

320.457

1) L B Roberts

1921-1925-

Chief of Report Division  
1923

Manager of Reports Dept  
1923-1926

Head of Research Section ?

Head of Foreign Information  
Section 1919-23

Washington, D. C., October 24, 1921.

Dear Mr. Roberts:

In Mr. Snyder's absence I am returning your memorandum of September 16th in order that it may be brought down to date should you have further replies to our questionnaire which would cause revision of the figures. Also, were you able to draw up any conclusions further than those stated in the memorandum?

May it not be a good plan to submit the figures to Professor Williams and ask him just what conclusions he draws from them?

Very truly yours,

Mr. G. B. Roberts,  
Federal Reserve Bank,  
New York City.

Enclosure

## OFFICE CORRESPONDENCE

DATE August 21, 1925.TO Governor Strong

SUBJECT: \_\_\_\_\_

FROM Geo.B. Roberts

Before leaving on his vacation Dr. Burgess asked me to forward to you a weekly resume' of any new developments in money and business noted by myself or gathered in conversation with other officers of the bank.

One interesting development of the past week or so has been an apparent change in the sentiment regarding the money outlook. Whereas at the first of the month it seemed to be generally the opinion that money would be distinctly firmer in the fall, lately this view seems to have been considerably modified. Mr. Case tells me that this change of sentiment was commented upon at the last directors' meeting. An influence has been the reduction in the Bank of England rate and the subsequent easy money there. Also the inter-district settlements, which were against us during the early part of the month, turned in our favor during the week ended the 19th. Time money has lately been easier, and the System's earning assets have ranged from \$1,068,000,000 to \$1,090,000,000, touching the latter figure on the 19th.

A sharp rise yesterday in government securities, notably the Treasury 4 $\frac{3}{4}$ , which gained approximately  $\frac{3}{4}$  of a point, was also commented upon as reflecting easier money prospect, though I note today that much of this gain was cancelled.

Personally, if I may be permitted a guess - it seems to me that, with business going at the present rate, seasonal requirements, on top of the amount of money tied up in securities, are bound to cause firmer conditions. Yesterday and today we again lost in the settlements, and

## OFFICE CORRESPONDENCE

DATE August 21, 192<sup>5</sup>

Governor Strong

SUBJECT: \_\_\_\_\_


FROM Geo. B. Roberts

- 2 -

call loans today ran up from 4 to  $4\frac{1}{2}$  per cent. Stocks have again touched new high ground and street loans on the 20th worked up to a new high point about 100 millions above the levels in the latter part of June. While it is too early yet for member bank commercial loans to show much increase, some slight gain has occurred since the low point at the end of July. More significant is the fact that commercial paper apparently has not reflected the recent easing, dealers during the past week reporting the necessity of marking up rates on much of their paper to  $4\frac{1}{4}$  per cent.

In the field of business, railway traffic and bank debits continue to indicate unusual activity. Steel operations appear to be expanding slowly. The automobile industry is unusually active for this season, and July building contracts were 53 per cent above July 1924.

Mr. Sailer tells me for your information that, regarding the settlement of the H.C. Meyer claim, the Committee has recommended to our Board that he is entitled to \$42,000 for extra work performed. The Board referred this to Mr. Sailer with power, and Mr. Sailer is taking it up with him personally and believes it can be adjusted to the satisfaction of both parties for probably \$5,000 less.





## OFFICE CORRESPONDENCE

DATE September 17, 1925. 192

To Mr. Roberts  
FROM Governor Strong

SUBJECT:

Will Mr. Roberts kindly send me the following data as soon as possible.

It is all probably in our records or reference books.

1. The amount of the prewar budget of France, using the year 1914.
2. The amount of the prewar budget of England.
3. The amount of last year's British budget.
4. The present index number of prices in France, using that which covers the largest number of items.
5. The amount of loans which the Bank of France can still make to the French Government under the recent increased authority.
6. The margin on the note issue which is not yet exhausted.
7. The amount which the statement shows the Bank of France to be now lending to the State.
8. The amount of its private loans divided, if possible, between Lombard loans and discounts.
9. The amount shown in the statement of the Bank of France as gold held abroad, giving the latest figure.
10. The amount to be paid by Germany in the second year of the Dawes Plan, that is to say, of all kinds of payments, whether by deliveries in kind or cash.

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE November 16, 1925.

TO Governor Strong  
FROM Geo. B. Roberts

SUBJECT: \_\_\_\_\_

At the request of Mr. Stewart I am forwarding to you the results of an inquiry which we recently made of five large New York City banks, to determine the extent to which their figures of "Due From Foreign Banks (and branches)" are representative of the total volume of funds employed abroad by these banks. This inquiry indicates that the reported figures are not representative for the following reasons:

- (1) The figures do not include funds invested abroad in bills or other securities.
- (2) They do not in all cases include time deposits, as one of the reporting banks included these under Loans and Discounts.
- (3) As to loans to correspondents, 3 banks included these under "Due From Foreign Banks (and branches)," while 2 banks included them under Loans and Investments.

The banks to which this inquiry was addressed were

The National City Bank  
Chase National Bank  
Bankers Trust Company  
Guaranty Trust Company  
National Bank of Commerce

*gmr*

*Noted*

*BS*

DATE November 16, 1925.

OFFICE CORRESPONDENCE

Gov. of St. Louis  
Geo. B. Roberts

NOV 16 1925 3 28 PM

RECEIVED  
GOVERNOR'S OFFICE

At the request of the St. Louis office I am forwarding to you the

results of an inquiry which we recently made of five large New York

City banks, to determine the extent to which their figures of

"Due from Foreign Banks (and branches)" are representative of the

total volume of funds employed abroad by these banks. This in-

quiry indicates that the reported figures are not representative

for the following reasons:

- (1) The figures do not include funds invested abroad in bills or other securities.
- (2) They do not in all cases include time deposits, as one of the reporting banks included these under loans and discounts.
- (3) As to loans to correspondents, 3 banks included these under "Due from Foreign Banks (and branches)", while 2 banks included them under loans and investments.

The banks to which this inquiry was addressed were

The National City Bank  
Chase National Bank  
Bankers Trust Company  
Guaranty Trust Company  
National Bank of Commerce

*WLS*

b/ Reese, H V

1926, 1927

Manager 1926-1936



FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE August 10, 1926.

Mr. Jay

SUBJECT: Developments in Credit and Busi-

FROM H.V. Roelse

ness Conditions since Aug. 5.

Stock Market

The general tendency of stock prices continued upward until today, and average prices of industrial stocks advanced to new high levels, while railroad stocks reached the highest prices in recent years. Toward the end of last week the market appeared to be broadening, but a considerable degree of concentration in trading appeared again yesterday and today there was a substantial reaction in leading stocks.

Street loans have continued to increase gradually and are now about \$300 million above the lowest level of the year. Total loans of reporting member banks secured by stocks and bonds, on August 4, were the highest since the beginning of February, with the exception of June 30 figures. They have been exceeded only in a few weeks on our records.

Money Rates

Call money rates have ranged from  $4\frac{1}{4}$  to 5 per cent compared with a flat rate of  $4\frac{1}{4}$  per cent during the corresponding week last year. Time money has continued to advance, 90-day loans being quoted today at  $4\frac{5}{8}$  -  $4\frac{3}{4}$  per cent, but there was a corresponding increase last year, when 90-day loans advanced  $\frac{1}{4}$  per cent to  $4\frac{1}{4}$ - $4\frac{1}{2}$  per cent. The prevailing rate on commercial paper remains  $4\frac{1}{4}$  per cent, but there are some sales at  $4\frac{1}{2}$  per cent, as well as the 4 per cent rate on extra high grade names, and the tendency is upward.

Volume of Credits

Discounts of all Reserve Banks averaged about \$15 million higher during the first nine days of this month than for the month of July. There was a ~~small~~ <sup>similar</sup> increase at this time last year, however, so that the increase in the volume of Reserve Bank credit in use as compared with last year has not changed greatly.

Forward Buying

Unfilled orders of the Steel Corporation increased \$124,000 tons during July to 3,600,000 tons at the end of the month. As a result of this increase, unfilled orders are larger than in the corresponding period a year ago, for the first time this year. The current level of production is substantially higher than at this time last year.

A substantial increase in cotton goods sales during recent weeks has been attributed in reports we received from a leading commission merchant to small stocks in the hands of wholesalers and retailers, and other consumers of cotton goods, and also to the somewhat firmer prices for raw cotton.

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE August 10, 1926.TO Mr. JaySUBJECT: Developments in Credit and Busi-FROM H.V. Roelseness Conditions since Aug. 5.

- 2 -

Reports we receive bear out the statement that stocks of wholesalers and retailers are smaller than a year ago. In view of the report on the cotton crop issued today, which continues to indicate a large crop, it appears probable that buying for other than actual requirements for the next few months will subside, until the prospects for raw cotton prices are more definitely established.

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE Aug. 31, 1927To Governor Strong

SUBJECT: \_\_\_\_\_

FROM H.V. Roelse

The statement regarding the bond market on the proposed Bank of England cable was based on our record of prices of U.S. Government securities and the News Bureau average of high grade corporation bonds which is quoted in the Board Letter. It is true that there has been no evidence of a further advance during the week, but prices seem to be holding close to the highest levels of the year, which apparently are also the highest since 1913.

Prices of Government bonds are now practically the same as a week ago. The following data indicate the present status of three bond averages. It is true that the New York Times average indicates some decline during the week, but the other two show no important change.

Dow-Jones — 40 bonds

1927 high ..... 98.02  
 Aug.30 ..... 97.97  
 Week ago ..... 98.01

News Bureau — 30 bonds

1927 high ..... 100.15  
 Aug.30 ..... 100.02  
 Week ago ..... 100.05

New York Times — 40 bonds

1927 high ..... 91.91  
 Aug.30 ..... 91.60  
 Week ago ..... 91.90

*I was told that the Britain & China issue  
 at 5<sup>4</sup>/<sub>16</sub> basis & the Australian at a  
 lower price than their first issue  
 had "softened" the market a bit  
 Save for U.S. Govts. B.S.*



320.457

3. M. E. Race

1922-1925

Assistant in Foreign  
Div of Reports Dept  
[Called Information Dept  
first, then in Mar 1920  
Statistics Dept, and  
then in Jan 1923 Report  
Dept]



REPARATIONS COMMISSION

[McRae]  
[3/28/22]  
7

(1) What is the amount of the German national debt, divided between

- (a) the debt to the Reichsbank,
- (b) The domestic debt to the German people,
- (c) the debt owing by Germany abroad.

The national debt on December 31, 1921 is given as:

Funded	72,061,236,000 marks	
Floating	<u>246,921,000,000</u>	" (lg.m. 43.79 p. m.)
	318,982,236,000	"

(Annex 1307)

There is no information as to the proportion of the debt held by the Reichsbank, by the German people and abroad. The discounted Treasury Bills held by the Reichsbank on that date amounted to 132,330,906,000 marks.

(2) It has been recently reported that Germany has extinguished entirely the debt of the Imperial Government, including the pre-war debt and the war debt. If that is so, how much was it, and how was it done?

There is no reference to the debt of the Imperial Government, either pre-war or war debt. The funded debt, which is given as 93,719 million marks on December 31, 1918, decreased during 1919, 1920 and 1921 as a result of (1) regular amortization of reimbursable loans and (2) acceptance of war loan bonds in payment for extraordinary taxes and for the Reichsnotopfer, and for subscriptions to the 1919 lottery loan.

(Annex 1307)

(3) How much in paper marks has the German Government paid up to date in order to make reparation payments? I just want the total figure.

Estimates of reparation payments are given only in gold marks. Total deliveries and payments from November 11, 1918 to January 31, 1922 are estimated by the Commission at 6,647,000,000 gold marks, and ten-day cash payments during

February 1922 at 231,970,000,000 gold marks, making a total of 6,878,970,000 gold marks. (Annex 538/13 bis)

(4) What estimate does the Reparation Commission make of the amount of so-called exported capital of Germany?

Foreign currency abroad possessed by German citizens was estimated by Dr. Bergmann at the time of the Brussels Conference at 5 milliard/gold marks; by Dr. Fischer at an informal meeting of the Reparation Commission at Berlin at 80 milliard paper marks (Annex 1267) and by Herr Havenstein at 2 milliard gold marks exclusive of the considerable sums belonging to "small merchants and employees." (Boyden's Letter of November 26, 1921).

(5) What has been the balance of German trade, as estimated by the Reparations Commission? This should include visible and invisible items, if possible.

There are no recent estimates of German trade. Only a few figures for 1913 and 1920 are given and no division into visible and invisible items.

MER/GMH

IN 1,000 MILLIONS OF GOLDMARKS. (contd)

At the end of the year.	ASSETS OF THE BALANCE OF PAYMENTS.			LIABILITIES OF THE BALANCE OF PAYMENTS.								Passive rest of the balance of payments (columns 10 less 4)	State of the indebtedness to the foreign countries	
	Exports	Gains resulting from banking freights, etc.	In a sum (columns 2 & 3)	Imports		Other burdens resulting from the balance of payments	Annuities to be paid to the Allies		5% interest on the passive of the balance of payments of the preceding year	In a sum (columns 5 - 9)	In Goldmarks		the amounts of column 12 in papermarks (1 goldmark = 15 papermarks)	
				naturally urgent imports	additional imports caused by the raising of the exports (confer col.2)		Permanent burdens	26% of the actual export						
1	2	3	4	5	6	7	8a(1)	8b	9	10	11	12	13	
1947	18	1	19	6,5	6,5	1	-	-	6,065	21,065	2,065	130,022	1,950,330	
8	18	1	19	6,5	6,5	1	-	-	6,168	21,168	2,168	132,190	1,982,850	
9	18	1	19	6,5	6,5	1	-	-	6,276	21,276	2,276	134,466	2,016,990	
50	18	1	19	6,5	6,5	1	-	-	6,390	21,390	2,390	136,856	2,052,840	

(1) Fixed annuities to be paid to the Allies of 2,000 millions of goldmarks less 1,000 millions of goldmarks for delivery of commodities.



IN 1,000 MILLIONS OF GOLDMARKS.

