping to find you well I remain, dear Mr.Strong,

Yours very sincerely

Hjalmar Schacht

Benjamin Strong Esq.
Governor of the Federal Reserve Bank of New York,
c/o Morgan & Co.,

Place Vendome

Paris.

REICHSBANKPRÄSIDENT
DR. HJALMAR SCHACHT

Schacht
BERLIN, DEN 6.7.1928.

Dear Mr. Strong!

Thanks for your telegram. I shall arrive at Evian in the course of Thursday Morning and would be grateful, if you would kindly reserve for me at your hotel (if convenient to you) a bedroom with bath for two nights.

Thanking you in advance I remain, dear Mr. Strong,

Yours very sincerely

Hjalmar Schacht

Benjamin Strong, Esq.

Governor of the Federal Reserve Bank of New York,

Evian - les - Bains

Royal Hotel.

Der Präsident
des
Reichsbank-Direktoriums

Berlin SW111, den 5. Juli 1928.

Schacht

Nr. III 5104.

In der Antwort ist die Angabe
vorstehender Nummer erwünscht

Lieber Herr Strong !

Die deutsche Ausgabe von Dr. Burgess' Buch "Die Reserve Banken und der Geldmarkt", welche ich mit einem Geleitwort versehen habe, ist jetzt fertiggestellt und im Buchhandel erschienen.

Ich erlaube mir, Ihnen ein Exemplar zu überreichen, und bin mit den besten Grüßen

Ihr

sehr ergebener

Paul Schacht

folgt als Drucksache!

TRANSLATION: (O.E.M.)

Dear Mr. Strong: The German edition of Dr. Burgess' book "The Reserve Banks and the Money Market", which I have written a preface for, has now been completed and has appeared in the book shops. I am taking the liberty of sending you a copy, and remain with best regards --

An

Herrn Benjamin Strong,

z.Zt. Evian / Schweiz.

Thanks expressed
to Dr. S. in person
at Evian

MARCONIGRAM

SHORE
TO
SHIP

RADIO

Handed in at

BERLIN

Number

No. of Words

Date handed in

Time handed in

4/33

12

2

1249

Service Instructions

Date Rec'd.

Time Rec'd.

Rec'd from

By

2

1514

KAJ

KSC

To

GOVERNOR STRONG OLYMPIC KAJ

Schacht

BON VOYAGE ALL GOOD WISHES SINCEREST REGARDS

SCHACHT

h 2

2

h

6

8

7

h

x

This message is only received for delivery subject to the conditions printed on the back hereof.

FORM SHOULD ACCOMPANY ANY ENQUIRY RESPECTING THIS MARCONIGRAM

FRASER

louisfed.org/

erve Bank of St. Louis

This article is protected by copyright and has been removed.

The citation for the original is:

“Dr. Schacht Dies; Nazis’ Economist.” The New York Times (New York, NY), June 5, 1970.

This article is protected by copyright and has been removed.

The citation for the original is:

“Schacht is Buried in Munich; 150 Attend Rites for Financier.” The New York Times (New York, NY), June 10, 1970.

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE May 25, 1925. 1925TO Mr. Jay

SUBJECT: _____

FROM Governor Strong.

The attached draft letter to Dr. Schacht explains itself.

I would like to know how you feel about it.

Att.
BS.LS

*One slight change.
written to embody it.*

Letter

MSB

Schacht

May 25, 1925.

My dear Dr. Schacht:

I am writing you well in advance of the development of my plans for the summer in the hope that I may be able to carry out my intention of sailing for Europe in July, and, at that time, have the pleasure of meeting you. So far as it is possible for me to anticipate the future, I would hope to spend about two months abroad, and during this time make a visit to Berlin. This would likely be in August or late July. May I ask you to advise me if you are planning to be there then and if it will be in every way convenient for me to carry out this program.

Dependent somewhat upon my friend Governor Norman's plans, I shall expect to return to this country early in September, but may be in Europe again in October.

Have you considered the possibility of making a visit to this country? If so, I would certainly wish to be here. Were you able to arrange it after my return from abroad, I would hope to make your presence here the opportunity to make you acquainted with the members of our organization and to arrange for you to meet any of our bankers whom you will be interested in knowing.

My home just now is at the Hotel Marguery, No. 270 Park Avenue, (as I have recently given up housekeeping) but if you felt disposed to stay there with me I would be very pleased to have you do so, and I think

you would find it quiet and comfortable.

With assurances of my cordial regards, believe me

Very truly yours,

BS.
msn.

Dr. Hjalmar Schecht,
President, Reichsbank,
Berlin, S.W. III
Germany.

June 19, 1925.

Dear Dr. Schacht:

I wish to acknowledge the receipt, and thank you for your radiogram of June 18, 1925, reading as follows:

"As I am doubtful whether a letter will reach you before your departure, I beg to confirm by cable your kind letter of May 25th and beg to say that I shall be very glad to meet you on this side. I am in constant touch with our London friend. Best regards."

and to confirm the reply which I sent you by cable this morning, reading:

"Yours received. Our London friend has probably advised you we shall be in Berlin before middle of July. Many thanks."

I am looking forward with pleasure to our meeting shortly, and with assurances of my esteem, I beg to remain

Very truly yours,

Dr. Hjalmar Schacht,
President, Reichsbank,
Berlin, Germany.

Schacht

Brussels, Belgium
July 27, 1925

My dear Dr. Schacht:

Your kind letter of the twenty-first reached me just as we were leaving Spa, and I hasten to thank you for the statement which you were good enough to send me. You must realize with what interest I shall watch the figures from now on, especially to learn what success you enjoy in your difficult task.

As I telegraphed you, we decided to come up to Brussels on Sunday in order to have a visit with Monsieur Hautain. And from here we shall probably go to some seashore resort for another week. After that our plans are not made.

Mrs. Humphrey and Mr. Norman join me in warmest regards to you and Mrs. Schacht, and we all still remember with great pleasure your many courtesies to us and the enjoyable time we had in Berlin.

I beg to remain,

Sincerely yours,

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

Hotel du Palais,
Biarritz, France,
August 7, 1925.

