

# REICHSBANK GETS \$25,000,000 CREDIT

**Fifteen or Twenty Banks Here  
Ready to Supply Funds for  
German Institution.**

**ARRANGEMENT FOR A YEAR**

**Transaction Said to Be Only  
Precautionary—Followed  
by Rise in Mark.**

**DEAL MADE BY DR. SCHACHT**

**Financier Now on His Way Back to  
Berlin—Chase and National City  
Banks Head Group.**

A credit of at least \$25,000,000 for the German Reichsbank has been arranged by a New York banking group headed by the International Acceptance Bank, Inc., as a result of the recent visit to New York of Dr. Hjalmar Schacht, President of the Reichsbank, who conferred with commercial bankers while here as well as attended the discussions of the executives of the Bank of England, the Bank of France and the Federal Reserve Bank.

Officials of the International Acceptance Bank were extremely incommunicative regarding the credit, but from other banks participating in the transaction it was learned that the credit will run for a year, and that it may be for as much as \$30,000,000, rather than the \$25,000,000 which was originally discussed. The money will be placed at the disposal of the Reichsbank for its use when wanted. It is a strictly private banking transaction, such as has been arranged in the past by New York bankers for central banks in various parts of the world. In many cases the credits have not been touched, but have been held here as a precaution.

#### **Banking Group Large.**

From fifteen to twenty New York banks are participating in the credit, among them are some of the largest institutions in the city. The group was formed after discussions had been held by Dr. Schacht and the International Acceptance Bank. The bulk of the credit, it is understood, is being held by eight or ten of the largest banks, such as the National City and the Chase National.

When news of the credit got around Wall Street there was a great deal of speculation regarding the purpose of it, but it was said in informed circles that it had no specific purposes, but was arranged here by Dr. Schacht merely as a protective measure.

While news of the credit has been very closely guarded, its arrangement by the banks was regarded as one of the factors responsible for the recent strength in the German reichsmark in the foreign exchange market. The reichsmark this week advanced to 23.78½ cents, the highest it had been since the closing weeks of 1926 and within a few points of the highest mark it has reached since the establishment of the new German currency late in 1924.

#### **Germany Willing to Borrow.**

It is not known whether Dr. Schacht in his conversations with commercial bankers discussed American loans for private organizations in Germany, but it is considered likely that he did so. Germany, which for a time sought to avoid borrowing in the American market, has been receptive to external loans in the last month and several important ones have been effected, headed by a \$30,000,000 bond issue of the Central Bank for Agriculture of Germany, floated by a syndicate headed by the National City Bank. High money rates in Berlin recently also have contributed to the flow of American capital to Berlin.

Dr. Schacht arrived in New York early in July and participated in conferences on world affairs with Governor Strong of the Federal Reserve Bank, Montagu Norman, Governor of the Bank of England, and Charles Rist, Deputy Governor of the Bank of France, as well as with officials of the Federal Reserve System and the Treasury Department. It was said at the time that the conferences dealt only with the promotion of cooperation in international financial affairs and that no specific programs were discussed. Dr. Schacht sailed for home last week.