At the of the year.	ASSETS OF THE BALANCE OF PAYMENTS			LIABILITIES OF THE			BALANCE OF PAYMENTS				Passive rest of the balance of payments (columns 10 less 4)	State of the indebted- ness to the foreign countries	
	Exports	Gains resulting from banking freights, etc.	In a sum (column 2 & 3)	Imports		Other burdens resulting from the balance of payments	annuities to be aid to the Allies		5% interest on the passive of the balance of payments of the preceding year	In a sum (columns 5 - 9)		In Goldmarks	the amounts of column 12 in papermarks (1 goldmark = 15 papermarks)
				naturally urgent imports	additional imports caused by the raising of the exports (confer col.2)		permanent burdens	26% of the actual export					
1	2	3	4	5	6	7	8a(1)	8b	9	10	11	12	13
1920	5	-	-	7,5	-	1,5	-	-	-	-	-	6,667	100
1	5	0,2	5,2	7,5	-	1,5	1	1,3	-	11,3	6,1	12,767	191,505
2	6	0,3	6,3	7,5	0,6	1,5	1	1,56	0,305	12,465	6,165	18,932	283,980
3	7	0,4	7,4	7	1,2	1,5	1	1,82	0,613	13,133	5,733	24,665	369,975
4	8	0,5	8,5	7	1,8	1	1	2,08	0,900	13,78	5,28	29,945	449,175
5	9	0,55	9,55	6,5	2,4	1	1	2,34	1,164	14,404	4,854	34,799	521,985
6	10	0,6	10,6	6,5	3,0	1	1	2,6	1,407	15,507	4,907	39,706	595,590
7	11	0,65	11,65	6,5	3,0	1	1	2,86	1,652	16,012	4,362	44,068	661,020
8	12	0,7	12,7	6,5	3,5	1	1	3,12	1,87	16,99	4,29	48,358	725,370
9	13	0,75	13,7	6,5	4,0	1	1	3,38	2,085	17,965	4,265	52,623	789,345
30	14	0,8	14,8	6,5	4,5	1	1	3,64	2,298	18,938	4,138	56,761	851,415
1	15	0,85	15,85	6,5	5,0	1	1	3,90	2,505	19,905	4,055	60,816	912,240
2	15,5	0,9	16,4	6,5	5,25	1	1	(50,6)03	2,707	15,457	+0,943	59,873	898,095
3	16	0,95	16,95	6,5	5,5	1	1	4,12	2,660	15,660	+1,290	58,583	878,745
4	16,5	1	17,5	6,5	5,75	1	1	4,29	2,596	15,846	+1,654	56,929	853,935
5	17	1	18	6,5	6	1	1	4,42	2,513	16,013	+1,987	54,942	824,130
6	17,5	1	18,5	6,5	6,25	1	1	4,55	2,414	16,164	+2,336	52,606	789,090
7	18	1	19	6,5	6,5	1	1	4,68	2,297	16,297	+2,703	49,903	748,545
8	18	1	19	6,5	6,5	1	1	4,83	2,162	16,162	+2,838	47,065	715,975
9	18	1	19	6,5	6,5	1	1	4,98	2,020	16,020	+2,980	44,085	661,275
40	18	1	19	6,5	6,5	1	1	4,98	1,871	15,871	+3,129	40,956	614,340
1	18	1	19	6,5	6,5	1	1	4,98	1,714	15,714	+3,286	37,670	565,050
2	18	1	19	6,5	6,5	1	1	4,68	1,550	15,550	+3,450	34,220	513,300
3	18	1	19	6,5	6,5	1	1	4,68	1,378	15,378	+3,622	30,598	458,970
4	18	1	19	6,5	6,5	1	1	4,68	1,197	15,197	+3,803	26,795	401,925

or FRASER  
er.stlouised.org  
eserve Bank of St. Louis



the year.	Exports	banking freights, etc.	sum (column 2 & 3)	naturally urgent imports	of the exports (confer col.2)	from the balance of payments	permanent burdens	the actual export	of payments of the preceding year	sum (columns 5 - 9)	payments (columns 10 less 4)	In Goldmarks	(1 goldmark = 15 papermarks)
1	2	3	4	5	6	7	8a(1)	8b	9	10	11	12	13
1920	5	-	-	7,5	-	1,5	-	-	-	-	-	6,667	100
1	5	0,2	5,2	7,5	-	1,5	1	1,3	-	11,3	6,1	12,767	191,505
2	6	0,3	6,3	7,5	0,6	1,5	1	1,56	0,305	12,465	6,165	18,932	283,980
3	7	0,4	7,4	7	1,2	1,5	1	1,82	0,613	13,133	5,733	24,665	369,975
4	8	0,5	8,5	7	1,8	1	1	2,08	0,900	13,78	5,28	29,945	449,175
5	9	0,55	9,55	6,5	2,4	1	1	2,34	1,164	14,404	4,854	34,799	521,985
6	10	0,6	10,6	6,5	3,0	1	1	2,6	1,407	15,507	4,907	39,706	595,590
7	11	0,65	11,65	6,5	3,0	1	1	2,86	1,652	16,012	4,362	44,068	661,020
8	12	0,7	12,7	6,5	3,5	1	1	3,12	1,87	16,99	4,29	48,358	725,370
9	13	0,75	13,7	6,5	4,0	1	1	3,38	2,085	17,965	4,265	52,623	789,345
30	14	0,8	14,8	6,5	4,5	1	1	3,64	2,298	18,938	4,138	56,761	851,415
1	15	0,85	15,85	6,5	5,0	1	1	3,90	2,505	19,905	4,055	60,816	912,240
2	15,5	0,9	16,4	6,5	5,25	1	1	(50,6)03	2,707	15,457	+0,943	59,873	898,095
3	16	0,95	16,95	6,5	5,5	1	1	4,16	2,660	15,660	+1,290	58,583	1,878,745
4	16,5	1	17,5	6,5	5,75	1	1	4,39	2,596	15,846	+1,654	56,929	1,853,935
5	17	1	18	6,5	6	1	1	4,42	2,513	16,013	+1,987	54,942	1,824,130
6	17,5	1	18,5	6,5	6,25	1	1	4,55	2,414	16,164	+2,336	52,606	1,789,090
7	18	1	19	6,5	6,5	1	1	4,68	2,297	16,297	+2,703	49,903	1,748,545
8	18	1	19	6,5	6,5	1	1	4,83	2,162	16,162	+2,838	47,065	1,715,975
9	18	1	19	6,5	6,5	1	1	4,89	2,020	16,020	+2,980	44,085	1,661,275
40	18	1	19	6,5	6,5	1	1	4,89	1,871	15,871	+3,129	40,956	1,614,340
1	18	1	19	6,5	6,5	1	1	4,89	1,714	15,714	+3,286	37,670	1,565,050
2	18	1	19	6,5	6,5	1	1	4,88	1,550	15,550	+3,450	34,220	1,513,300
3	18	1	19	6,5	6,5	1	1	4,88	1,378	15,378	+3,622	30,598	1,458,970
4	18	1	19	6,5	6,5	1	1	4,88	1,197	15,197	+3,803	26,795	1,401,925
5	18	1	19	6,5	6,5	1	1	(133,49)	1,006	15,006	+3,994	22,801	1,342,015
6	18	1	19	6,5	6,5	1	-	-	0,807	14,807	+4,193	18,608	1,279,120
									0,597	14,597	+4,403	14,205	213,075
									0,377	14,377	+4,623	9,582	143,730
									0,146	14,146	+4,854	4,728	70,920

Central Bank

D.S. p-

[1922]

CENTRAL BANKS

Belgium	Italy
Bulgaria	Japan
Denmark	Netherlands
Egypt	Norway
Finland	Portugal
France	Roumania
Germany	South Africa
Greece	Spain
India	Sweden
Switzerland	

162214

CONFIDENTIAL  
7/11/49

FOREIGN INFORMATION SERVICE  
REPORTS DIVISION, STATISTICS DEPARTMENT  
FEDERAL RESERVE BANK OF NEW YORK



## S U M M A R Y

Of the banks under consideration, only three - the Banks of Sweden, Finland and Bulgaria - are owned by the State. The Government is a large shareholder in the Bank of Norway. All of the other institutions are privately owned, subject, however, to Government control to a greater or less extent. None of the banks have even that technical independence enjoyed by the Bank of England.

All except the Imperial Bank of India are banks of emission. The Bank of Italy shares that privilege with the Banks of Sicily and Naples and with the State itself. In addition to Reichsbank notes, Germany has Darlehnskassenscheine, Reichskassenscheine and the notes of four private banks - Baden, Bavaria, Saxony and Württemberg. In the Union of South Africa, since the Central Reserve has only recently begun to exercise its right of emission, the notes of the former banks of issue are still outstanding. Holland and Norway each have a small circulation of State notes issued during the war as an emergency and probably temporary measure to supply the lack of fractional coinage.

Practically all the banks are depositories of State funds, and most of them are also disbursing agent. Other State services are performed by some of the banks. The extent to which the State resorts to the bank for aid in times of financial stress varies, being as a rule greatest in those countries whose finances are badly managed.

\* \* \* \* \*



## B E L G I U M

The National Bank of Belgium, established in 1850, is a privately owned joint-stock company, operated under direct Government supervision.

"The Government has the right to control all operations."

The General Council comprises:

(1) The Administrative Council

Governor, appointed by the King

Six Directors, elected by shareholders

(2) Council of Censors, 7 in number, elected by shareholders.

In addition to the Governor, the Government is represented by a Government Commissioner, who exercises the functions of comptroller.

The Bank acts as State depository, makes disbursements for the State, invests idle Government funds under its own guaranty, and in general gives to the State more than ordinary service. The State imposes heavy taxes, and if the net profits amount to more than 6% of the capital, the State takes one-fourth of the surplus.

The Bank is the sole note-issuing institution, but the law does not definitely give it the monopoly. There is no limit upon the amount of notes which may be issued, and the reserve against notes is left to the determination of the Government.

## B U L G A R I A

The National Bank of Bulgaria is a State institution, the entire capital having been subscribed by the Government. The Government and four administrators are appointed by the Government, which is also represented by two supervisory delegates. The Bank has the exclusive right of note issue.

\* \* \* \* \*

## D E N M A R K

The National Bank of Denmark, established in 1818, is a joint-stock company operated under the supervision of a Royal Commissioner. Two of the 5 Directors are appointed by the State.

The bank is granted the monopoly of note issue on condition of the payment of a fee of 750,000 kroner and 25% of the annual surplus remaining after payment of 6% dividend. There is no fixed limit to the amount of notes which may be issued, but the Bank must keep a bullion reserve of 33 1/3% and liquid assets amounting to 122% of the face of the notes outstanding.

\* \* \* \* \*

## E G Y P T

The National Bank of Egypt is a private institution, founded in 1898 with foreign capital. It is governed by a Council of twenty-two members, four of whom are located in London. The Governor and Deputy Governors are nominated by the Council, and ratified by the Government, which also appoints two Commissioners with supervisory powers.

The Bank is the depository of Government funds and is the sole note-issuing institution, the circulation and the cover therefor on December 31, 1921 being as follows:

Notes issued (L E 000's omitted)

In circulation	35,282
Held by Banking Dept.	<u>1,718</u>
Total	37,000

Cover for notes

Gold	3,340	} Gold or legal equivalent 50%
British Treasury Bills	15,160	
Egyptian Government or guaranteed by that Govt.	427	} Securities 50%
British Treasury Bills and National War Bonds	18,073	

\* \* \* \* \*



## F I N L A N D

The Bank of Finland was established in 1811, but did not become the State bank until 1867. There are no shareholders, the Bank being the property of the State, and the profits being allocated in accordance with resolutions of the Diet. Exact information as to the administration of the bank since the independence of Finland is not contained in any of the sources at hand, but apparently the management is vested in officials appointed by the Government. The Bank has the monopoly of note issue, regulations as to maximum issue and reserve being prescribed by the Diet.

\* \* \* \* \*

## F R A N C E

The Bank of France established in 1880 is a joint-stock company, privately owned, but controlled by the Government through the Governor and two Deputy Governors, who are appointed by the Governor and subject to removal by the Minister of Finance.

The General Council, which is the governing body, consists of 15 regents and 3 inspectors, elected by the 200 largest shareholders. Three of the fifteen regents, however, must be Treasury disbursing agents.

The Bank performs without charge services for the Government, such as receiving government revenues, making disbursements, discounting government paper, floating government loans, paying government coupons, managing the public debt and making advances to the government, including a permanent loan of 200 million francs without interest as a condition of charter renewal in 1897. The Bank pays various taxes to the Government, which does not otherwise participate in the profits.

In 1803 the Bank received the exclusive right of note issue. The limit in note/circulation has been raised from time to time, and was 12 billion francs in August 1914, and 41 billions in 1921. There is no legal provision as to cover for note circulation, but in normal times a gold reserve of about 30% was held.

At the signing of the Armistice, advances to the State constituted 50% of the total assets of the Bank. In December 1920, the limit was fixed at 27,000 million francs until January 1, 1922, the Government promising to repay 2,000 millions before that date, and a like sum annually thereafter.

## GERMANY

The Reichsbank is a privately owned joint-stock company, created under the law of March 14, 1875, which provided that the bank should be operated "under the supervision and control of the Empire."

Prior to the enactment of the law of May 1922, the Direktorium and the Kuratorium, whose members were appointed by the Government, were subject to the direction of the Chancellor. The shareholders enjoyed little more than the right of audit by the Central Committee selected by them.

Under the new law demanded by the Reparations Commission to secure the autonomy of the Reichsbank, the administrative powers of the Chancellor are transferred to the Board of Directors, but the Government still retains a voice in the selection of the directorate, the Chairman being appointed by the President of the Commonwealth, subject to approval of the Board of Directors and Central Committee, and the other Directors by the President on the nomination of the Board of Directors, approved by the Reichsrat and the Central Committee.

The Government participates in the profits, receiving 70% of the profits remaining after the payment of a dividend of  $3\frac{1}{2}\%$ .

The Reichsbank is the principal note issuing bank, the Reichsbank notes constituting about 93% of the total note circulation.

\* \* \* \* \*

G R E E C E

The National Bank of Greece, established in 1841, is a joint-stock company, privately owned. The administration is vested in a Governor, 2 Sub-Governors and twelve Councillors chosen by the shareholders, and a Royal Commissioner.

The Bank acts as State depository, and has also managed certain Government loans.

It is now the sole bank of issue, the Convention of 1921 having extended that right to 1950.

\* \* \* \* \*



## INDIA

The Imperial Bank of India was established January 27, 1921, by the union of the Presidency Banks of Bengal, Bombay and Madras. It is a stock company, privately owned.

Its management is intended to represent the Government, the Local Boards of the Presidency Banks, the shareholders and the general public. The governing body, which is called the Central Board, is composed as follows:

- (1) President and vice-president of Local Boards.
- (2) Controller of Currency, or other officer nominated by Government.
- (3) Such persons, not exceeding 4, as may be nominated by Government.
- (4) Secretaries of Local Boards.
- (5) One or two Managing Governors appointed by Government after recommendation by Central Board.
- (6) Such representatives of the Local Boards as the Central Board may prescribe.

The Central Board determines matters of policy, such as the Bank rate, and exercises general control over the Local Boards, chiefly through its Managing Committee, composed of the Managing Governors, the Controller of the Currency and the representative of the Local Board at the particular place of meeting.