My dear Dr. Schacht:

As I promised you, I wrote to New York reporting our conversation in regard to a possible sale of some of the portfolio of the Gold Discount Bank. And I was sorry not to have been longer in Berlin so as to learn the result of your conversation with Mr. Max Warburg.

It seems desirable that I should advise you right away that some slight impression seems to have developed in New York that a number of different institutions were figuring on this transaction, and, of course, this might result to your disadvantage, especially where the paper is not very well known, and any feeling developed that a number of different concerns were working on the same business at the same time.

This, I have no doubt, is due to the importunity of various bankers in approaching you to buy some of the paper. My own feeling, you will recall, was that an initial transaction with Warburg would be desirable because of the interest which he had displayed in this business in the first instance; and that it might be possible to meet the criticism that you were dealing exclusively with him by retaining the freedom, in some way which would be entirely agreeable to Warburg, to deal with others later.

I am advised that Mr. Paul Warburg reaches Hamburg the middle of this month, and I am taking the liberty of writing him, as per the enclosed copy, which will keep you fully informed.

Could you conveniently send me copies of the statement of the Reichsbank for the weekly periods subsequent to the one which you were good enough to give me? Also similar statements of the Gold Discount Bank? They may all be mailed to me in care of the Hotel Majestic, Avenue Klerber, Paris. I shall find them a convenience to refer to in connection with any cables which may be exchanged with my office.

Please do not hesitate to write me quite fully your impressions, and, if you please, whatever you feel willing to tell me of your plans in regard to the portfolio of the Gold Discount Bank, as, indeed, I may be able to be of some service in New York in connection with this matter.

Mr. Norman is still with me, but is returning to London next Wednesday night. And we shall go to Paris on Thursday, remaining there probably until about the twenty-fifth of August. After that my address will be in care of the Bank of England.

Biarritz, France
8.7.25.

Dr. Schacht

(2)

If developments prior to my sailing for home about the ninth of September make it seem desirable for us to have another meeting, I hope that you will feel free to come to London, and, in any event, I hope you will not hesitate to keep me informed of how your program develops.

We have many pleasant memories of our visit in Berlin, and shall always be most grateful to you for your courtesy.

With kindest regards, believe me

Sincerely yours,

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

P. S. (8.8.25)

May I ask you to be good enough to see that Mr. Paul Warburg receives the enclosed letter, as I am not certain whether he is to stop in Berlin or you are to meet him in Hamburg.

Enc.

ications de service.

G OVERNOR BENJAMIN STRONG SS

OLYMPIC CHERBOURG

nt

N°

ombre
e mots

pôt est

Timbre
à date.

LE PORT EST GRATUIT. Le facteur doit délivrer un récépissé à souche
lorsqu'il est chargé de recouvrer une taxe.

ar la voie

élégraphique.

À DÉCHIRER

ORIGINE.

NUMÉRO

DE MOTS.

DATE

HEURE
DE DÉPÔT.

MENTIONS DE SERVICE.

SGRAVE NHAGE 502. 13. 9. 8H20

L GOOD WISHES AND KEINDEST REGARDS = SCHACHT

Schacht. Reichsbank.

SS. Olympic Sent 9/10/25-
Berlin.

Many Thanks they are very heartily

reciprocated

Strong

CONFIDENTIAL:

September 19, 1925.

My dear Dr. Schacht:

With this I am enclosing a copy of the telegram which I sent you this morning, concerning which, however, I shall not write you until I hear from you, when I will write you full particulars.

Sincerely yours,

Dr. Hjalmar Schacht,
The Reichsbank,
Berlin, Germany.

Enc.

September 21, 1925.

My dear Dr. Schacht:

This will advise you of my safe return home with many pleasant memories to look back upon, not the least of which being my visits with you.

We shall hope to make your trip here one of profit as well as one of enjoyment. The program which I laid out for your stay with us seems to meet the views of my associates, and as soon as definite word comes of your date of sailing, I will proceed with the necessary arrangements.

Won't you give my kindest regards to Frau Schacht and to your daughter, and the same to your good self.

Sincerely yours,

Dr. Hjalmar Schacht,
The Reichsbank,
Berlin, Germany.

BS.LS

September 24, 1925.

My dear Dr. Schacht:

I am asked by my friend, Dr. Samuel McCune Lindsay, president of the Academy of Political Science, to transmit to you the enclosed invitation to address their organization at a banquet to be given in New York on October 28, at the conclusion of the annual meeting of the organization.

I have taken the liberty of writing him as per enclosed copy of my letter, which I am sure you will understand.

Naturally, I do not want to attempt to impose any restrictions upon your freedom in accepting invitations of this character, but I know you expect me to advise you, and my best advice is that the invitation should not be accepted.

The general subject of Anti-Trust Acts has for many years been one involving considerable political controversy in this country, and it might well be that the topic would prove embarrassing for discussion just now by someone from abroad. Even if you did accept the invitation, it would be necessary to speak with the utmost caution and reserve as to any phase of this problem which might give rise to controversy or criticism. This is partly the reason for my advising that the invitation be not accepted, but I also have in mind a discussion we had in London, at which I recall that we concluded that addresses before large public meetings might be inadvisable anyway.

Of course, my first desire is that your visit should be not only successful but agreeable to you in every way, so I am sure you will understand my desire to give you the best information and opinion which I am able to do.

File letter

We are looking forward to your visit, and I am assuming that you will carry out your plan of sailing on the ninth, but will still await more definite word before concluding the arrangements.

With kindest regards, believe me,

Sincerely yours,

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

Ence.
ES.LS

Copy for Gov. Strong

September 21, 1925.

Dr. Hjalmar Schaaht, President,
The Reichsbank,
Berlin,
Germany.

Dear Dr. Schaaht:

On Wednesday, October 28th, at the Hotel Astor in New York City, we shall hold an all day national conference as the annual meeting of the Academy of Political Science to discuss the general topic : Trade Associations and Business Combinations. At the morning session the sub-topic will be : The United States Federal Trade Commission: Policies and Procedure. At the afternoon session, the sub-topic will be : Trade Associations: Cooperation versus Restraint of Trade. The conference will be brought to a close at an evening dinner meeting in the Grand Ball Room of the Hotel Astor, at which we expect an audience of one thousand persons representing the best in the business, professional, and academic life of New York City and of the country.

