

AMERICAN BANKERS SEEK TO AID REICH

Hope to Avert a Sudden Crash
by Temporary Credits for
Raw Materials.

PUBLIC OPINION IS IN WAY

No Solution for Problems Seen
Until Nazi Leaders Cease
Antagonizing World.

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Wireless to THE NEW YORK TIMES.

BERLIN, July 22.—Isolated politically, economically and morally, Germany to all appearances is drifting fast toward a crisis which all can foresee but no one seems to know how to prevent.

For the first time public unrest is being openly voiced, although, naturally, not in print, despite the restrictions. The government's prestige is waning under the impact of economic facts. Yet while there is much activity, there seems to be no settled policy beyond that of meeting emergencies as they arise.

Almost symbolic of the general unrest is the attitude of Nazi leaders. Just now they are conspicuous by their absence so far as the public is concerned. Chancellor Hitler flies restlessly about the country unheralded and to all appearances aimlessly. He was in Baireuth today. A cruise he was supposed to be planning apparently had to be abandoned and Defense Minister Werner von Blomberg is taking it without him.

General Hermann Wilhelm Goering, Air Minister and Premier of Prussia, spends most of his time out of Berlin at his hunting lodge. Dr. Paul Joseph Goebbels, Propaganda Minister, is voiceless for the first time in months.

Dr. Kurt Schmitt, Minister of Economics, who is most concerned with the present situation, is seriously ill. There is some doubt as to whether he will be able to return to his post.

New Policy Badly Needed.

Yet the life of the nation cannot stand still. The exigencies into which it has been plunged by the growing economic pressure call almost daily for new decisions. In the complicated international situation the Foreign Office may be able to wait and pray, but in the economic field immediate steps must be taken.

They are being taken for the moment, as far as is ascertainable, by the under-secretary, who naturally goes no further than the urgency compels. Some new policy is evidently called for, but the call is in vain. German policy merely drifts along.

Three outstanding factors dominate Germany's difficulties: the shortage of foreign exchange, the shortage of raw materials and the crop shortage. For none of these is any solution to be envisaged unless Germany surrenders to world opinion, and the Nazi leaders are plainly not yet ready to do this. Slaves to their own militant dogmas, they find themselves unable to retreat.

The crop situation is the least embarrassing now, but it may easily become the most difficult. The potato crop is now imperiled, and Germany depends much on potatoes industrially—from them industrial alcohol is distilled—and for food.

The early potato crop was next door to utter failure. Since the end of June Germany has imported from neighboring countries more than 4,000,000 marks' worth of potatoes to make up for this, and foreign exchange had to be found for most of this supply. Now the late crop is menaced.

Little rain has fallen in Germany for almost a week. Another week of drought will ruin the late crop.

Little Money for Materials.

The shortage of raw materials has resulted from the shortage of foreign exchange and is the most alarming symptom in Germany's present plight. The only remedy yet devised is the steadily increasing government control of industry, despite the fact that the Ministry of Economics was supposed to be in the hands of men pledged to liberalistic doctrines.

Typical of the situation is the decree of this week-end which has reduced all textile workers to a thirty-six-hour week. Now it is becoming probable that the government may have to take over the entire textile industry. Almost every day brings new decrees involving German industry in further red tape to the despair of industry itself and to the detriment of its efficiency.

It is one indication of the seriousness of the outlook that great concern is being manifested regarding it by American banks, which still have large stakes here. They are concerned to the extent of 2,500,000,000 marks in short-term credits alone and the interest on them, which is held up either in blocked accounts or under the standstill agreement.

So far this money has been earning a fair profit by being used as short-term credits for financing German imports and exports. But this is not getting the money out of Germany, and now concern is being manifested as to what may become of the investment should a real crisis develop.

Some American banks are already looking toward means to provide temporary relief so that if a breakdown should come it would not come too suddenly. A possible way out is seen if raw material credits could be temporarily advanced. Since the credit of the German Government itself has been wrecked, bankers are studying a plan to utilize the credit and connections of large German concerns like the Dye Trust, the Steel Trust and the two great electrical concerns.

Raw materials thus obtained would be used merely for the production of export goods, from the proceeds of which the supply of raw materials would first be paid for. Thus German industry would be kept going.

Americans Study Project.

James H. Perkins, chairman of the Board of the National City Bank of New York, has been here for several weeks investigating this possibility. George L. Harrison, governor of the Federal Reserve Bank of New York, also looked into it during his short stay here.

Its leading advocate is supposed to be the Bank of England and Mr. Harrison and Montagu Norman,

Governor of the Bank of England, are now fellow passengers on the Europa on their way to America. Mr. Perkins has gone to Paris to consult Thomas W. Lamont of J. P. Morgan & Co., and the two are expected to go to London for further conferences with bankers there this week.

However, it is recognized that the financiers' actions will be circumscribed by the force of public opinion—and there is no indication that public opinion anywhere is at all moved by the spectacle of German necessity.

The Financial News of London, recording the supposed willingness of the Bank of England to participate, inveighs against it, calling it "unthinkable" that either the British Government or the Bank should grant Germany credit in flagrant disregard of British opinion. It doubts that any British Dominions would insure such an enterprise, and as for England, it says such a step would meet strong resistance in Parliament, in financial London and in the press. The situation in

America, it adds, is presumably not different.

Thus Germany finds no friends. She is living from day to day a hand-to-mouth existence. She can buy raw materials only for cash. Even the raw materials already in the country are not being released by their foreign owners except for cash. Two-thirds of the cotton supply in Germany still is not paid for and is being released only against dollars. Even United States consulates are demanding payment fees in dollars.

As a result the entire German economic system is tied up in red tape and prohibitions, so the sole business still flourishing is public work under government control, which insures employment and subsistence for thousands but is not productive, and therefore doubly expensive. During the Summer life is comparatively easy and these things are not so closely brought home to the masses. But Summer is passing fast and the Winter that is coming on apace will be a time of sore trial, if not more than that.