The Imperial Bank is the sole banker for the Government, administers the public debt and transacts any government business entrusted to it. It is not a bank of issue.

## I T A L Y

The Bank of Italy, which is the most important of the three Italian banks of emission, was organized in 1893 by the fusion of several note-issuing institutions. It is a joint-stock company, privately owned. The shareholders elect the comptrollers, the censors and the regents. The regents in turn elect the Superior Council, which appoints the Director-General and the two Vice-Director-Generals, subject, however, to approval by the Government.

The Banks of Naples and Sicily, which are also banks of issue, are described as "autonomous public credit institutions under the supervision of the Government, having their own property or free capital," which is derived from gifts, alms and accumulated profits, and legally belongs to nobody. These two banks have no shareholders, only creditors. The Director-General and two Councillors of Administration are appointed by the King. The General Council is composed of officers and delegates from the provinces and various chambers of commerce.

All three banks are under the supervision of the Ministry of Finance, and very heavily taxed, and are obligated, up to certain statutory limits, to make advances to the State upon demand. The Bank of Italy has charge of the State Treasury Service, for which it receives no compensation, and the three banks are tax depositories.

Now circulation is regulated as to amount and reserve.

## J A P A N

The Bank of Japan established 1882 is a joint-stock company, privately owned, but under the Government control exercised through Comptrollers acting under the Minister of State for Finance. The Government does not participate in the profits of the bank.

### Administrative Board

- (1) Governor, appointed by the Government with the Imperial nomination.
- (2) Vice-Governor, appointed by the Government with the Imperial approval.
- (3) Four Directors, appointed by the Minister of State for Finance from a list of eight elected by the General Meeting of Shareholders.

### General Council

- (1) Administrative Board (as above).
- (2) Three to five Auditors elected by the General Meeting of Shareholders.

The Bank of Japan manages State funds on request issues and redeems Government bonds, etc. It is the sole bank of emission, although apparently government and national bank notes issued prior to the establishment of the Bank of Japan are still outstanding, redeemable on demand at the Bank from a reserve fund of 22 million yen loaned by the Bank to the Government without interest. Reserve required against notes is 100% gold and silver, but 120 million yen may be issued against Government Loan Bonds and Treasury Bills and an additional issue against securities may be made upon permission from Minister of State for Finance and payment of 5% tax.



## THE NETHERLANDS

The Netherlands Bank, established in 1814, is a joint-stock company now privately owned, the Government no longer holding any of the shares. The operations of the Bank are supervised by a royal commissioner. The Sovereign appoints the President and the Secretary, and the shareholders elect the Directors and a supervisory council of 15 commissaries.

The Bank is required to make advances to the State against Treasury Bills without interest, up to 15 million florins. It also acts as fiscal agent for the Government.

The Bank is the sole bank of emission, but under the law other banks of issue may be established by special legislation but in that event the Government forfeits its share of the profits of the Netherlands Bank; i. e., two-thirds of the net profits after payment of  $3\frac{1}{2}\%$  dividend and bonus and reserve requirements. The gold reserve against notes is fixed by Royal Decree. At the outbreak of the war it was 40%, but was afterward reduced to 20%.

\* \* \* \* \*

## N O R W A Y

The Norges Bank, established under the Law of 1819, is a joint-stock corporation in which the Government is heavily interested. The Bank is governed by Acts of the Storthing, which elects the directors, except the president and vice-president of the head office, who are nominated by the King. The accounts are supervised by a Board of Auditors chosen by the Storthing.

The Bank has the monopoly of note issue. Prior to war, the maximum note issue, without permission from the Treasury and the payment of a special tax, was fixed at 40 million kroner in excess of the gold and foreign balances held by the Bank, but this maximum seems to have been increased to about 300 million kroner over the gold cover. Actual note circulation is below the maximum.

## P O R T U G A L

The Bank of Portugal was founded in 1846 by the union of the Bank of Lisbon and the National Surety Company. With the renewal of its charter in 1888, it obtained the monopoly of note issue and in 1891 was authorized to substitute its notes for the outstanding notes of the former banks of emission.

The bank is a joint-stock company, privately owned, operated under the supervision of the State exercised through a Secretary-General. The Government also appoints the Governor and the Vice-Governor, the latter from a list of three submitted by the General Council. The General Assembly, which is composed of 240 principal shareholders, elects ten Directors and a Censors' Council of seven members.

The profits of the Bank, after reserve requirements are met and a 7% dividend paid, are divided equally between the shareholders and the State.

The Bank acts as depository and disbursing agent for the Government. Although the banking law places limits upon note circulation and advances to the State, both regulations have been frequently disregarded, and in general the Bank has been the chief refuge of the Government in times of financial stress.

It was reported by the Economic Review (May 5, 1922) that Portugal is considering legislation for the establishment of a Central Bank, 54% of the capital to be held by the State, and the remainder to be subscribed by the banks of the country.

\* \* \* \* \*



## R U M A N I A

The National Bank of Rumania was founded in 1880. The Government at first furnished one-third of the capital, but later disposed of its holdings. The Government, however, controls the Bank, appointing a supervisory official known as the Government Commissioner, two of the six Directors and three of the seven Censors. The remaining Directors and Censors are elected by the General Assembly. The By-laws were prescribed by the Government.

The Bank performs Treasury service free of charge. The Government participates in profits over and above the reserve requirements and the 6% dividends.

The Bank is the sole bank of issue, but during the war Russian rubles, Austro-Hungarian banknotes and notes issued by the Banque Generale during the German occupation were also in circulation. In August 1920 the currency was unified.

\* \* \* \* \*

## SOUTH AFRICA

The Central Reserve Bank of the Union of South Africa was established December 18, 1920. The stock is now held by banks and by the public, the Government having sold the shares which it took at the time of organization.

The Board of Directors consists of eleven members chosen as follows:

Governor, Deputy Governor and three other Directors appointed by the Governor General.

Three experienced bankers appointed by the Governor General upon the nomination of the stockholding banks.

Three (one representative each for commerce, agriculture and industry), elected by stockholders other than banks.

The Government shares in the profits of the Bank after specified surplus and dividend requirements are met. The Bank may act as banker and financial agent for the Government.

The Bank was granted a monopoly of note issue, to become effective after the lapse of at least one year from the date of organization of the Reserve Bank. The actual issue of notes by the Reserve Bank apparently began about May, 1922. Two years are allowed for other banks to redeem their notes.

Notes must be covered by at least 40% gold and 60% bills.

\* \* \* \* \*

## S P A I N

The Bank of Spain established in 1856 is a joint-stock company, privately owned, but very closely related to the State.

The Administrative Council is elected by the shareholders subject to approval by the King; the Governor and the two Sub-Governors are appointed by the King, the latter from names submitted by the Administrative Council.

When the charter was renewed last year, the bank was granted the privilege of increasing its capital, and its monopoly of note issue was extended for 25 years. While the regulations governing note circulation require a minimum gold cover of 40%, the notes, even in normal times, are convertible only into silver. In addition to a permanent loan to the State of 150 million pesetas without interest, the Bank is required to make advances to the State from time to time which frequently exceed the legal borrowing powers of the State. In general the relations between the Bank and the State have been unfortunate for the bank.

\* \* \* \* \*



## S W E D E N

The State Bank of Sweden, established in 1668 as the Rikets Ständers Bank (the Bank of the Estates of the Realm), became known in 1867 as the Riksbank or National Bank. The Riksbank is entirely owned by the State, a considerable portion of the capital having been accumulated from profits. The President is appointed by the King; the other six Directors are elected by the Parliament, which fixes the amount of capital and reserves and in general regulates the conduct of the institution. It is the sole bank of issue, the maximum limit of circulation and the reserves to be held against notes being prescribed in the banking law. The Riksbank is required to receive the public revenue and to make payments on account of the State without charge.

\* \* \* \* \*

## SWITZERLAND

The Swiss National Bank was organized in 1907 as a private corporation, only Swiss cantons, Swiss citizens and Swiss corporations being permitted to become shareholders. It is operated under Federal supervision.

The Bank Council consists of 40 members, 15 being elected by the shareholders and 25, including the president and vice-president, by the Bundesrat.

The actual managing and executive power is vested in the Directorium, consisting of three members elected by the Bundesrat upon the non-binding proposal of the Bank Council.

The immediate supervision of bank operations is exercised by the Bank Committee, comprising the president and vice-president of the Bank Council and 5 other members elected by the Bank Council.

The State participates in any profits remaining over and above the requirements of the surplus account and the payment of a 4% dividend.

The Bank is the sole bank of emission, and is required to hold as cover the equivalent of the entire outstanding note issue in the form of gold and bills, the gold reserve to be not less than 40%.

Aside from acting as depositary and disbursing agent for the State and receiving applications from the public for Government loans, apparently performs few fiscal services.

\* \* \* \* \*

NATIONAL BANK OF BELGIUMDecember 31, 1921

Total Assets and Liabilities . . . . . 37,051,303,980 francs

Assets

Gold . . . . . 266,584,763

Loans, discounts and advances. . . . . .

To Government . . . . . 208,007,023

Advances and discounts. . . . . 563,019,064

Securities

Government . . . . . 6,093,051,760

Other . . . . . 31,978,337

Liabilities

Capital . . . . . 50,000,000

Reserve . . . . . 50,936,759

Deposits

Government . . . . . 94,726,106

Private . . . . . 580,317,166

Note Circulation . . . . . 6,415,054,171

\* \* \* \* \*



NATIONAL BANK OF BULGARIADecember 31, 1921Leva

Total Assets and Liabilities . . . . . 5,786,183,768

Assets

Gold . . . . . 38,000,000

Loans and advances

To Government . . . . . 3,667,507,571

Loans and discounts . . . . . 824,524,567

Securities

Government . . . . . 58,520,331

Other . . . . . 3,411,750

Liabilities

Capital . . . . . 100,000,000

Reserve . . . . . 71,771,373

DepositsGovernment)  
Other ) . . . . . 1,293,956,109

Circulation . . . . . 3,615,439,592

\*\*\*\*\*

NATIONAL BANK OF DENMARKDecember 31, 1921Kronen

Total Assets and Liabilities . . . . . 718,068,604

Assets

Gold . . . . . 228,329,691

Loans and advances

Government . . . . . -

Advances and discounts . . . . . 216,589,782

Securities

Government . . . . . 24,876,584

Other . . . . . 17,322,301

Liabilities

Capital . . . . . 27,000,000

Reserve . . . . . 39,456,540

Deposits

Government . . . . . 7,840,459

Other . . . . . 128,457,995

Circulation. . . . . 470,693,765

\*\*\*\*\*

NATIONAL BANK OF EGYPTDecember 31, 1921

L E (000 omitted)

Total Assets and Liabilities . . . . . 55, 195

Assets

Gold . . . . . 3, 340

Loans and advances

To Government . . . . . 509

Loans and discounts . . . . . 8, 605

Securities

Government	- Egyptian Government	6, 619	
	British Government	<u>33, 234</u>	39, 853

Other . . . . . 255

Liabilities

Capital . . . . . 2, 925

Reserve . . . . . 2, 145

Deposits

Government . . . . . 2, 313

Other . . . . . 11, 773

Note Circulation . . . . . 35, 282

\* \* \* \* \*



BANK OF FINLANDDecember 31, 1921

Million F. Mk.

Total Assets and Liabilities . . . . . 1,820.2

Assets

Gold . . . . . 42.6

Loans and discounts

To State . . . . . 303.9

Advances and discounts . . . . . 665.5

Securities

Government - Finnish State Bonds \* . . . . . 525.5

Other - Bonds in foreign currency . . . . . 9.2

Liabilities

Capital . . . . . 100.0

Reserve Fund. . . . . 50.0

Deposits

Government\*\* . . . . . 128.6

Private . . . . . 70.5

Note Circulation . . . . . 1,356.1

\*including government loan to the bank of 350 million.

\*\*excludes Sinking Fund for State Loans, about 7.4 millions.

BANK OF FRANCEDecember 29, 1921

Total Assets and Liabilities . . . . . 42,561,543,400 francs

Assets

Gold Coin and Bullion . . . . . 5,524,227,897

Loans and discounts

To State\* . . . . . 28,947,232,430

Advances and discounts . . . . . 4,799,852,743

Government Securities\*\* . . . . . 214,839,309

Liabilities

Capital . . . . . 182,500,000

Profits added to capital. . . . . 38,105,394

Reserve . . . . . 30,513,194

Deposits

Government Treasury Account . . . . . 26,013,952

Government Amortization Account . . . . . 1,829,021,813  
(for repayment of advances to State)

Private . . . . . 2,717,192,359

Note Circulation . . . . . 36,487,456,505

\* \* \* \* \*

\*Including the 200,000,000 francs permanent non-interest bearing loan.

\*\* Including 100,000,000 francs "Inconvertible Rentes" which have never been made negotiable and cannot be considered as available assets.

REICHSBANKDecember 31, 1921Marks

Total Assets and Liabilities . . . . . 168,895,635,816

Assets

Gold . . . . . 1,007,004,349

Loans and advances

To State . . . . . 132,330,906,061

Loans and discounts. . . . . 1,557,782,829

Securities

Government . . . . . -

Other . . . . . 208,438,400

Liabilities

Capital . . . . . 180,000,000

Reserve (1) . . . . . 725,065,136

Deposits (2)

Government)

Other). . . . . 36,544,434,939

Circulation (3) . . . . . 129,232,366,290

\* \* \* \* \*

(1) Including Reserve Fund against War Losses - 561,500,000 Mks.

(2) Weekly Return December 31, 1921 gives

Government Deposits 7,591,343,000

Private " 25,314,330,000

(3) Mks. 15,590,849,790 held in "Cash" reserve.