The topic for discussion at the dinner will be, "Should the Anti-Trust Acts be Amended or not." In the light of new conditions, and especially of recent United States Supreme Court decisions, there is quite a keen interest and considerable differences of opinion among our

business and professional men as to whether we should rely more on publicity as a regulator of business practice and be more tolerant of combinations in the interest of the stabilization of business, and without running too much risk of incurring the dangers of monopoly. However, this is largely of course a peculiarly domestic problem for us. We hope to have the Attorney General of the United States, one or two Senators, and a Vice President of the American Federation of Labor to take part in this discussion.

I am writing, however, on behalf of the officers and trustees of the Academy to extend to you a cordial invitation to be a guest of honor at this dinner meeting, and to tell us something of the present economic conditions and the recent anti-trust legislation through which you deal with combinations in Germany,

The program for our meeting has been prepared by a committee which includes such men as Mr. Paul M. Warburg, Mr. Dwight W. Morrow, Mr. Robert S. Brookings, Congressman Ogden L. Mills, Mr. Thomas I. Parkinson and others. In its work, the committee has had also the full cooperation and help of Mr. Owen D. Young, and of Secretary of Commerce, Herbert Hoover. I think I am not over-optimistic when I say that the occasion would offer, I am sure, an opportunity for you to meet some of our foremost business men and leaders in public life, and you could speak briefly and informally of conditions in Germany affecting world trade, or we could give you a full half hour for a more formal address along the same lines, just as you may prefer/

September 21, 1925.

If you can plan your trip to America so as to be here on October 28th, I hope you will cable me your acceptance of this invitation so that we can announce your presence at the dinner at as early a date as possible. We can give you any further information or arrange details concerning your speech and such publicity as you may be willing to have given it, either by cable or letter after the receipt of your acceptance of our invitation.

Looking forward with much pleasure to seeing you in the United States, and hoping that you can arrange your plans to be here by the end of October, I am,

Yours sincerely,

President.

My cable address is Lindsay NewYork

Schacht

September 24, 1925.

Dear Mr. President:

I have to acknowledge and thank you for your kind letter of the 10th instant, which I find on my return from Washington.

We both quite understand the situation in this matter, and I have had opportunity for a talk with Warburg on the subject. When you reach New York, we can have some further discussion, and I feel sure that it will be helpful in avoiding the possibility of any future misunderstanding.

With assurances of my esteem, believe me,

Faithfully yours,

BS.
msb

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

BS.LS

1/30 GUESTS

Dinner, Metropolitan Club, October 22, 1925

To Meet Dr Schacht.

	Yes	No		Yes	No
✓ 14. Mr. Baker	✓		Mr. Davidson (Whittlesey)		✓
✓ 17. Mr. Reynolds	✓		✓ 25- Mr. Frew	✓	
✓ 21- Mr. Alexander	✓		✓ 20- Mr. Wiggin	✓	
✓ 5- Mr. Mitchell	✓		✓ 15- Mr. Jay	✓	
✓ 10- Mr. Potter	✓		✓ 6- Mr. Case	✓	
✓ 18- Mr. Prosser	✓		✓ 29- Mr. Lamont	✓	
✓ 8 Mr. Buckner	✓		✓ 27- Mr. Kahn	✓	
✓ 10 Mr. Krech	✓		✓ 22- Mr. Dillon	✓	
✓ 13 Mr. Pierson	✓		✓ 8- Mr. Smith	✓	
Mr. McHugh (no one)		✓	See Hig - Mr. Allen (Greene)		✓
✓ 24- Mr. Woodward	✓		✓ 7- Mr. Von Lewinski	✓	
✓ 3- Mr. Warburg	✓		✓ 28- Mr. Dawes	✓	
✓ 10 - Mr. Austin	✓		✓ 16- Governor Crissinger	✓	
Mr. Delafield (Fulton)		✓	✓ 4- Mr. Sterrett	✓	
			✓ 26- Mr. Weismann	✓	
			See Hig - Mr. Greene		✓
			✓ 23 Mr. Whittlesey	✓	
			✓ 19- Mr. Fulton	✓	
			✓ 30- Sir Charles Addis	✓	
			✓ 1- Gov. Strong	✓	
			✓ 2- Dr. Schacht	✓	

Schacht

September 24, 1925.

My dear Dr. Schacht:

Your radiogram of September 22 reached the office when I was in Washington, but was telephoned to me. I also learned from the Guaranty Trust Company that they had received the necessary advice.

Of course, I am entirely unaware of the considerations which led the Advisory Committee of the Reichs Finance Ministry to delay its approval of the Bremen loan. Consequently when I wired you, I made my suggestion as to approval conditional upon there possibly being controlling reasons of which I was not advised for withholding immediate approval.

It would be just as well for me to advise you of what I learned since returning home regarding some of the negotiations with our bankers. There seem to have arisen here misunderstandings and growing out of these misunderstandings some feeling of dissatisfaction now exists. I am not prepared to say that it is always due to the German end of the negotiation. As I stated to you in Berlin, I realize quite well that many of our bankers have representatives abroad who are very active in soliciting business, and there is always the possibility that this activity itself may be the cause of confusion among your own friends in Germany. But even allowing for all this, it is just as well that every effort be made to smooth out these arrangements, so that embarrassments and criticisms may be avoided. Hence my cablegram to you.

You will be here now so soon, I hope, that I shall not enlarge upon the subject of this letter, but I am proposing to make your visit the opportunity to talk directly with some of the representatives of the larger issuing houses, and I shall arrange to have them explain to you exactly what their impressions are, and

all of this I hope may be helpful to you.

With assurances of my warmest regards, I beg to remain,

Very truly yours,

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

BS.LS

DINNER AT METROPOLITAN CLUB
OCTOBER 22, 1925

IN HONOR OF DR. SCHACHT.