NATIONAL BANK OF GREECEDecember 31, 1921Drachmae

Total Assets and Liabilities . . . . . 5,107,005,324

Assets

Gold . . . . . 55,805,493

Loans and discounts

To State . . . . . 734,684,314

Discounts and advances . . . . . 579,646,722

Securities

Government . . . . . 2,020,302,895

Other . . . . . 10,493,443

Liabilities

Capital . . . . . 20,000,000

Reserve . . . . . 135,000,000

Deposits

Government . . . . . 470,319,712

Other . . . . . 1,510,037,467

Circulation. . . . . 2,161,182,802

\* \* \* \* \*

IMPERIAL BANK OF INDIADecember 31, 1921

Rupees

Total Assets and Liabilities . . . . . 828,353,073

Assets

Cash and Bullion (1) . . . . . 136,032,379

Loans, Advances and Discounts (2) . . . . . 539,775,609

Securities

Government . . . . . 111,742,849

Other . . . . . 12,817,775

Liabilities

Capital (paid-up) . . . . . 56,224,250

Reserve . . . . . 40,179,005

Deposits

Government . . . . . 68,000,927

Private . . . . . 661,773,650

(1) Gold not given separately

(2) Advances to Government not given separately

BANK OF ITALYLira

Total Assets and Liabilities . . . . . 55,129,463,919

Assets

Gold . . . . . 850,000,000

Loans and advances

To Government . . . . . 847,001,900

Discount and advances . . . . . 4,816,633,830

Securities

Government . . . . . 6,046,081,901

Other . . . . . 512,433,456

Liabilities

Capital . . . . . 240,000,000

Reserve . . . . . 138,675,646

Deposits

Government . . . . . 1,140,410,739

Other . . . . . 848,811,323

Circulation . . . . . 14,847,409,975

\*\*\*\*\*



BANK OF JAPANDecember 31, 1921Assets

Total Assets and Liabilities . . . . . 2,858,546,925 yen

Gold Coin and Bullion . . . . . 1,246,896,810

Loans and discounts

To Government\* . . . . . 22,000,000

Advances and discounts . . . . . 374,277,358

Deposits with banks and agencies . . . . . 711,087,275

Securities

Japanese Government . . . . . 102,056,764

Other Governments . . . . . 89,858,031

Liabilities

Capital Paid-in (authorized 60,000,000) . . . . . 37,500,000

Deposits

Government - General Account . . . . . 866,892,476

Government - Special Accounts . . . . . 287,774,919

Private . . . . . 35,388,178

Reserve Fund . . . . . 43,890,000

Note Circulation . . . . . 1,546,545,808

\* \* \* \* \*

\*A statutory, non-interest bearing loan for redemption of Government paper money outstanding when Bank of Japan was granted exclusive right of note issue.

THE NETHERLANDS BANKDecember 31, 1921Florins (000,000  
omitted)

Total Assets and Liabilities . . . . . 1,037.6

Assets

Gold . . . . . 621.2

Loans and advances

To Government . . . . . 72.7

Discounts and advances . . . . . 383.7

Securities

Government . . . . . -

Other . . . . . 8.9

Liabilities

Capital . . . . . 20.0

Reserve . . . . . 5.4

Deposits

Government . . . . . -

Other . . . . . 66.1

Circulation. . . . . 1,052.3

\*\*\*\*\*

Annual Report not yet available. Figures are from Memorandum on Central Banks, by League of Nations, and are based on weekly returns.

1 Krone = \$.2680

BANK OF NORWAY

December 31, 1921

Kronen

Total Assets and Liabilities . . . . . 692,924,386

Assets

Gold . . . . . 147,292,187

Loans and advances

To Government . . . . . -

Advances and discounts . . . . . 442,856,231

Securities

Government . . . . . 2,631,928

Other . . . . . 19,074,084

Liabilities

Capital . . . . . 35,000,000

Reserve . . . . . 58,998,470

Deposits

Government . . . . . 863,500

Other . . . . . 143,262,465

Circulation

Banks . . . . . 409,812,279

Government . . . . . 9,178,682

\* \* \* \* \*



BANK OF PORTUGALDecember 31, 1921Escudos (000,000's  
omitted)

Total Assets and Liabilities . . . . . 844.3

Assets

Gold . . . . . 9.7

Loans and discounts

Government . . . . . 37.5

Other . . . . . 156.8

Securities

Government . . . . . 620.0

Private . . . . . 16.8

Liabilities

Capital . . . . . 13.5

Reserve . . . . . 17.2

Deposits

Government . . . . . 4.8

Other . . . . . 103.0

Circulation . . . . . 722.8

\* \* \* \* \*

The Annual Report of the Bank of Portugal for 1921 is not available. The above figures are taken from the Memorandum on Central Banks, recently issued by the League of Nations. It is probable that the actual gold holdings are only 8.6 millions. The deposits given by the Economist and the Statist, are only 59.866 millions, for December 28, 1921.

NATIONAL BANK OF RUMANIADecember 31, 1921Lei (000,000's  
omitted)

Total Assets and Liabilities . . . . . 20,116.4

Assets

Gold\* . . . . . 494.5

Loans and advances

To Government . . . . . 16,614.5

Discounts and advances . . . . . 2,638.3

Securities

Government . . . . . 63.3

Other . . . . . 3.8

Liabilities

Capital . . . . . 12.0

Reserves . . . . . 103.2

DepositsGovernment)  
Other ) . . . . . 1,811.6

Circulation . . . . . 13,722.2

\* \* \* \* \*

*Gold in Rumania	1,704 million lei
" " Russia	315.2 " "
" " Reichsbank	80.5
" " England	<u>98.1</u>

495.504 million lei

Note slight discrepancy in total gold. Both figures are from League of Nations, - no data available for checking.

CENTRAL RESERVE BANKUNION OF SOUTH AFRICAMarch 31, 1922

£

Total Assets and Liabilities . . . . . 8,176,640

Assets

Cash (gold coin and gold certificates) . . . . . 5,166,551

Loans and advances

To Government . . . . . 2,200,000

Loans and discounts (1) . . . . . -

Securities

Investments (not described) . . . . . 800,000

Liabilities

Capital . . . . . 1,000,000

Reserve (2) . . . . . -

Deposits - Bankers . . . . . 7,118,011

Circulation (3) . . . . . -

(1) May 20, 1922 - £ 25,000

(2) May 27, 1922 - £ 2,000

(3) May 6, 1922 - £ 550,000

June 17, 1922 - £ 2,681,000



BANK OF SPAINWeekly Statement - December 31, 1921Pesetas

Total Assets and Liabilities . . . . . 6,671,940,833

Assets

Gold . . . . . 2,512,869,244

Loans and advances

\*Government . . . . . -

\*Loans and discounts. . . . . 2,830,404,645

Securities

Government . . . . . 594,474,903

Other . . . . . 11,654,625

Liabilities

Capital . . . . . 150,000,000

Reserves. . . . . 78,000,000

Deposits

Government . . . . . 990,895,926

\*Other . . . . . 1,041,816,870

Circulation . . . . . 4,244,080,675

\*Annual Report of Bank of Spain not yet available. Weekly Statement  
is incomplete on these items.

BANK OF SWEDEN (RIKSBANK)December 31, 1921Kroner

Total Assets and Liabilities . . . . . 1,054,280,304

Assets

Gold . . . . . 274,742,992

Loans and Advances

To Government . . . . . -

Loans and discounts . . . . . 640,296,883

Securities

Government . . . . . 5,182,600

Other . . . . . 15,497,511

Liabilities

Capital . . . . . 50,000,000

Reserve . . . . . 12,500,000

Deposits

Government . . . . . 309,525,500

Other . . . . . 25,757,861

Circulation. . . . . 627,698,726

\*\*\*\*\*

NATIONAL SWISS BANKDecember 31, 1921

Swiss Francs

Total Assets and Liabilities(1) . . . . . 1,224,708,500

Assets

Gold . . . . . 549,521,217

Loans and advances

To Government . . . . . 117,260,000

Advances and Discounts. . . . . 320,893,744

Securities

Government . . . . . 6,461,633

Liabilities

Capital (1) . . . . . 50,000,000

Reserve . . . . . 4,940,858

Deposits

Government . . . . . 7,714,577

Other . . . . . 120,919,755

Circulation . . . . . 1,009,263,735

(1) Including Fr. 25 million uncalled capital.

\* \* \* \* \*



## OFFICE CORRESPONDENCE

Date April 18, 1922To Mr . SnyderSubject: Economic Agreements betweenFrom M. E. RoseScandinavian countries.

An Inter-Scandinavian Foreign Exchange conference was held in Christiania in February 1920 to discuss foreign exchange and general financial conditions. The Conference held that the releasing of Scandinavian gold for export at that time was too hazardous an experiment, and that the stabilization of foreign exchanges could be brought about only by international cooperation.

In June 1921 it was reported that preparations were being made for a similiar conference to discuss international trade problems common to Norway, Sweden and Denmark, but I have been unable to find any record of such a conference being held.

\* \* \* \* \*

The Library seems to contain no information on any agreements between the various Scandinavian countries. There are, however, various trade agreements between certain Scandinavian countries with other countries, such as, between Norway and Spain; Finland and Esthonia; Norway and Russia; Finland and France. These are trade agreements exclusively.

This information, scanty as it is, seems to be all that is available at present.

## OFFICE CORRESPONDENCE

Date April 13, 1922To Governor StrongSubject: German Reparation SituationFrom M. E. RoseLetter from J. A. L., March 24, 1922Exhibit A

The Reparation Commission on March 21, 1922 fixed payments to be made by Germany in 1922 as follows:

a) In cash

720 million gold marks (including 281,948,920.49 gold marks already paid in 1922).

Balance (438,051,079.51 gold marks) in the following payments:

18,051,079.51 April 15

50,000,000 - 15th of May, June, July, August, September and October

60,000,000 - November 15, and December 15

b) In kind

1,450 million gold marks (950 millions to France, 500 millions to other Allies).

\* \* \* \* \*

Comment by J. A. L.

Germany can meet cash payments up until August 15 at the maximum.

Exhibit B

Reparation Commission makes the following conditions precedent to granting of concessions outlined in Exhibit A.

Germany's note of January 28, 1922 and program of January 26, 1922 to be carried into effect.

New tax measures aggregating 60 milliard paper marks to be enacted before May 31, 1922; 40 milliards to be actually collected during 1922.

Budget for 1922-23 to be revised, reducing expenditure.

Provision to be made for internal loans to cover budget deficit.

OFFICE CORRESPONDENCE

Date April 13, 1922

To Governor Strong

Subject: German Reparation Situation

Fr. M. E. Rose

Letter from J. A. L., March 24, 1922

Stricter measures to prevent capital exportation to be enforced.

Autonomy of Reichsbank to be secured by law.

Accurate statistics to be collected and furnished upon request.

Comment by J. A. L.

Arrangement ideal but impossible. Permanent reform of German finance must begin with reduction of reparations.

French proposal for new "Committee of Guarantees" with headquarters at Berlin, is not accepted by Reparation Commission. British plan for Committee of Financiers to consider how Germany might obtain an external loan has not yet been discussed.



June 9, 1922.

Dear Miss Rose:

Last evening I had the pleasure of attending the Commencement exercises of the New York Chapter of the American Institute of Banking, and there learned, without any surprise indeed, but with a great deal of pleasure, that you received first honorable mention in the competition for the James G. Cannon prize.

It may please you to know that some of the judges, who had the passing of judgment on the reward of this honor, found some difficulty in determining whether you or the winner were entitled to the prize - in fact, it was a very close thing indeed, I was informed - so let me take this first opportunity of advising you how much pleasure and satisfaction it gave me to hear about all of this.

With my best congratulations, and many good wishes, I am,

Sincerely yours,

Benj. Strong,  
Governor.

Miss Mabel E. Rose,  
c/o Federal Reserve Bank,  
15 Nassau St.,  
New York City.

BS.MM

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FILES [ ]  
JUN 12 1922  
June 10, 1922.  
FEDERAL RESERVE BANK  
OF NEW YORK

My dear Governor Strong:

I cannot tell you how much I appreciate your letter of congratulation, and particularly the kindly thought which prompted you to take the time and trouble in your busy day to write me that you were gratified with my success.

I wish of course that I had won the prize, but I am glad to know that there was not much difference in the quality of the essays, in the judgment of the judges.

With thanks and appreciation of your interest, I am

Sincerely yours,

Mabel E. Rose

Hon. Benjamin Strong,  
Governor, Federal Reserve Bank,  
15 Nassau Street,  
New York City.

RECEIVED BY  
GOVERNOR'S SECY



JUN 10 1922

RECEIVED  
JUN 10 1922  
FEDERAL RESERVE BANK  
OF ST. LOUIS

My dear Governor Strong:

I cannot tell you how much I appreciate your letter of congratulation, and particularly the kindly thought which prompted you to take the time and trouble in your busy day to write me that you were gratified with my success.

I wish of course that I had won the prize, but I am glad to know that there was not much difference in the quality of the essays, in the judgment of the judges.

With thanks and appreciation of your interest, I am

Sincerely yours,

Robert E. Rose

Hon. Benjamin Strong,  
Governor, Federal Reserve Bank,  
15 Nassau Street,  
New York City.



June 29, 1922.

Dear Miss Rose:

Congratulations on your honor record in the class on international exchange at the American Institute of Banking this year! The Institute is doing good work and I am glad you are availing yourself of the privileges it affords.

The more our country progresses in world banking the more we must realize the need for broad training in finance and allied subjects. I am delighted that so many members of our organization seem to realize this.

You will, I hope, continue this good work and if you do, I am sure you will not only find a suitable reward, but much happiness in the work itself.

Sincerely yours,

Benjamin Strong  
Governor.

Miss Mabel Rose,  
Federal Reserve Bank of New York,  
New York, N. Y.

BMJ/MEH

*Do not* FEDERAL RESERVE BANK  
OF NEW YORK

OFFICE CORRESPONDENCE

DATE November 21, 1922

TO Governor Strong

SUBJECT: The Japan Financial &

FROM M. E. Rose

Economic Monthly, September, 1922

DEC 5 1922

Review of the Month of August  
OF NEW YORK

*L. H. Harrison*

The two outstanding features of the month were the change in the money market and the fall in the index number of prices.

Rates in the call money market during August reached the highest point so far this year, the volume of advances by the Bank of Japan was the largest thus far recorded in 1922, and discount rates declined slightly.

The stringency of call money and the inflation of the Bank of Japan's advances are ascribed to the diminution of specie reserves, (which had declined by 220 million yen by July 1st). The banks were thus led to call in their short-term loans, and to resort to the Bank of Japan for advances. Moreover, the expectation of a slackening money market diverted funds from the call market to the discount market. The result was the unusual condition of a tight call money market and a slack discount market.

On August 31 the Government, as one of its currency measures against inflation, prohibited the use of gold held abroad as a reserve against note issue.

Prices during August fell from the July index number of 202.3 to 196.8, which is 1.8 below the previous low point (May, 1922), and the editor predicts falling prices for some time to come.

The apparently favorable foreign trade returns are due to a shrinkage of imports rather than an increase of exports.

In conclusion, the period of depression still continues, readjustment of business is a long way off, and prices are expected to go lower, but on the whole output is increasing.

OFFICE CORRESPONDENCE

DATE November 21, 1922

TO Governor Strong

SUBJECT: The Japan Financial &

FROM E. Rose

Economic Monthly, September, 1922

Establishment of policy for the regulation of prices

The Government's policy for the reduction of prices, announced in August, contains the following important features:

1. Exclusion of specie held abroad from reserve against note issue. This is a temporary expedient designed to reduce inflation.

2. Withdrawal of Government notes of small denominations. These notes were a temporary war expedient and the policy of withdrawing them, which was begun last March, will be pushed so that the notes may be eliminated by the end of 1923 and subsidiary coins substituted.

3. Reduction in the price of tobacco, which is a Government monopoly.

4. Increase in rate of interest on deferred postal savings.

5. Increased means of transportation of foodstuffs, reduced freight rates thereon, organization of shipment and purchasing associations, and establishment of central wholesale and local retail public markets.

6. Publication of prices of the necessities of life.

7. Improvement in system of furnishing timber and fuel from State forests.

8. Propaganda for the encouragement of economy of consumption, thrift and saving.

9. Stricter control over speculation, and warning to bankers against speculative loans.

The gold embargo

Popular interest in the question of the advisability of immediate removal of the gold embargo seems to be growing; with the advocates of such removal in the majority. The Government, however, has announced that it



FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE November 21, 1922TO Governor StrongSUBJECT: The Japan Financial &FROM M. E. RoseEconomic Monthly, September, 1922

considers the proper time for lifting the embargo has not yet arrived.



# OFFICE CORRESPONDENCE

DATE March 9, 1923

TO Governor Strong

SUBJECT: \_\_\_\_\_

FROM M. E. Rose

82  
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The Bank of England as you have probably noticed was last month authorized to increase its fiduciary circulation by £ 1,300,000, this being the first increase since 1903. The increase went into the Currency Note Redemption Account, and not into public circulation, as is evidenced by the returns quoted below:

	<u>February 14, 1923</u>	<u>February 21, 1923</u>
<u>Issue Department</u>		
Government Debt	11,015,000	11,015,000
Other Securities	7,434,900	8,734,900
<u>Banking Department</u>		
Government Securities	48,507,299	47,317,299
Other Securities	70,623,032	74,434,913

## Currency Note Redemption Account

	<u>Coin and Bullion</u>	<u>Bank of England Notes</u>	<u>Silver</u>
Feb. 14	27,000,000	21,150,000	7,000,000
Feb. 21	27,000,000	22,450,000	7,000,000

## Bank of England Notes

	<u>Issued</u>	<u>In Banking Dept.</u>	<u>In Currency Note Account</u>	<u>In Public Circulation</u>
Feb. 14	144,116,835	23,397,605	21,150,000	99,569,230
Feb. 21	145,419,800	23,378,090	22,450,000	99,591,710

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE May 3, 1923TO Governor StrongSUBJECT: Japan Financial and EconomicFROM M. E. RoseMonthly, March, 1923Review of the Month of February

Since the beginning of the year imports have declined sharply, the total for the two months being 72,000,000 yen less than for the corresponding period of 1922. The export trade has been only slightly more active during January and February than during the same months of last year, and such expansion as has occurred is due almost entirely to the increased exports of raw silk. The depression of the export trade and the fact that only two articles - silk and cotton - show any considerable improvement, are discouraging features of the present economic situation.

Specie holdings continued to decrease, the loss amounting to 11 million yen in January and 12 million yen in February. The money market remained firm, owing to the customary demand for funds for the settlement of accounts at the close of the year and at the close of the Lunar Calendar year on February 15. Prices rose 8.1 points during February, reaching 198.3 at the end of the month.

Progress of money market as viewed from the  
Bank of Japan's accounts

A reduction in the Bank of Japan rate was vigorously advocated during the last quarter of the year, on the ground that the high rate made it impossible for Japan to compete with other countries, such as Great Britain and the United States, which had lower rates. As a result of the banking crisis toward the end of the year, and the unexpected and continued stringency in the money market since the beginning of 1923, discussion of the bank rate has ceased. The stringency in the money market is attributed to the abuse of credit in the past and the extravagance of the Government. Until there is retrenchment in Govern-



FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE May 3, 1923TO Governor StrongSUBJECT: Japan Financial and EconomicFROM M. E. RoseMonthly, March, 1923

ment expenditures, a real slackening of the money market and the consequential fall in interest rates are hardly to be expected.

Bank of Japan

Address of Governor at General  
Meeting of Stockholders, Feb. 17, 1923

The beginning of 1922 found the process of readjustment far from complete. High prices increased imports, which in turn created greater demands for money and raised interest rates. Trade depression and unemployment increased. In the early summer the Government announced a policy of general retrenchment and economy. These measures, together with the propaganda for private economy and the reduced purchasing power of the farmer owing to the fall in the price of rice, greatly restricted business transactions, and lessened the demand for money. The decrease in note issue during October and November seemed to indicate that currency deflation was about to be realized.

Then came the unexpected failure of the Nippon Sekizen Bank, with the consequent disturbance of the financial world, which made it necessary for the Bank of Japan to go to the assistance of a number of the banks. The end of the year demands followed closely upon the crisis, with the result that the Bank of Japan's advances reached 580 million yen on December 30, and a new record for the issue of bank notes - 1,590 millions, was established.

Business enterprises made considerable progress toward readjustment during the year. The general tendency on the Stock Exchange was downward, with a slump in April, and another in September.

Foreign trade was marked by an increase of exports, which cut the ad-

verse balance to 253 million yen.

FEDERAL RESERVE BANK  
OF NEW YORK

OFFICE CORRESPONDENCE

DATE May 3, 1923

TO Governor Strong

SUBJECT: Japan Financial and Economic

FROM M. E. Rose

Monthly, March, 1923

On April 1, 1922, the Treasury System was discontinued, and the deposit system inaugurated, under which all public money received by the Bank of Japan is held on deposit to the credit of the Government, payments therefrom being made by check.



## CORRESPONDENCE

DATE June 7, 1923

TO Governor Strong

SUBJECT: Japan Financial and Economic

FROM M. E. Rose

Monthly, April 1923

Progress of Money Market and Interim Prosperity

Professor Horiye, Keio University

The present growth of prosperity is regarded by some as indicative of real recovery and by others (including Prof. Horiye) as temporary, on the ground that there is nothing at this time observable to lead to real recovery. By those who hold the latter view, the present activity is considered as a consequence of the French occupation of the Ruhr valley, and in lesser degree to the funds supplied by the Bank of Japan to meet the bank crisis last month.

Since the depression has now lasted for three years, some signs of recovery should be observable. That no such signs are apparent is ascribed by Professor Horiye to absence of the necessary factors conducive to recovery; i. e., such business readjustment and such reduction in "the cost of the life of the nation" as would result in accumulations of capital sufficient to lead to easier money conditions and to stimulate economic activity. The continued tightness of the money market is due not only to the unsatisfactory progress of business readjustment, owing to continued extravagance on the part of the people, but also to the policy of the Government, which by its wasteful expenditures tends to raise prices and by its enormous loan issues competes with private business for capital, thus keeping the interest rate abnormally high for a period of depression. The high rates at which it is necessary to issue debentures attract funds which would otherwise be deposited with the banks, and contribute to the stringency of the money market by curtailing the resources of the banks.

The demand for the reduction of the Bank of Japan's rate overlooks

OFFICE CORRESPONDENCE

DATE June 7, 1923

TO Governor Strong

SUBJECT: Japan Financial and Economic

FROM M. E. Rose

Monthly, April 1923

the fact that such reduction would widen the spread between the Bank rate and the rates of the commercial banks and would lead the latter to apply increasingly to the Bank of Japan for advances. Reduction in the Bank rate at this time would simply prolong the temporary prosperity and postpone the readjustment which must precede real recovery.

In order to bring about real prosperity, both the Government and the people must reduce unnecessary expenditure, the Government must refrain from recklessly issuing foreign loans, the commercial banks must endeavor to increase their cash resources by the liquidation of frozen loans, industrialists must reduce production costs, and all those engaged in business must practice economy.

Recovery in England and America is progressing step by step. It cannot be expected to arrive all at once in Japan.

The Question of the Removal of Gold Export Embargo

The Finance Minister still holds to the opinion that the adverse trade balance and the economic condition of the country make it inadvisable at this time to remove the embargo upon the export of gold.

The exchange banks incline to the opinion that the most suitable time for the removal of the embargo will be June or July of the present year, when the trade balance is favorable and economic conditions at home and abroad have made fair progress toward recovery.

Wholesale Prices

The general average of index numbers of wholesale prices for March stood at 259, as compared with 253 for the preceding month, 265 in



FEDERAL RESERVE BANK  
OF NEW YORK

OFFICE CORRESPONDENCE

DATE August 9, 1923

TO Governor Strong

SUBJECT: Japan Financial & Economic Monthly,

FROM M. E. Ross

June 1923.

BANKING FOR THE FORMER HALF OF THE YEAR

While almost all forms of industry have been depressed since the Spring of 1920, banking has apparently enjoyed continued prosperity, good dividends having been declared at the end of each business term. The cause of this prosperity is found in the high interest rates which in turn are due to the fact that the money market has not yet been restored to normal conditions. On the other hand, banks have been adversely affected by industrial failures, and if they should make the necessary readjustments it would be found that many of them have concealed losses and bad debts and that in reality their losses are greater than their profits from high interest rates. Thus in many instances prosperity has been apparent rather than real.

The course of money rates during 1923, as represented by the monthly average of the highest and lowest quotations, is as follows:

	Day to Day Loans		Ordinary Commercial Bills	
	Yen	Per cent.	Yen	Per cent.
January	1.66	6.06	2.36	8.61
February	2.61	9.53	2.35	8.58
March	2.23	8.14	2.35	8.58
April	2.57	9.38	2.36	8.61
May	1.84	6.72	2.45	8.95

The quotations are in general somewhat higher than for the latter half of 1922, due to the continued adverse trade balance (which is seasonal), issues of public loans and debentures, and increased ~~the~~ commercial demand for funds to finance the apparent economic recovery. The fall in the call market seems to be due to the temporary expansion of funds resulting from such causes as the low-interest loans by the Bank of Taiwan, conversion of exchequer bonds, redemption of the amortization fund and the importation of funds from abroad by the Oriental Development Company.

Banking profits resulting from the higher interest rates will be somewhat reduced by the increase in the deposit rate, effective in April.

THE QUESTION OF THE REMOVAL OF GOLD EXPORT EMBARGO

The Tokyo Asahi reports that the Government has decided to lift the gold export embargo, although it is admitted that this statement is denied by others. So long as it was necessary to import goods at unfavorable exchange rates, the Government's hesitation can be understood, but conditions are now different. Exchange on America is more favorable, and the transition from an adverse to a favorable trade balance usually occurs about the middle of the year.



FEDERAL RESERVE BANK  
OF NEW YORK

OFFICE CORRESPONDENCE

DATE August 9, 1923.

TO Governor Strong

SUBJECT: Japan Financial & Economic Monthly,

FROM M. E. Rose

June 1923.

- 2 -

The principal reason for the removal of the Embargo, however, is the desirability of restoring the convertibility of the note issue. Japan's economic influence in the Orient will be more strengthened by the restoration of conversion than by the accumulation of gold. There need be no fear of an immediate outflow of gold.

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE \_\_\_\_\_ 192\_\_

TO Miss Bleeker

SUBJECT: \_\_\_\_\_

FROM Dr. E. Rose

The only changes are as follows:

A - 9. (a) "U. S. A." substituted for "Great Britain"

B - 3 "Americans" " " "British"

B - 4 "Government" inserted

B - 10 "8,500 million" substituted for "£25 million"

B - 12 "Financial situation in the U. S. A." substituted for "world financial situation"

B - 14 - last sentence "people --- India" substituted for "various foreign nations trading with India, owing to London being the most central market."

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE September 17, 1925TO Mr. Roberts

SUBJECT: \_\_\_\_\_

FROM M. E. Rose

The following data are in reply to Governor Strong's memo to you dated September 17:

1. French public accounts for the year 1914 are reported to have been as follows:

Actual expenditures	10,065 million francs
Actual revenue	4,549 " "

For the year 1913, both revenues and expenditures were slightly in excess of 5,000,000,000 francs.

2. The British budget for 1913-4 resulted in revenues amounting to £ 198 millions and expenditures to £ 197 millions.

3. British revenues in 1924-5 amounted to £ 799 millions and expenditures to £ 796 millions.

4. Index number of prices in France:

Federal Reserve Board International Index for July 1925,

490	on paper basis
119	on gold basis

5. Maximum limit of loans which the Bank of France is authorized to make to the Government - Frs. 32,000 millions
 

Loans to Government, Sept. 10, 1925	28,650 "
Margin still unused	3,350 "

6. Maximum limit of note issue Frs. 51,000 millions.

Notes Outstanding Sept. 10, 1925 (new high)	45,686 millions
Margin not yet exhausted	5,314 "

7. Loans by Bank of France to the State September 3, 1925:

Statutory advance	Frs. 200 millions
Direct Advances	28,800 "
Treas. Bills discounted for advances of State to foreign governments	5,115 "



FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE September 17, 1925T Mr. Roberts

SUBJECT: \_\_\_\_\_

FROM M. E. Rose

- 2 -

## 7. (continued)

On September 10, direct advances stood at 28,650 millions. No figure for Treasury Bills on that date is as yet available.

## 8. Private Loans of Bank of France, September 3, 1925:

Discounts	Frs. 4,428 millions
Advances ✓	<u>2,815</u> "
Total	7,243 millions

## 9. Gold held abroad, September 10, 1925 Frs. 1,864 millions.

This figure has been unchanged for about two years.

10. The Dawes plan calls for payments from Germany in 1925-6 amounting to 1,220,000,000 gold marks. The schedule includes all sums for which Germany shall be liable, deliveries in kind to be paid for out of balances in the bank.

90.

450

1,400,000,000

320.457

Miss Smith

1919

Presented in

- 1922

## Office Correspondence

FEDERAL RESERVE  
BANK OF NEW YORK

B. Strong European Trip 1919

Date June 20, 1919.

To Miss Scutt:

Subject: DATA FOR EUROPEAN TRIP

From Benj. Strong

LIBRARY  
JUN 21 1919  
FEDERAL RESERVE BANK

I will need some special figures prepared to take abroad with me on the following:

GOLD: The amount of gold held by the Federal reserve banks and how it is divided between the Federal reserve agent, the bank's reserve, the redemption fund, gold settlement fund, etc.

The total supposed gold in the country divided as nearly as can be between reserve banks, other banks, general circulation and Treasury.

GOVERNMENT DEBT: An exact statement of the Government's debt, divided between the old debt, the various issues of Liberty bonds, Treasury certificates and War Savings and Thrift stamps. And separately stated, the amount of subscriptions and the amount of allotments on the five Liberty Loans, and a statement of the total amount borrowed on Treasury Certificates of Indebtedness, both in anticipation of bond issues and in anticipation of taxes. These latter figures can be lumped, except that I would like to have the total amount taken by the Second Federal Reserve District separately stated.

TAXES: The amount of taxes collected during the war from all sources, separated as to war taxes and normal taxes; together with the estimated revenue to be produced under the present income, excess profits and war profits tax law.