Mr. Geo. F. Baker,
First National Bank ✓

Mr. J. E. Reynolds,
First National Bank ✓

Mr. James S. Alexander,
National Bank of Commerce ✓

Mr. Charles E. Mitchell,
National City Bank ✓

Mr. Wm. C. Potter,
Guaranty Trust Company ✓

Mr. Seward Prosser,
Bankers Trust Company ✓

Mr. Mortimer N. Buckner,
The New York Trust Company ✓

Mr. Alvin W. Krech,
Equitable Trust Company ✓

Mr. Lewis E. Pierson,
Irving Bank - Columbia Trust Company ✓

Mr. John McHugh,
Mechanics & Metals National Bank ✓

Mr. Wm. Woodward,
Hanover National Bank ✓

Mr. P. M. Warburg,
International Acceptance Bank, Inc. ✓

Mr. Chellis A. Austin,
Seaboard National Bank ✓

Mr. Richard Delafield,
National Park Bank ✓

Mr. Walter E. Frew,
Corn Exchange Bank ✓

Mr. Albert H. Wiggin,
Chase National Bank ✓

Mr. Pierre Jay,
Federal Reserve Bank of New York ✓

Mr. J. Herbert Case,
Federal Reserve Bank of New York ✓

Mr. Thomas W. Lamont,
J. P. Morgan & Co. ✓

Mr. Otto H. Kahn,
Kuhn, Loeb & Co. ✓

Mr. Clarence Dillon,
Dillon, Read & Co. ✓

Mr. Lloyd W. Smith,
Harris Forbes & Co. ✓

Mr. Fredk. W. Allen,
Lee Higginson & Co. ✓

Mr. Karl Von Lewinski,
Counsel General ✓

Governor D. R. Crissinger,
Federal Reserve Board ✓

Mr. Rufus C. Dawes,
Harris Trust Bldg. Chicago, Ill. ✓

Mr. Jos. E. Sterrett,
56 Pine Street, New York ✓

Mr. Jerome D. Greene,
Lee, Higginson & Co. ✓

Mr. Roger Whittlesey,
Central Union Trust Co. ✓

Mr. John H. Fulton,
National Park Bank. ✓

Mr. Gert Weismann,
Ambassador Hotel ✓

Sir Charles Addis,
Ritz-Carlton Hotel ✓

Guests invited by Governor Strong.

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE October 23, 1925To Miss Bleecker

SUBJECT: _____

FROM R. A. Holmes

Will you please see that the enclosed memorandum to Dr. Schacht is delivered? I am also enclosing for your attention the letter Mr. Jay wrote to Mr. Morris, as it varies somewhat from the memo.

To meet Dr. Schacht.

ECONOMISTS who expect to attend dinner on Saturday evening, October 24.

H. A. E. Chandler

David Friday

George E. Roberts

Wesley C. Mitchell

Walter W. Stewart

O. M. W. Sprague

Edwin R. A. Seligman

Allyn Young

Leonard P. Ayres

Jacob Hollander

JOURNALISTS who expect to attend dinner on Tuesday evening, October 27.

A. D. Noyes

Geoffrey Parsons

Walter Lippmann

Franz Schneider

B. C. Forbes

Paul W. Garrett

Misc. 24, 1 40 M 5-25

FEDERAL RESERVE BANK
OF NEW YORK

SENT BY

SEND TO FILES

COPY OF TELEGRAM

October 28, 1925

CARTER care CRISSINGER

WASHINGTON

Please send following by hand to Mayflower for Schachts arrival five this afternoon

Message in question sent both to Washington Embassy and New York
Consulate Former notified of your arrival this afternoon and
that you are not aware of contents. Please collect from Embassy

Bleecker

FEDERAL RESERVE BANK
OF NEW YORK

SENT BY

October 28, 1925

SEND TO FILES

COPY OF TELEGRAM

Benjamin Strong

1718 H Street Washington

IMMEDIATE Message in question sent both to Washington Embassy and
New York Consulate Former notified of arrival this afternoon and
that you are not aware of contents Please collect from Embassy.
Identical message to Mayflower through Garter

48 M. S. Bleecker

B.S.
Dinner to Mr
Schacht

DINNER - LINKS CLUB - OCTOBER 29, 1925

	<u>Yes</u>	<u>No</u>
Mr. Gates W. McGarrah		✓
Mr. Delmer Runkle	✓	
Mr. Samuel W. Reyburn	✓	
Mr. W. L. Saunders	✓	
Mr. Robert H. Treman	✓	
Mr. Theodore F. Whitmarsh	✓	
3 Mr. Clarence M. Woolley	✓	
Mr. Owen D. Young		✓
Mr. Weismann	✓	
Mr. Pierre Jay		✓
Mr. J. Herbert Case		✓
Mr. Louis F. Sailer	✓	
Mr. Edwin R. Kenzel	✓	
Mr. George L. Harrison	✓	
2. Dr. Schacht	✓	
1 Gov. Strong	✓	

November 9, 1928.

*Schacht
visit*

Newspaper Men Who were Invited to the Bank to Meet Dr. Schacht

Mr. H. C. Weitzmann, Wall Street Journal

Mr. Crone, New York World

Wasson, New York Herald Tribune

~~Webb, New York Times~~

King, New York News Bureau

Murphin, Associated Press

Walter B. Brown, United Press

Ward, American Banker

New York American

Williams, New York Evening Post

Franz Schneider, New York Sun

Schacht

OFFICE CORRESPONDENCE

DATE November 12, 1925To Dr. Schacht

SUBJECT: _____

FROM W. R. Burgess

It has occurred to me that you may be interested in looking over some of the periodicals which were mentioned during the lunch conference the other day. I have, therefore, had this little collection made.

You will find that a number of them try very hard to be literary, at the expense of excluding informative articles. My own belief is that you will find most valuable the Literary Digest, the Review of Reviews, and the Monthly Reviews of the National City Bank, the Cleveland Trust Company, and this bank. I should be very glad to make the necessary arrangements for you to receive whatever of these publications you wish.

It is my hope that they may at least provide some amusement for your steamer journey.

WRB:R

FEDERAL RESERVE BANK
OF NEW YORK

*Schacht
7 Dec*

OFFICE CORRESPONDENCE

DATE November 14, 1935 192

TO G

SUBJECT: _____

FROM Gov. Strong

Two copies of the attached memorandum, which was read by Mr. Jay and later by Mr. Owen Young, were handed to Dr. Schacht at Mr. Owen Young's apartment last night, November 13, with the statement made verbally that while it was not possible to make it a part of the memorandum, I wished to refresh his memory as to the statement which I had made to Dr. Luther of the importance of the adoption and ratification of the Security Pact which since that date was negotiated at Locarno.

Att.

11/21/26 Pan 677 read to Parker Gilbert

by B. L.

MEMORANDUM FOR DR. SCHACHT

Our conversations regarding possible purchases of bills by the Federal Reserve Bank of New York from the Reichsbank lead me to make the following suggestions:

1. Any bills so purchased by this bank or by it for account of other Federal reserve banks, would be prime commercial bills growing out of commercial transactions bearing at least three good names, one of which would be the acceptance or endorsement of a first-class bank or banker, the bills having a maturity of not over three months, exclusive of days of grace.
2. The Reichsbank would guarantee repayment of the bills at maturity in dollars in New York and ship gold in order to meet them, if necessary, and undertake that the Federal Reserve Bank will sustain no loss on exchange.
3. No obstacle will be interposed by the German Government to gold shipments by the Reichsbank in order to repay bills held by the Federal reserve banks at maturity, if not otherwise paid in dollars.
4. Statements would be rendered weekly by the Reichsbank giving particulars of all bills purchased and rates would be fixed by exchange of cables.
5. The obligation of the Reichsbank would be expressed in form satisfactory to the Federal Reserve Bank of New York, and conform to the law governing the operations of the Reichsbank.
6. The establishment of relations which would result in purchases of bills as described, must necessarily be predicated upon the confidence which our Directors would have in the independence and effectiveness of the management and policy of the Reichsbank in both monetary and credit matters. It is hoped, therefore, that in considering any such plan for sales of bills to the Federal

Reserve Bank, the Reichsbank will be able to advise the Federal Reserve Bank of completed arrangements as to the handling and management of the funds of the Reich and funds of similar character, such as those of the postoffice, the railways, the insurance office, etc., which are wholly satisfactory to the Reichsbank and to the Federal Reserve Bank. By this, of course, it is meant that they should be under the control of the Reichsbank pending their disbursement.

7. In view of the importance of the whole problem of the service of external obligations by German borrowers, it is also hoped that the Reichsbank will be able to advise the Federal Reserve Bank of satisfactory arrangements for control of borrowings in the United States by states, municipalities and other establishments in Germany, so that they may be confined to those which are not only useful, but actually productive and helpful to the development of German economy.

New York, November 13, 1925.

FEDERAL RESERVE BANK
OF NEW YORK

CONFIRMATION OF TELEGRAM

Schacht

TO BE MAILED

WE HAVE TODAY TELEGRAPHED YOU AS FOLLOWS:

November 14, 1925

Hjalmar Schacht

S. S. Nieuwe Amsterdam (Holland American Line)

Thanks both telegrams We all wish you a safe and comfortable voyage home
Have enjoyed your visit greatly and join in hearty good wishes to all the
family.

BENJ. STRONG

RADIOGRAM

WORLD WIDE WIRELESS

FILED

DATE



CONTINENT
TO
CONTINENT



SHORE
TO
SHIP



SHIP
TO
SHIP



CLASS OF SERVICE DESIRED

Full Rate Radiogram

Deferred Radiogram

Patrons should mark an X opposite the class of service desired; otherwise FULL RATES will be charged. See back of this blank.

"Via RCA"

RADIO CORPORATION OF AMERICA

"Via RCA"

FORM No. 100P-100

Send the following Radiogram "VIA RCA" subject to terms on back hereof, which are hereby agreed to

HJALMAR SCHACHT

SS. Nieuve Amsterdam

November 14, 1925.

Schacht

Am just able to thank you more expressively for your telegrams which have given me the greatest possible satisfaction especially to know that your visit here was a success for yourself as we certainly feel it was for us I strongly reciprocate the kind expressions contained in your telegram and share with you very fully the spirit which prompted you to send it

STRONG

November 17, 1925

My dear Dr. Schacht:

With this I am sending to you the collection of press clippings which were gathered during your stay here. I believe you have seen all of them, but you may find both interest and use for them in this form.

It was indeed a pleasure to have you with us, and the benefit to us both, I am sure, from these personal exchanges, is well worth the sacrifice of being away from home when there are so many pressing matters to be dealt with. I shall shortly hope to write you more fully.

Meantime, I hope that you have had a comfortable trip home.

With cordial regards, I am

Faithfully yours,

B. S.

MSP

Dr. Hjalmar Schacht,
President, The Reichsbank,
Jaegerstrasse, Berlin, Germany.

CONFIDENTIAL

January 6, 1926.

Dr. Hjalmar Schacht,
President, Reichsbank,
Berlin, Germany.

My dear Dr. Schacht:

In order that personal messages exchanged between us by cable or wireless shall be kept confidential, I would suggest that hereafter we use Bentley's Code with a special shuttle to be employed with the Hammond typewriter. I understand that your cable correspondence with Governor Norman is handled in that manner.

The use of Bentley's Code with the special shuttle would be limited to our personal messages, all of which might be addressed "Schacht Reichsbank Berlin" or "Strong Reichsfed New York", as the case may be. This special shuttle, which I am sending to you under separate registered cover, can be placed on the same typewriter which you are now using with Governor Norman.

This arrangement for our personal messages will not affect in any way the manner in which ordinary business cables are exchanged between our banks. Will you be kind enough to let me know whether this proposal is agreeable to you and if it is when we may put it into effect.

With kind regards, believe me

Very truly yours,

Be

BENJ. STRONG,
Governor.

JEC:MK

January 7, 1926.