BS/MSB



12/2/21  
referred to in letter of  
Miss Burnett to Gov. Strong

SUMMARY OF GERMAN PRESS COMMENTS ON THE  
NOTES EXCHANGED BETWEEN S. PARKER GILBERT  
AND THE GERMAN GOVERNMENT

November, 1927.

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# SUMMARY OF GERMAN PRESS COMMENTS ON THE NOTES EXCHANGED BETWEEN

## S. PARKER GILBERT AND THE GERMAN GOVERNMENT

November 1927.

A birdseye view of the comments shows a surprisingly large number that agree with Parker Gilbert's strictures in essence and urge thorough-going reform. Outspoken criticism and disagreement are relatively scanty. Under the main topics opinions in general agreement with the Agent General's point of view or indicative of a cooperative attitude are indicated by "For", and those dissenting or antagonistic by "Against".

### GENERAL

#### For

The Deutsche Tageszeitung says that in spite of inner opposition in every good German the discussion may nevertheless be welcomed as an attempt to clarify financial and economic conditions which is entirely necessary. Another paper points out that "All have sinned", and leaving hypocrisy aside what we must now do is listen to the warning of the Agent.

### FUNCTIONS OF AGENT GENERAL

#### For

Most of the papers agree that the Agent General has not exceeded his function, and that he has remained courteous and diplomatic throughout in his dealings. In fact "he expresses views remarkably similar to those of the President of the Reichbank."

Another remarks that it helps Germans to get over the sharp tone of the note to know they are dealing not with an enemy of the German people but with the Commissioner of the creditor powers who sees as a cool calculator and pure financier.

Germans are reminded that he is the agent for their creditors, whose duty it is to look out for the interests of his employers and to "tap the debtor warningly on the shoulder."

#### Against

Two or three papers term the financial supervision of what are German internal conditions, unjustified. The Agent has no right to be a "task master" or intervene in German internal political matters.

### IDEAS ARE GERMAN IN ORIGIN

#### For

The Berliner Tageblatt says that many general and specific statements of the Agent General run parallel with domestic criticism for a long time on German financial policy. He says hardly anything that German critics themselves have not already said.

One paper suggests that as Mr. Gilbert has daily conferences and luncheon talks with many German leaders in business and industry probably they have expressed themselves too freely in criticism of existing conditions of which they disapprove and have thus given him an exaggerated idea of the situation.

Against The socialist paper "Vorwaerts" charges that Mr. Gilbert's views on the German public economy are due chiefly to "the materially unjustified attitude of the Reichbank, the large banks and the industrial leaders, who want to use the Dawes Commissioner in order to have stronger weapons against the hated competition of the public economy."

### GERMAN GOVERNMENT'S REPLY

#### For

Most of the papers agree that the Government's reply was not at all equal to Parker Gilbert's note in forcefulness and that it represented a synthetic product of the various views of the Ministers which was not finally edited with a view to refuting effectively Mr. Gilbert's specific charges. It evades the issues.

The note scarcely touches on the grave question as to how the German states and communes are going to raise the money for their enlarged program.

The "clumsy attitude" of the Government as well as the contradictory statements of Dr. Koehler made Agent General say he viewed future with "grave anxiety."



## ADMINISTRATION

For

Government administration must be rationalized. There is a great waste in administrative relations between the Reich, states and communes which threatens to crush the nation. If the Germans do not put their own house in order, foreign control threatens.

So long as colossal malpractice in administration can be pointed to it is useless to refer to the oppressive burden of the Dawes plan.

Apparently no attempt is being made to provide for necessary budget expenditures by long-overdue administrative reform. The firm resolve of the Government to take action is not clear in its reply and yet it is necessary to do something. The "Berliner Boersen Zeitung" assumes that all political opposition will crumble in the face of the seriousness of the situation.

Against

One protest is made against the lack of information Mr. Gilbert displays in his criticism of government administration. He seems to know nothing of the Reich Audit Office.

## LOANS

For

Many papers emphasize the point that the loans to Germany have been for productive purposes. But the "Deutsche Volkswirt" points out that "the Government sticks to the primitive theory that use of a loan for electricity, gas, etc. suffices to prove it is productive. With this sort of economics the Government thinks it can answer a document, which aside from a few incidental points, is formally and theoretically impregnable."

Many of the loans in the interest of the whole people should not have been floated.

German money requirements are still large, so it is well to listen to Mr. Gilbert, whose judgement as to German conditions, the American business man holds in high respect.

Additional loans, as in the case of large credits to an industrialist will enable Germany to rehabilitate herself the faster and therefore be in a position to pay over much greater sums than otherwise would be possible.

The borrowing is really proof of desire to facilitate transfers.

It is feared that the discussions may affect loan possibilities, especially in the American market, and yet it would be to the advantage of the creditor nations to continue the loans.

Against

The loans to the communes have been for productive purposes and therefore should not be criticized.

Even if the loans have somewhat inflated credit they have stimulated business activity and reduced unemployment.

## STATE AND COMMUNAL FINANCES

For

Reorganization of state finances is needed but it is a slow process. Historical and political considerations are involved that apparently are not comprehended by the Agent General.

One paper questions to what extent foreign funds released other funds of the communes, which were then invested in notorious luxury enterprises instead of being used for necessary purposes.

Berliner Boersen Zeitung believes it might have been better if the Government had not tried to justify communal loan policy. Matters which were justified in a time of great depression are no longer valid today.

## BUDGETARY EQUILIBRIUM

For

No one except Dr. Koehler believes that the Reich will be able to finance salary reform next year without tax increases. Among the doubters is Parker Gilbert.



## TRANSFERS

Against

The press is unanimous in the opinion that the question of transfers is not the Reich's business and that <sup>that</sup> part of the memorandum must be firmly rejected. They believe it sufficient if they adopt no measures deliberately to hinder transfers.

The reactionary "Deutsche Zeitung" speaks of "the sneaky attempt to extend German responsibility, contrary to the clear sense of the Dawes plan, so as to include the transfer problem. The statements of the 'task-master' on this point must be rejected with all energy."

## TRADE BALANCE

Against

It is not the fault of Germany if her exports are diminishing. Experts are hindered by trade policies and prohibitive tariffs of other countries. It is impossible to make payments to countries that will not receive German goods.

## PRICES

Against

The Agent General is thought to have greatly exaggerated the effects of the new bills on the development of prices.

## POLITICAL AND CULTURAL FACTORS

Against

Mr. Gilbert has ignored and misunderstood the political history of the many sections within Germany. He has also failed entirely to include cultural considerations in his criticism of expenditures.

The Reich government cannot be guided by financial and economic considerations alone but must also act under state political considerations.

## DAWES PLAN REVISION

Against

A few guarded references appear as to the necessity for the revision of the Dawes plan, mostly confined to the counselling of tact and amenability to direction of the Agent General now in this crisis, so that he may be counted upon to advise the revision later.

November 11, 1927. Financial Control, by Gustav Stolper. (Mr. Jay comments that this is the best article.)

"We do not think it is admissible to load the political responsibility for the conflict and for its political and economic consequences on the Finance Minister alone. The whole Government is responsible, not only because it must bear the responsibility for German financial and economic policy, but also because the impossible reply to Parker Gilbert was brought before the Cabinet for its approval...The Government knew that Gilbert's memorandum would be published on Sunday morning by all the great newspapers of the world. What would have been more obvious than for the Government to try to meet the unfavourable effects of the document at the outset?...Nothing of the sort was done, and now we hear an echo stronger, more unanimous and more hostile than any German governmental document has aroused since 1924. The united front against Germany seems to be re-established, not at the cry of Nationalist ministers and generals, but in the name of economic reason, or, if that is preferred, of economic self-interest."

"The arguments of Gilbert are not all sound, but it would be the greatest mistake which people in Germany could make to try to meet these arguments by agreeing with them in a few points and in return criticising all the more severely some other matters of formulation. In so far as it does not accept the authority of the Reparation Agent and thus does not go into material questions at all, the rest of the world will take the opposite course. It sees primarily the faults in the German reply, which unfortunately talks around the Gilbert criticism in important points...The subject of his criticism - an entirely justified and incontrovertible criticism - is the fact that not even the attempt is being made to provide the funds for necessary expenditures primarily by a long overdue administrative reform... Foreign countries do not interpret the German words as an explanation of the motives of our action but as a threat, which the reply quite unnecessarily emphasises by saying that upon the settlement of all these matters depends the will of the whole people to pay...Foreign opinion does not understand that these expressions mean nothing at all. Why weaken the impression of the repeated honest assurance that Germany intends to fulfil her treaty obligations loyally?"

"In the report of June 10th, the Reparation Agent spoke very plainly, but he observed the polite form which is customary. A Finance Minister somewhat more familiar with the world would have understood what he meant. This report, too, was not a strong enough push to lead Dr. Koehler and the Government of the Reich finally to begin an exhaustive discussion with the Reparation Agent. For weeks and months no reaction whatever came from the Government. The June Report was ignored in exactly the same way as former signs of life from the Agent until the crash came with the Prussian loan...Naturally the Agent emphasises again and again that it is not his affair how Germany administers her budget. But unfortunately this country has creditors. In their relation to their debtors bankers do not let themselves be influenced by political considerations."

"That the Reich will be able to finance the salary reform next year without tax increases nobody in Germany believes except Dr. Koehler. Among the doubters is Parker Gilbert...Summarising, the Reparation Agent says that the Reich is endangering the stability of its budget, and that there is a general lack of effective control of public spending and public borrowing. These ideas are not strange to the readers of this paper...The note of the Government unfortunately goes beyond the line that can be defended with good reasons. It sticks to the primitive theory that the use of a loan for electricity, gas, etc., suffices to prove it is productive, and says that the total 1.6 milliards of public borrowing abroad has not served to increase the administrative expenditure of the public corporations. With this sort of economics the Government thinks it can answer a document which, aside from a few incidental points, is formally and theoretically impregnable."



November 11, 1927. Financial Control, by Gustav Stolper. Cont'd.

"That the deficit in the trade balance is described, on the one hand, as the natural consequence of foreign borrowing, and that immediately following the statement is made that the German economy is still far from able to meet the deficit out of its own resources - that is the deficit in the trade balance is described as the cause of foreign credits - this is only a further example of the way in which a few anonymous officials put together their economic wisdom with a view to 'contradicting' the criticism of the Reparation Agent...Whether Parker Gilbert is called a bailiff or anything else for reasons of internal politics does not change anything. The important fact is that the German economy, the German people and the Reich are faced with the choice of living less well and being free, or of living in plenty and paying for it with a lack of independence and with the constant dangers which any debt relationship brings with it. A national financial policy is a financial policy of self-denial and sacrifice, not a financial policy of great words. The note of Parker Gilbert is no episode. It introduces, we hope, a new chapter of German history, the chapter of the great political reform, at the end of which stands German liberty."



FRANKFURTER ZEITUNG  
(Democratic. Opposition.)

Good paper - Represents old liberal spirit.)

November 5, 1927. (?)

"It is to be hoped this discussion will serve to make more clear to foreign countries the difference between the functions of German communes and those, for instance, in America. But, aside from this, it cannot be denied that the financial criticism of the Reparation Agent is largely justified, and that the clumsy attitude of the Government, particularly the contradictory statements of Dr. Koehler, has contributed towards making it possible for the Agent to say that he looks into the future with grave anxiety. We can only hope that no further encouragement from outside will be necessary to make the Government carry out the work of salary reform."

November 7, 1927.

"The firm resolve to take vigorous action is not so clear in the Government's reply, although all the difficulties which, it is explained, stand in the way of such a decision will not relieve us of the necessity of doing something... The problem is in effect that the outgrown relation between the Reich, the States and the communes and the great waste in this administrative apparatus threaten to crush us. Here we must take measures on our own initiative in the direction of unrelenting economy. For one thing has been made clear by the memorandum of the Reparation Agent, even to those who have up to now closed their eyes to it: we shall never be able to object against the Dawes Plan with any prospect of success and maintain that the internal payment of the charges placed upon us is impossible so long as we have not ordered our own affairs."

"The foreign borrowings of Germany are not a proof of a lack of will to fulfil reparations, but, on the contrary, a proof of a strong desire to make the reparations charges bearable and to facilitate transfers. During the period of transition we have been making ourselves strong in order to fulfil, in order to pay, in order to transfer. It is a misfortune that the Agent, insufficiently enlightened, did not see these facts... Practically speaking, we must now expect... that the inflow of foreign capital into Germany will be obstructed, and that, in particular, the American capital market will be less inclined at least to accept German public loans."



DEUTSCHE TAGESZEITUNG  
(Nationalist, Government Party.  
Leading organ of German agrarian interests.)

November 6, 1927. The Great Discussion, by Dr. Erich Wiens.

"In spite of all inner opposition which the memorandum of the Reparation Agent probably arouses in every good German and in spite of the feeling that Germany's dependency on foreign Powers is here brought home to us with a sharpness which we have experienced comparatively seldom during the past few years, the great discussion between the Reparation Agent and the Reich Government may in a certain sense nevertheless be welcomed as an attempt to clarify our financial and economic conditions, which is entirely necessary...The memorandum of the Reparation Agent has forced the Reich Government synthetically and fundamentally to treat the whole problem, - a thing which has long since been necessary for the education of the German people...What helps us Germans to get over at least part of the very sharp tone of the memorandum is the fact that we are not dealing with an enemy of the German people, but with the commissioner of the creditor Powers who believes he is only doing his duty in emphatically calling the attention of the Reich Government to the material pre-requisites for German reparation payments. The Reparation Agent is an American, and only with American eyes, i.e., as a cool calculator and pure financier, does he see and judge the intricate question of German reconstruction and reparation policy."

"While one-sided, Mr. Gilbert's concentrated attention to German financial policy, has given him the possibility of being an impressive critic who is undoubtedly competent in many things...It may be said that the objections of the Reparation Agent to the borrowing policy which a number of German communes have pursued during the past few years run entirely parallel with the misgivings which Germans have also advanced repeatedly...It may be true that on the books these foreign funds were used primarily for electrical and water works and for other productive purposes. Nevertheless the question remains open whether and to what extent foreign funds released other funds of the communes which were then invested in notorious luxury enterprises instead of being used for useful and necessary purposes thereby making borrowing abroad superfluous."

"We regret that in its reply the Government failed convincingly to refute the misgivings of the Reparation Agent against the wage and price effects of the salary reform...In warning against further increases in German costs of production, the Reparation Agent appears primarily to fear the unfavourable influencing of our trade balance. Naturally he must realize that the protective customs and trade policy of other countries is one of the chief reasons for the unfavourable status of the German trade balance, - a thing which our Government rightly emphasizes...When the Agent General appeals to the collaboration of the German Government for overcoming transfer difficulties, our reply refers with good reason to the hindrances not dependent on our will and influence...We take cognizance of the statement that the Reich Government is fortifying itself for a permanent equalization of the Reich budget in the pursuit of which aim the furthering of our economy will not suffer in any way. If in the execution of this program we should really arrive at an economic, financial and social policy which are attuned to one another and which supplement each other, we may book the step of the Reparation Agent and its consequences as an asset."

November 10, 1927. Transfer and Tribute.

"Aside from the tribute payments, we receive foreign exchange for all merchandise sold to foreign countries. At present we are receiving loans and short-term credits. Such drafts on foreign credit naturally result in a greater movement of merchandise from foreign countries to Germany. This is the explanation of our very unfavorable foreign trade balance...It is incorrect to assume that through foreign loans anything else is imported into Germany than more merchandise...~~It must unfortunately be assumed that the cash transfer will become impossible before~~

# GERMANY

(Centre or Catholic Party, Government. Important paper, as its editorial articles have considerable influence particularly on internal politics.)

## November 6, 1927. Reparation Polemic or Reparation Business?

"It is particularly to be welcomed that the reply of the Reich Government is entirely in a tone of calm objectivity, which perhaps was not easy to maintain in view of the criticism which the Reparation Agent exercises. This criticism is all the more surprising because Parker Gilbert recognises that the assurances of the Government that it is doing everything in its power to meet its financial obligations are worthy of full confidence."

"The Versailles Treaty itself provides that Germany shall indemnify her citizens for their losses of property abroad; now when these indemnities are to be paid the Reparation Agent raises objections. It should therefore not surprise people abroad if the suspicion is aroused here and there in Germany that the Reparation creditors want to prevent the reconstruction of German existences abroad."

"It is one of the principal merits of the Dawes Plan that it took the reparation problem out of the stage of political discussion. It would be extremely regrettable in the interest of European peace if now a fruitless polemic should take the place of the business-like liquidation of reparations. We hope there is no reason for this fear. In spite of all objective opposition to the criticism of Parker Gilbert, we do not deny that in many other points there is agreement between his views and those of the Government."



DEUTSCHE ZEITUNG  
(Extreme reactionary.)

November 10, 1927. The Task Master, by Dr. Bang.

"The memorandum is noteworthy and fortunate because it lifts the veil from a condition which up to the present was still concealed to big parts of our nation in view of crafty propaganda...It gives us sincere pleasure that a description of the task master, which we created some time ago and for which we were reproached by the Dawes enthusiasts, is now going through the press 'the bailiff of the remains of a bankrupt Germany'. This hits the nail on the head...How stupidly and hatefully were we once opposed when we proved that the Dawes Plan aimed at gaining control of the German economy and power in the German State! At that time we also referred to the conquest methods of worshipped "America", i.e., of Wall Street capital, this greatest robber imperialist of all times. To-day we have the painful satisfaction of seeing this method of conquest uncovered with cynical open-heartedness in the book "Dollar Diplomacy" by Stearing and Freeman. Whoever wants to know what the Dawes Plan and the American loans mean should read this education book of Shylock."

"Of those people who helped to prepare the Dawes Plan and who accepted it, no one has the right to complain to-day and to shed crocodile tears. Parker Gilbert is merely doing his duty, and this duty is based on the 'voluntariness' of German policy of fulfilment. As regards the contents, the task-master is unfortunately right in some points. One does not have to be an American to recognize the untenability of a Social Democratic State and economic system which sacrifices to the Marxistic Moloch of 'public corporations' one private initiative after the other and which supports a robbing tax system and an unbounded loan policy to overfeed itself and to preserve the very dangerous condition of Marxistic party mal-administration. But the Reparation Agent's attack on the financial policy of the past year, i. e., on Koehler, is unjustified and malevolent."

"The most important and dangerous thing in the memorandum is the sneaky attempt to extend German responsibility, contrary to the clear sense of the Dawes Plan, so as to include the 'transfer problem'. The statements of the task-master on this point must be rejected with all energy. Why does the German Government not do this in its humble, obedient and lame reply?...The Government's reply does not say that which is important, necessary and a matter of course; that as a result of our bleeding we are at the end of our possibilities, and that 'by fulfilling' we have long since proved the 'impossibility of fulfilment', for which reason we must demand a change of things."

VORWAERTS

(Socialist. Bitter enemy of Nationalist and  
People's Party - also extremely hostile toward Communists.)

November 6, 1927.

"The criticism of the Reparation Agent is sharp in its contents but entirely courteous in its form...That the Reparation Agent continually speaks of extravagances of the States and communes is due to the fact that in the United States similar administrative forms with like tasks do not exist or exist only in a very small number. Mr. Gilbert's views on the German public economy are therefore due chiefly to the materially unjustified attitude of the Reichsbank, the large banks and the industrial leaders, who want to use the Dawes Commissioner in order to have stronger weapons against the hated competition of the public economy...We hope that the strained relations as a result of the exchange of documents will be overcome. But that such a condition could arise is the merit of a Government which through its composition and the undisciplined behaviour of the largest party in the coalition, has damaged the confidence of foreign countries in Germany's honest will."

HAMBURGER FREMDENBLATT

(Democratic. Opposition. Good paper of liberal views.)

November 5, 1927.

"The Government also says much that is right about salary increases, but one reads Dr. Kohler's statements with a feeling of dissatisfaction because they scarcely touch upon the grave question how the States and communes are going to raise the money. So far as the financial settlement is concerned, the Government has almost nothing material to say. The hollowiest, emptiest part of the reply is that about the cost of the school law...We must in general nevertheless recognise that a large part of the Reparation Agent's criticism is correct - with the proviso that he says hardly anything that German critics have not already said...If a discussion is now re-awakened, it will be of benefit to Germany, for the more clearly the German intention to fulfil the Dawes Plan is realised, the more favourable will be the judgment of foreign countries on Germany and her credit."

November 7, 1927.

"The Reparation Agent has looked at many things with the eyes of a foreigner for whom it is impossible to understand the complications of German financial policy. But just because Parker Gilbert is an American it ought to have been the endeavour of the Finance Minister to maintain close contact with him. There is no doubt that in such case public criticism of German financial conduct would have been omitted."



## HAMBURGISCHER KORRESPONDENT.

November 5, 1927. (?)

"One cannot evade the impression that this memorandum was worked out with the greatest care and thoroughness and that it will be of decisive importance for our whole financial and reparation policy. Moreover, it gives much better information about the actual status of finance and business than the very general statements of the German Government. Parker Gilbert says very hard words, but nevertheless we need not doubt that it is his intention to warn the German Government in time...If there is anything in the German reply that can be welcomed it is the part where the statement is made that Germany cannot adjust her whole economic situation to the execution of reparations. The Parker Gilbert memorandum is a work of eminent political significance; the German reply unfortunately is less political than bureaucratic."

## RHEINISCHE-WESTPHALISCHE ZEITUNG

November 6, 1927.

"Parker Gilbert does not think his duties are confined to collecting the payments, but he believes he can take measures to prevent any possible complications. In other words, his right of interference with economic and financial affairs is unlimited. We can do very little against this control, which we ourselves accepted... In the reply of the German Government the whole impotence of an oppressed people is apparent."

## KONIGSBERGER ALLGEMEINE ZEITUNG

November 5, 1927.

"Much of what he says is undoubtedly true, and it is bitter that we have to let a foreigner tell us these things only because we have not had the energy to act with the necessary resolution...We are glad the documents were published because distrust is now removed, but we expect that the German Government will now take the bull by the horns and use all its influence to restrain parliamentary bodies which show too much inclination to spend money. We must do everything to avoid the impression of bad will, because then we shall obtain an earlier revision of the Dawes Plan."



LEIPZIGER NEUESTE NACHRICHTEN  
(Nationalist. Unimportant politically.)

November 5, 1927. (?)

"The duty of the Agent General is to protect the interests of the creditor states, and, if he thinks these interests are endangered, he must tap the debtor warningly on the shoulder. Those who forced upon us the yoke of reparations ought to be the last to regard this as interference in our internal affairs. Parker Gilbert carefully avoids exceeding the limits of his functions... Aside from the schoolmasterly tone of his memorandum, which was perhaps not intentional, the Agent General expresses views remarkably similar to those of the President of the Reichsbank."

November 9, 1927.

"The Dawes Plan has left the responsibility for its success or failure to the German people. That is its psychological weakness. The Reparation Agent says nothing about this in his memorandum, and the German reply intimates nothing of the kind. Thus the Reparation Agent gets the upper hand even in the eyes of the German nation because the Government does not attack the fundamental idea of his memorandum."

## BÖRSEN COURIER

(Democratic; Opposition. Good financial paper with little political influence.)

November 8, 1927. "The Party Leaders on the Financial Dispute."

A leading Democrat says:

"Our well-known attitude and our criticism of the financial policy are only strengthened by the statements of the Reparation Agent. . . . If savings are to be effected, this must be done in connection with the necessary administrative reform, which must be carried out in the quickest possible way, preferably through the creation of a united State, which we have always advocated. In our opinion, savings may also be effected by reducing the expenditures of the army and navy."

A leading member of the Center Party says:

"The note of the Reparation Agent shows that the fundamental financial questions now pending must be settled before the beginning of the first reparation year. . . . If on the basis of Parker Gilbert's memorandum foreign loans become impossible, this would, in view of the necessary capital requirements of the economy for productive purposes, which cannot be raised within Germany, be fatal for the reparation payments which must be paid on September 1, 1928. But it is not to be assumed that anybody in Germany wanted to evade collaborating in reparations and in the transfer."

A leading economist of the People's Party says:

"The laws involved are the last step in the conclusion of the new order of German domestic conditions introduced by Dr. Luther and the necessary consequences of the currency reform and of the adjustment of German price conditions to the world index. . . . The result of the discussion on the possibility of fulfilling the Dawes Plan will be that the experts have considerably over-estimated Germany's capacity to pay and that they have under-estimated her capital requirements for the recovery of her economy. Germany's economic recovery would have to be broken off if she had to depend solely on the domestic market for satisfaction of her capital requirements. This would endanger not only reparations but also possibly the safety of foreign capital which has been loaned to us thus far. Foreign countries, and particularly America, will, in their own interests, therefore find it necessary further to collaborate in the German reconstruction process until it is terminated."

A leader of the Socialists says:

"It is regrettable that the Reich Government did not simultaneously present a plan on administrative reform in the Reich, and, what is still more important, that it did not reach a binding agreement with the States by which their greatly inflated administrations must be reduced. If the administrative reform had preceded the salary reform, it might have been possible to be more considerate of the justified wishes of officials. In my opinion there is no reason for uneasiness since the Reichstag is conscious of its duty and will see to it



that the budget in the coming years is really balanced and not balanced artificially through the inclusion of loans which it is impossible to float."

November 5, 1927. "Reich Simplification and Reparations by Dr. Cremer,  
Member of the Reichstag."

"When the total amount of the German reparation debt is fixed, the abolition of the present financial control may be brought about by supplanting the obligations of the Reich with a series of German loans, the proceeds of which would go to the countries entitled to reparations. As regards this goal, the intention of the Reparation Agent probably does not differ from the intention outlined here, and the interests of the reparation creditors would run entirely parallel here with German interests. But for the practical solution of the reparation question it will be of the greatest importance that at the given time confidence is placed in Germany that she will later pay the definitive sums which have been fixed in agreement with her. This confidence will depend on the judgment made on Germany's capacity and her good will."



November 6, 1927. "Made In Germany," by Georg Bernhard.

"Some of the Nationalist papers have again referred to the 'Dawes fetters' and have circulated a mean expression which characterizes the Reparation Agent as the 'task-master' of the German people. Parker Gilbert is not a task-master. Germany is not under financial supervision and the financial agent appointed for taking care of the rights of the reparation creditors has no right to intervene in internal German conditions. But he has the right and duty to look out for the interests of his employers. For they are the creditors of Germany. These creditors are not only reparation creditors. America, at least, is Germany's creditor as a result of her own free decision. Her banks and bankers have furnished Germany with milliards in the form of public loans and private credits. And even if Germany did not owe a pfennig of reparation debts, she would have to reconcile herself to the fact that her creditors would carefully watch the development of the public finances and of the German private economy and that they would express their opinion thereon."

"Germany's money requirements have by no means been satisfied as yet. On the contrary. We have always taken the view that without further large loans from abroad the German economy will be unable to develop. From this there follows the perhaps not very agreeable, but possible consequence that the important thing is not what conditions in Germany actually are but what opinion foreign countries have of German conditions. For it will depend on the judgment of particularly the Americans whether they wish to become larger creditors of Germany. And the extent to which Germany's reparation burden will be reduced depends on this judgment also. This is the reason why the statements of Parker Gilbert are so extraordinarily important...If Mr. Gilbert, who enjoys American confidence, expresses himself on German economic and financial conditions and if doubt as to Germany's credit arises out of such utterances, American business people consider these doubts in the same way as every business man in every country does who lends out money and whose experts express themselves in a doubtful manner on the credit-standing of the borrower."

"A possibility is that Germany, confiding in her economic, technical and mental forces, should accept as much foreign capital as she can obtain. With this capital she will again earn money and resurrect herself. And as a result of a prosperous German economy it will be easier to pay two milliards than one milliard under the other condition...Every thing depends on whether Germany considers herself a big industrialist or a small merchant."

"Ideas, which are entirely un-American, have influenced Parker Gilbert in Germany. His memorandum, which is adapted to cause distrust against German finances, is therefore nothing other than the exported product of German ideas. And unfortunately a large part of his memorandum must be prefaced with the remark: "Made In Germany."

DEUTSCHE ALLGEMEINE ZEITUNG  
(People's Party, Government. Editorially the  
paper has little influence. Unimportant politically.)

November 6, 1927. By P. N.

"That the tone of the Reparation Agent's memorandum is, in spite of the unusual sharpness of the material, not unfriendly goes without saying in view of the correct relations between Parker Gilbert and the Reich authorities...As regards purely financial political problems, on the other hand, agreement ought to be possible all the sooner since the majority of the German people is of the view of the Agent General and the Government that very, very much must be simplified and improved in the public finances. We must only be given time to master the great difficulties which confront us."

November 7, 1927.

"It is questionable whether it would not have been possible to prevent the Reparation Agent from arriving at such an absolutely critical attitude and whether it would not have been possible for Germany to eliminate through her own free decision a number of the misgivings raised by Mr. Gilbert."