My dear Miss Steffeck:

Almost directly we had dispatched our letter of yesterday concerning the special shuttle to be employed with the Hammond type-writer in the coding of messages between Dr. Schacht and our Governor, we learned from the manufacturer that there would be an unavoidable delay of possibly two weeks in the completion of the shuttle. I wonder if you will be good enough to explain this to Dr. Schacht, so that he will not be disturbed by the non-receipt of it. It will go forward just as promptly as possible.

Your thoughtful Christmas greetings were very much appreciated, and I am hoping for an early opportunity to write you personally my thanks.

With all good wishes to my Reichsbank friends for the New Year, I am

Sincerely yours,

M. S. B.

Miss Clara Steffeck,
Secretary to the President,
The Reichsbank, Berlin.

January 18, 1923.

My dear Dr. Schacht:

We have just had a most interesting visit from Governor Norman, who sailed for home last Saturday on the Majestic. He expects to see you within a couple of weeks, and you will hear in general from him of the various matters we have been discussing.

Mr. Gilbert is still here, and I expect him to be at the bank most of this week.

This is my first opportunity to write you some explanation of the advance in our discount rate. The feeling has been growing that while possibly the advance which has taken place in the stock market has been justified by the intrinsic position, nevertheless it has involved employment of a large amount of credit, and a somewhat similar development has taken place in some parts of the country in real estate speculation and in the general activity of building.

The tendency for the amount of Federal Reserve credit, that is, the amount of our portfolio to expand, also became rather pronounced late in the year, although the major part of it is accounted for by the usual year-end activity of window-dressing, etc. All of this led us to feel unwilling to facilitate in any way the employment of the year-end funds released to the market in the speculative account, and the advance in our rate to 4% promptly after the turn of the year rather insures that there will be a prompt return of the currency and a prompt reduction of our portfolio. This has, in fact, taken place most satisfactorily at New York, and is gradually taking place throughout the country.

Since the rate advance was made in the fall by the other Reserve Banks,

there has been a noticeable tendency for the volume of dealings on the stock exchange to decrease, and rather sharp periods of recession in prices occasionally, but as yet no very material reduction in the total of the loan account which has rather continued spasmodically to increase.

Realizing, as we all do, the possibility that any sort of speculative spirit is liable ultimately to reach commodities and commodity prices, we have felt conservative about the use of the facilities of this bank, and hence determined upon the advance. Legitimate business will not be penalized by a 4% rate.

We noticed, with much interest, the reduction in your rate, and hope that it is an indication that the readjustments which you had in mind are now being completed.

If my present plans materialize, I shall see you in the early summer, possibly in May, as I hope to sail the 30th of March, stopping first in Italy.

If you find it possible to send figures, concerning which I recently wrote you, I think it would be helpful. They may arrive while Mr. Gilbert is here, which will be particularly fortunate.

With kindest regards, believe me,

Sincerely yours,

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

BS.LS

Schacht

Hyde Park Hotel,
London, May 3, 1926.

My dear Doctor Schacht:

I would have written you ere this, had I not expected to see you in London today, but Governor Norman showed me the telegrams exchanged with you about your visit, and it may be that the strike situation will permit you to come to London before I leave about the middle of this month.

My own plans have been somewhat modified, because I have not been well and it will be necessary for me to take at least a month's rest after I am through in London; I am hoping to do so in some quiet place on the Riviera. This means that I probably cannot reach Berlin until July. If you do not reach London before I leave, I hope you will write me here in care of the Bank of England, advising me of your own plans, and especially of any possible absence from Berlin, so that I may be sure of finding you there when I come.

With kindest regards, believe me

Sincerely yours,

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin.

ES:M

Hyde Park Hotel,
London, May 14, 1926.

My dear Doctor Schacht:

Your kind letter of the 6th has just reached me, and indeed I share your disappointment that our meeting is to be delayed. Possibly it may be better, as I have not been at all well, and after a rest I shall not only have more leisure than I had in London but will be in better shape to enjoy our talks.

My present plan is to leave for Paris Saturday and spend only about four days there, after which Mr. Winston and I will be motoring to the Riviera. I shall keep you posted from time to time and see that you get word well in advance of my going to Berlin.

I shall certainly give your message to Mr. Norman.

With kindest regards, believe me

Sincerely yours,

Dr. Hjalmar Schacht, President,
The Reichsbank,
Berlin, S.W.111.

BS:M

Hotel du Cap d'Antibes,
Antibes, June 5, 1926.

Dear Mr. President:

A note just received from Governor Norman indicates that you expect to be away from the 4th to the 25th of July, and I am now writing to give you some idea of my own plans.

It will be necessary for me to remain here for some weeks, possibly until the 10th or 15th of July, for a needed rest. After that I am hoping to go to Vienna, Budapest and Prague, and from there to Berlin, so I shall probably reach Berlin at about the date of your return from Holland. If not, I could arrange to meet you in Holland, as I shall stop at Amsterdam in any event.

With kindest regards, believe me

Sincerely yours,

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, SW.111,
Germany.

BS:M

Hotel du Cap d'Antibes,
Antibes, July 7, 1926.

My dear Dr. Schacht:

Since I last wrote you, Governor Norman has received a message from his office indicating that you have inquired as to my plans, with a view to our meeting in Berlin.

While I had hoped to have ended my holiday by this time, I am sorry to say that my stay in Antibes is being prolonged by the fact that I have not been very well, and it seems unlikely that I shall be able to leave here before the 20th of this month and possibly later. It will therefore not be until the very end of July before you can expect me in Berlin, and I sincerely hope that this date will be entirely convenient for you.

From Berlin, I may want to make a rather brief trip to Vienna, Prague and Budapest, but it will depend very much upon how I am feeling. You may be sure, however, that if health permits I shall be in Berlin either the end of July or some time in August.

I hope you are having a good rest and that you keep perfectly well. Will you present my respects to Frau Schacht and to your daughter.

With warmest regards, believe me

Sincerely yours,

Dr. Hjalmar Schacht,
c/o Hotel Rembrandt,
Noordwijk, Holland.

BS:M

Hotel du Cap d'Antibes,
Antibes, July 15, 1926.

PERSONAL

Dear Doctor Schacht:

Your letter reaches me today, and I am very glad to have it. While I have not been quite well, the rest at Antibes seems to have been effective, and I am feeling well enough now to continue my trip.

My plans are a little indefinite, except that I must be in Switzerland about the first of August and after that will be free to keep an engagement with you concerning which Norman is writing you today. He has been with me here for a month.

No one is quite so well qualified to disregard newspaper stories as I am, so I have never for a moment imagined that you were in Paris.

We are both glad to have the good news of your Bank position. The rest will remedy itself in time. Norman joins me in warmest regards, and we both look forward with much pleasure to seeing you during the first half of August.

I am leaving here on Monday, and my mailing address will be care of Messrs. Morgan, Harjes & Company, 14 Place Vendome, Paris.

With best wishes as always, believe me

Sincerely yours,

Dr. Hjalmar Schacht, President,
The Reichsbank,
BERLIN, SW.111.

BS:M

Hotel de l'Europe,
Amsterdam, August 11, 1926.

PRIVATE

My dear Dr. Schacht:

Our visit was most enjoyable to me and most enlightening as well.
I certainly hope that you found as much profit as I did.

Unfortunately, this morning the Dutch papers print despatches from Berlin referring to supposed conversations which we had on various matters, including a discussion of the Eupen and Malmedy matter. I hope you realize that I shall continue to take no notice of newspaper rumors of any kind, and especially those relating to political matters. As I explained to you and to the others during our talks, I can take no interest in a discussion of political adjustments or affairs, which are entirely outside my province, for as you so well realize, my own interest is confined to discussion of monetary questions, even though in some instances these may seem to have an intimate association with what appear to be political questions. I hope you agree with me that it is desirable to pay no attention to these irresponsible statements in the press.

I am leaving tomorrow morning and am not certain of my address, but if you have occasion to write or telegraph me, I think the quickest communication will be through Messrs. Morgan, Harjes & Company, 14 Place Vendome, Paris.

With kindest regards as always, I beg to remain

Sincerely yours,

Dr. Hjalmar Schacht, President,
The Reichsbank,
BERLIN, S.W.111.

BS:M

Hotel Grand & Euler,
Basle, August 13, 1926.

Dear Mr. President:

You will recall that I cabled to New York in regard to the possibility of getting bars at a lower cost than coin to cover the shipments now being made to the Reichsbank by the Federal Reserve Bank.

A reply has just reached me advising that the coin now being shipped is uncirculated coin which has been specially furnished by the Philadelphia Mint at an extra cost of only \$93.75 per million, whereas the charge which the Treasury makes for fine bars is \$500 per million. You will therefore see that it would be very much more expensive to ship bars than coin. In fact, the shipment of new coin as now arranged is very much more advantageous than shipment of the ordinary used coin, which we find on investigation involves an abrasion loss which will average in the neighborhood of \$600 per million.

In view of the very economical arrangement which has now been effected, I have no doubt you will prefer to have us continue the shipments of coin.

I am also advised by cable that a statement has been made to the press in regard to these shipments, in substantially the form suggested in my cable, of which a copy was sent you. In the same message, they advise me that the rate of discount has been increased to 4%, of which you have doubtless been notified direct.

My plans from now on are still uncertain, and unless you hear from me to the contrary, I suggest that any communication be sent, as already arranged, through Messrs. Morgan, Harjes & Company, 14 Place Vendome, Paris.

With kindest regards, believe me

Sincerely yours,

Dr. Hjalmar Schacht, President,
The Reichsbank,
BERLIN, S.W.111.

BS:M

Princess Hotel,
Paris, August 27, 1926.

My dear Doctor Schacht:

One thing after another has delayed my trip, until now I begin to feel the necessity for returning home as early next month as possible. I am afraid it will interfere with my plan to go to Berlin, which disappoints me very much. I am hoping to be in London for a week before sailing, and if there is any chance of your being there, possibly we can have a meeting anyway. Are there any other special matters that you had in mind to discuss? I shall be disappointed if my rather unexpected return interferes in any way with your plans.

With kindest regards, believe me

Sincerely yours,

P. S. - Since the above was dictated, I have yours of the 24th of August, and am sincerely disappointed to be sending you the above news of my movements. It is partly because I have been away so long, partly also because some of my colleagues must have the opportunity to get off for their holidays and it is becoming exceedingly inconvenient. It may well be that we can meet in London.

Dr. Hjalmar Schacht, President,
The Reichsbank,
BERLIN, S.W.111.

BS:M

Schacht

Princess Hotel,
Paris, September 6, 1926.

My dear Mr. President:

A copy of the letter of August 31st which you addressed to me at New York has reached me here, and I have read it with much interest, as well as the enclosure with astonishment.

It would be desirable for us to make some investigation of the circumstances before considering any course of action, and as I shall now be home so soon, I am asking my associates in the Bank to pursue some inquiries which can be reported to me upon my return.

It is unfortunate that such occurrences should arise and, at times, possibly complicate matters, but I rather doubt if this particular instance has aroused much attention or caused much harm.

I beg to remain, dear Mr. President,

Yours very sincerely,

Dr. Hjalmar Schacht, President,
The Reichsbank,
BERLIN, SW.111.

BS:M

Schacht

Biltmore, N.C., February 14, 1927.

My dear Doctor Schacht:

At last I seem able to at least make an effort to answer a great accumulation of mail, which I could neither read nor deal with during my illness. You may understand this to indicate that I am considerably better, but still unable to return to the office or assume any responsibilities.

This letter is really my belated thanks for the gift which you were good enough to send me through your Ambassador and which I understand is awaiting me in Washington. I very deeply appreciate your thoughtfulness indeed, and especially of this character. May I hope to share my enjoyment some day with you?

Until more is known about the consequences of my sickness, it will be impossible for me to make definite plans for this Summer, but I have not abandoned hope of a trip to Europe later on, and if I am able to make it, shall look forward to a good visit with you either in Berlin or at some convenient place.