"The Dawes Plan as such is not the subject of debate to-day. Germany is, as the Reich Government has declared anew with all seriousness, determined to fulfil it. But the most important prerequisite for fulfilment is that increased merchandise exports be made possible for Germany. The difficulties and hindrances which other countries place in the way of German exports work in the direction of the destruction of the Dawes Plan because they make its self-evident pre-requisites questionable...It is not new that representatives of the German economy have requested the decisive authorities to rationalize the administration and the public corporations. In a very important interview at the end of September, Thyssen pointed to the danger if this most serious task is postponed until Germany was in the midst of critical negotiations on the bearableness of the Dawes burden and the fixation of the total sum of reparations. Such a procrastinating policy must, he continued, make our position very difficult...Unrestricted credits led Germany, to an extent, to over-estimate her own strength. Such a psychological reaction must not remain unheeded, and....a change of procedure is in order."

November 10, 1927.

"There is complete agreement between the Government of the Reich and the Reparation Agent that loans must be placed only for productive purposes. In its reply the German Government recognised the necessity of an early definitive solution of the financial relations between the Reich, the States and the communes...The disturbance caused in many quarters in regard to the financial situation of the Reich lacks any foundation in fact. The German Government has already given the assurance that budgetary equilibrium will be maintained for the fiscal year under all circumstances. There can therefore be no suggestion that the equilibrium of the budget is endangered."



BERLINER BOERSEN ZEITUNG

(Nationalist; Government Party. Good financial paper with little political importance.)

November 6, 1927. "Is Gilbert Right?" Dr. K.

"If the Reparation Agent makes the public finances the central point of his criticism, we must say, as the Reich Finance Minister actually does, that he is right in many points with regard to the ultimate aims. . . . It is regrettable that a stimulus is first required from outside in order to bring the development of certain financial political connections into more rapid flux for it may be assumed that political opposition will dwindle in the face of the seriousness of the situation which the memorandum of Mr. Gilbert illuminates.

"We should therefore like to assume that it might have been better for the Reich Government not to try to justify communal loan policy and that, it should have been pointed out that the large projects of the communes during the first years after the currency stabilization succeeded in helping the economy and a number of unemployed through a period of great distress. To be sure, matters which were perhaps justified in a time of very great depression are no longer valid today, and to this extent the criticism of the Reparation Agent on the public expenditures is unfortunately justified. Accurate as the judgment of the Reparation Agent may be in general financial-political matters, his criticism overlooks facts in important details. Entirely incomprehensible is his reproach of the Reich Government in the transfer question.

"The Reparation Agent may not be vindicated from great exaggerations with regard to the effects of the new bills on the development of prices."

November 6, 1927. Dr. J.

"As regards the form, the author of the memorandum uses the language and tone which is customary in diplomatic exchanges of opinion, without going a step beyond these limits. Mr. Gilbert is chiefly a warner, often something of a schoolmaster, unfortunately too much of a dictator, and hardly an adviser. Perhaps the Reparation Agent would not have used such sharp words if he had in the very beginning counted on the publication of the memorandum. The shortcoming most obvious in the train of thought of the Reparation Agent is a failure to consider those inner-State and internal political connections which form the basis of the most severely criticized financial political measures of the Reich Government.

"The financial laws must be carried out. This fact cannot be changed in any way by the memorandum. The Reich Government will, in conjunction with the parties, have to seek a compromise between this necessity and the objections of the Reparation Agent so far as they are objective and justified."



KÖNIGSBERGER ALLGEMEINE ZEITUNG

November 7, 1927.

"We must say that even if the Government is right that it was necessary to increase the budget 1,700 millions in the past two years, what is going to happen if there should be really an economic depression when business can no longer pay taxes? If the Government's optimism is justified, the misgivings of the Agent will be largely overcome. But in the opposite case will not our creditors point to his warning and say that Germany has herself restricted her capacity to pay reparations? The German reply leaves the possibility of such an economic reversal entirely out of consideration, and that is the worst thing that can be said about it. Nevertheless the Agent must be told to keep within his proper limits in a number of points. . . . One statement of the Agent deserves the greatest consideration. Many people in Germany think that our obligations end with the payments to the Agent. We are now told coolly and objectively that we are obliged to facilitate transfers. There is no use denying the gravity of these matters. The consolation that the Government itself caused the exchange of opinions helps but little. Unless it takes into account the justified misgivings of the Agent, it will at least open itself to the reproach of having given the Agent a cheap opportunity to criticise things outside the limits of his office.

SCHLESISCHE VOLKSZEITUNG

November 7, 1927.

"If things were really as the Agent sees them, we should be in a bad way. We can only hope that he deliberately painted them too black. His criticism would have a disastrous effect on our foreign credit if it should be entirely approved, and if the reply of the Government does not convince the reader. We may expect that the measures promised by Dr. Kohler will dispose of the most important objections of Gilbert."

HANNOVERSCHER KURIER

November 8, 1927.

"There is an old proverb that anybody who contradicts somebody stronger than himself acts rashly. The Finance Minister acted in accordance with this proverb when he sent the Agent General a long reply to his memorandum.

"Mr. Gilbert's statement that what is in the interest of the German economy is likewise in the interest of the Plan is nonsense. So far as lack of any control over public expenditures is concerned, just the contrary is true. Gilbert seems to know nothing about the Reich Audit Office. He does not seem to understand anything about the finances of the States and communes. We are sorry the democratic press is exploiting the Agent's remarks. If we must dispute, let us do it among ourselves and be unified against foreign influences."

## BERLINER TAGEBLATT

November 7, 1927.

"The Tageblatt correspondent states further that it is remarkable that the Federal Reserve Bank of New York was able to give the American press the full text of the memorandum for publication in the Sunday newspapers. He thinks this makes it clear that the competent authorities want to bring the views of the Reparation Agent to the knowledge of the widest possible public. Other despatches from New York state that, whereas these papers publish the full text of the Agent General's memorandum, the reply of the German Government is given but little space.

"In the course of his speech at Liegnitz on November 5th the leader of the Democratic Party, Herr Koch pointed out that . . . the person who must take the initiative in the revision was the Agent General, who would have to prove in 1929 that the Dawes Plan could not be fulfilled. Only then would the time come for the great discussion with the Allies. Herr Koch went on to speak in favour of administrative reform, which, he said, could be accomplished only by establishing the unified state."

## REICHS-LANDBUND

The Reich Agrarian League (Reichs-Landbund) held a convention in Berlin, November 7, 1927.

Dr. Adametz, who spoke on administrative and constitutional reform, said:

"Frederick the Great once said that a clever person must not only do the right thing, but he must also do it at the right time. The responsible people in Germany missed the right time as regards a rationalization of our public administrations. If we do not ourselves soon put our own house in order, foreign control by foreign countries is threatening, which in practice has already - though at present cautiously - begun with the last action of the Reparation Agent, who under the Dawes Agreement has no right to intervene in German internal political matters.

"A part of the press attributes our sad financial situation exclusively to the oppressive burdens of the Dawes agreement. But we must be clear that we cannot refer to the oppressive burden of the Dawes obligations so long as - and not unjustly so - colossal malpractices in our public administrations may be pointed to."



## DEUTSCHE ALLGEMEINE ZEITUNG

(People's Party; Editorially the paper has little influence.)

November 10, 1927.

"There is complete agreement between the Government of the Reich and the Reparation Agent that loans must be placed only for productive purposes. In its reply the German Government recognised the necessity of an early definitive solution of the financial relations between the Reich, the States and the communes. . . . The disturbance caused in many quarters in regard to the financial situation of the Reich lacks any foundation in fact. The German Government has already given the assurance that budgetary equilibrium will be maintained for the fiscal year under all circumstances. There can therefore be no suggestion that the equilibrium of the budget is endangered."

## KÖLNISCHE VOLKSZEITUNG

(Centre Party; Represents conservative wing. Important in its views on domestic politics.)

November 9, 1927. "In America's Shadow."

"France stubbornly refuses to ratify the agreements with England and the Mellon-Berenger agreement, saying that she receives no foreign exchange. For this the German deliveries in kind offer no substitute. Therefore by making more frequent and larger cash transfers to the reparation creditors, Gilbert places them in a position to be better able to meet their debt payments to America in cash. This is the one side."

"What is to be done? Nothing would be more incorrect than to arm ourselves with patriotism and morals. We intend to fulfil. But a nation which earns nothing cannot make any payments. Our economic structure is, moreover, much different from the American. Gilbert overlooked this."

November 5, 1927.

"It would have been politically, economically and financially unwise to raise a discussion on the practicability of the Dawes Plan at the present moment, or even to regard the exchange of memoranda as an occasion for doing so. The Government has therefore expressly stated its intention of carrying out the Plan...The payment of the reparation charges has not been endangered at any time and will not be endangered if the future budgets of the Reich are balanced. They will not be endangered in the future because the Minister of Economics and the President of the Reichsbank are taking steps to maintain the stability of the business condition."



KREUZZEITUNG

(Nationalist, Government Party. Small monarchist paper.)

Read chiefly by Army and Navy officers.)

November 6, 1927.

"In spite of all attempts to make only economic and financial objections, the sharp reference to and criticism of Reich Government bills under discussions are very similar to intervention by Parker Gilbert in the sovereignty of the Reich...In view of the strained and obscure conditions in which we still find ourselves, this optimistic belief in the constancy of good business conditions is a very daring foundation for the Reich finances edifice. The Reich Government, however, cannot and will not let the present legislative measures drop. For it cannot be guided by financial and economic considerations alone but must also act under State-political considerations if it is to carry out its political tasks."

November 9, 1927.

"The memorandum of the Reparation Agent now published keep correctly within the limits of the powers given to him. There is no reason for attacks on him personally. Mr. Parker Gilbert raised in the memorandum no protest against the bills now pending, and he likewise refrained from making any concrete proposals. Nevertheless the gravity of the situation should not be under-estimated in any way. His warnings may have a great effect on credit conditions even now."

November 10, 1927. "What Does the Reparation Agent Want?"

"The question is why the Reparation Agent used such plain language. We have met our obligations to the limit, and our payments are fully secured, so that there is no doubt that they will be made in so far as the debtor is capable of paying at all...The important thing in the memorandum, lies in the concluding remarks, in which he makes us responsible for transfers. This must be rejected... We have undertaken nothing more than not to make any financial manoeuvres or to adopt other measures deliberately intended to restrict transfers."

MÜNCHENER NEUSTE NACHRICHTEN

November 7, 1927.

"The Reparation Agent has carefully kept within the formal limits of his office, but in fact he has told the Government that it is no longer responsible to the Reichstag but to the Dawes Plan. But his memorandum fails to prove that our financial policy has not been in the interest of the reparation obligations.

"We have long called attention to the impossibility of making payments to countries that will not receive our goods. The Dawes Plan will eventually fail because of this, but all these matters are beyond the control of the German Government. It would be a mistake if Germany should try to hasten this development artificially. But nobody can ask us to try artificially to slow it up."

B.Z.

(Democratic; Opposition.)

November 7, 1927.

"The New York correspondent of the B.Z. adds that the memorandum will have far-reaching consequences on the attitude of America towards Germany, and that for the time being at least no German loans can be placed in New York. Even if investors were not disturbed through the controversy, the State Department would undoubtedly approve no more loans. The more serious consequence, however, he says, is that any hope of an early revision of the Dawes Plan must be given up for at least two years."

BERLINER TAGEBLATT

(Democratic; Opposition. Probably best Berlin newspaper from news point of view.)

November 6, 1927.

"Mr. Gilbert said that he hoped to render a service to the German Government and to the German economy as well as to the international situation by expressing his impressions and misgivings. For this good intention the German people must be grateful to him. Many of the general and specific statements of the Reparation Agent run parallel with the domestic criticism which has for a long time been made on the measures of the German financial policy. Even the Reich Finance Minister recognizes the justification of some of this criticism. . . . Things are not going forward rapidly enough in Germany. The tendency toward a unitarian State meets with political and certain economic hindrances for which the Reich Government has up to the present shown too much consideration. There can be no doubt that the idea of a unitarian State has of late gained ground. The Reich Government must make good use of this psychological situation and to this end, it must be less considerate than in the past of so-called insurmountable obstacles."



## SCHWÄBISCHER MERKUR

(People's Party; Government.)

November 7, 1927. "What are the Consequences?"

"It must be said that the German reply has one fault: it is too long and lacks any spirit: The efficient product of the officials of various Ministries was stuck together, but one can still see the cracks; and, since the reply was intended to have an effect abroad, it ought to have been "got up" more attractively!"

"It would be a mistake to attack Parker Gilbert for taking the step to which, strictly speaking, he was not entitled. It would be a still greater mistake, however, to exploit the exchange for partisan purposes. Neither the Reich, the States, nor the communes, nor any one political party has any reason to feel like a Pharisee - all have sinned. What we must do now is to listen to the warning of the Agent; and, if the friendly exchange of views can have a fruitful effect, Germany owes Parker Gilbert thanks!"

## MAGAZIN DER WIRTSCHAFT

(Democratic; Opposition. Fairly reasonable.)

November 10, 1927. "Reply to Parker Gilbert."

"As to the necessity of more liberal commercial policies on the part of the creditor countries and the question of foreign borrowings, the statements of the Government must be approved. The Government rightly protests against the attempt of the Reparation Agent to ascribe to it an intolerable responsibility. But in the fundamental questions of German financial policy and the necessary constitutional reform the reply remains as unsatisfactory as the speech of Dr. Kohler."

## LOKAL-ANZEIGER

(Nationalist; Government Party. Reactionary.)

Paper of Hearst type.

November 6, 1927. (K.F.)

"Even though it is right that many loans, especially of the communes, should in the interest of the whole people not have been floated, loan requirements cannot be denied categorically. The greatest misgivings must be provoked if the memorandum attempts to attribute to the Reich Government a responsibility, beyond the provisions of the Dawes Plan, for the execution of the transfer. A warning in this respect is not justified since the Reich Government has up to the present fulfilled all its obligations under the Dawes Plan."

"The Agent General has made sharp criticism. It runs parallel on some matters with demands which have long since been made in Germany. His criticism, however, goes much too far on these points and fails to recognize political necessities. As the trustee of the creditor Powers, the Agent General has done his duty."

Hussong writes:

"We should like to see the negro state in which there are parties and people who would dare to defend an Experts' Plan on the basis of which its government would have to tolerate receiving such a letter as Mr. Parker Gilbert wrote to the Finance Minister of the German Reich. Our republicans do not reproach Parker Gilbert with a single word. He is not our trustee but the trustee of our enemies, yes, our enemies, if we are still allowed to call a cat a cat."

LE TEMPS.  
(Paris.)

November 7, 1927. "German Finances and The Dawes Plan."

"The Nationalist press in Germany committed a great error in reproaching Mr. Parker Gilbert with having exceeded his rights. It committed another error in maintaining that, if Germany should be unable to fulfil the Dawes Plan, the Reich would not have any responsibility. Mr. Parker Gilbert clearly indicates that it is the German Government itself that must bear the responsibility for its actions...If the memorandum of Mr. Parker Gilbert had had no other result than to make the Reich Cabinet declare categorically against the campaign in favour of revision, it would not have been in vain."