I am still so much out of touch with the office that I can write you nothing of business, but am glad at last to be able to send you my greetings and good wishes. Won't you write me when you have opportunity, addressing me in care of the Bank?

With kindest regards, believe me

Faithfully yours,

Dr. Hjalmar Schacht, President,
The Reichsbank,
Berlin, Germany.

BS:M

Schacht

March 17, 1927

My dear Mr. President:

This is a somewhat tardy acknowledgment of the receipt of the copy of "Die Stabilisierung der Mark" which you were good enough to have sent to Mr. Strong. He is glad to have this for his library, and as you know what a keen interest he has in the subject, I am writing simply to express his appreciation of your courtesy.

With assurances of Mr. Strong's kind regard and appreciation, I am

Very truly yours,

Secretary to
Mr. Benj. Strong.

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

FEDERAL RESERVE BANK
OF NEW YORK

BS/RAH

Schacht

SENT BY

SEND TO FILES

COPY OF TELEGRAM

July 14, 1927.

Hjalmar Schacht

On Board S. S. New York

All of my associates join me in expressions of good wishes and of gratitude for your message and especially of appreciation of the high purpose which distinguishes your work as collaborator with all of us in the various problems we have to deal with. Stop. The accomplishment of the results described in your message will only be possible if they are all attacked by those having the vision and courage which you have so often exhibited to us. May I express the hope that our meetings will become a tradition of central bank management and that they will lead to the establishment of cooperation and good will.

Strong.

August 16, 1927.

My dear Dr. Schacht:

My friend, Mr. Garrard B. Winston, is sailing for Europe in a few days, will be in Berlin, and I have taken the liberty of assuring him that you will be glad to see him if he calls at the Reichsbank.

You will recall that for a number of years he was Under-Secretary of our Treasury Department and in that capacity a close associate of mine. He is now associated with Messrs Shearman and Sterling, who are counsel for the National City Bank in New York. In fact Mr. Winston is making this trip abroad with Mr. Charles E. Mitchell, the President of the National City Bank, who may call on you with Mr. Winston.

I have given Mr. Winston no letter of introduction, as it hardly seemed necessary to do so.

With kindest regards, believe me

Sincerely yours,

HS
mms

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, Germany.

Schacht

PERSONAL

August 31, 1927.

My dear Dr. Schacht:

Since enjoying your visit here I have been a subject of close scrutiny by my physician, and I am glad to say he gives me very excellent reports. He favors my being away from New York in January and February which are the two most severe and dangerous months for me, so I am now planning to sail from New York on the Conte Biancamano on January 4 and after spending a few days at Gibraltar, settle down for some weeks at Algeciras. I have advised Governor Norman of this and Governor Moreau, and am planning also to write Dr. Vissering and Dr. Bachmann. This word to you, well in advance, is in order that I may express the hope of seeing you while I am there, and that it will not be a great inconvenience to you that I should so arrange my trip as to avoid the severe winter climate both here and in Northern Europe. It will probably preclude my visit in Northern Europe at all. After some weeks at Algeciras I will likely spend a month in some attractive place on the French Riviera before returning home.

Since our rate reduction I have been planning to write you some account of the situation here, but so far have had no opportunity to do so, but you may expect a letter shortly.

In the meantime, with kindest regards, believe me,

Sincerely yours,

Dr. Hjalmar Schacht,
C/o The Reichsbank,
Berlin, Germany.

Schacht

October 3, 1927.

Dear Doctor Schacht:

Your very kind letter of the 21st has just reached me, and I have read it with much satisfaction.

An unfortunate complication has arisen which may delay my sailing date, and in some respects, all my plans. Some people think that there may be efforts in Congress this winter to amend the Federal Reserve Act, and if so, I should like to be here as they may wish me to appear before the Banking and Currency Committee. I will know a little later and you may be sure I will keep you advised of my plans.

With every good wish, believe me, my dear Doctor Schacht,

Sincerely yours,

Dr. Hjalmar Schacht,
C/o The Reichsbank,
Berlin, Germany.

BS/RAH

Schacht

PERSONAL

November 10, 1927.

My dear Doctor Schacht:

You certainly have an excellent memory, and you certainly display it towards your friends.

I have just received copy of the English translation of "The Stabilization of the Mark," and you may be sure that I am looking forward to reading it with the keenest anticipation. When I have done so, may I be privileged to write you some comments if any occur to me.

Without reading it, however, I am able to express the view that in this great achievement for Germany you have performed a service for your country and your countrymen of a value far beyond what is generally recognized.

May I add that I have learned very recently, with much concern, that you have been indisposed to an extent possibly to cause some concern to your friends. Certainly that is my own feeling, and I wish very much you would write and relieve my anxiety.

With cordial regards, believe me,

Sincerely yours,

Dr. Hjalmar Schacht,
The Reichsbank,
Berlin, Germany.

Schacht

March 31, 1928.

Dear Dr. Schacht:

Herr Hans Furstenberg has come and gone, and I was not able to see him. This is just another disappointment due to the limitation which the doctor has put upon my working hours, and to the fact that it was necessary for me to be in Washington during part of the time Herr Furstenberg was in New York.

I am sure I have missed a real pleasure, but I hope that some day I will have another opportunity to meet Herr Furstenberg.

Please be assured of my sincere regret, and of my warm personal regards to you.

Sincerely yours,

copy m
Furstenberg

Dr. Hjalmar Schacht,
President, The Reichsbank,
Berlin, SW 111,
Germany.

Schacht

Hotel George V,
Paris, July 25, 1928.

My dear Dr. Schacht:

It was most kind of you to make the long trip to Evian in order that we might have a visit together during my stay in Europe. I have felt greatly benefitted by my stay here, so far as health is concerned, and am returning with some satisfaction also as to the value of the exchange of views with you.

Unless something very unexpected occurs, I shall sail on the "Olympic" on August 1st and remain here at the Hotel George V until that date.

Please accept my warmest good wishes, and believe me, my dear Dr. Schacht,

Faithfully yours,

Dr. Hjalmar Schacht, President,
Reichsbank,
34, Jaegerstrasse,
BERLIN.

BS:M