

# REICH BANKER TIES GOLD TO MARK PLAN

**Dr. Puhl Finds Clearing and  
Metallic Systems Could Oper-  
ate on Regular Trade Basis**

## USE OF B. I. S. RULED OUT

**Head of German Clearances  
Bureau Says Unilateral  
System Will Prevail**

Wireless to THE NEW YORK TIMES.  
BERLIN, Sept. 23—Multilateral clearing, with Berlin as the clearing center for the European "grossraum Wirtschaft," or planned continental economy which, the Germans believe, will grow out of the present war—such is the Reich's alternative for the "doomed" gold standard and its corollary free international trade.

While, in the minds of many foreign financiers, the multilateral clearing plan still appears to be a nebulous scheme of doubtful value, to German bankers and economists it already is a reality which daily is gathering momentum, as indicated by the fact that ten occupied or non-occupied European countries soon will be clearing through Berlin all their mutual payments resulting from import and export transactions.

### Bureau Already in Operation

A special clearing office under the name of "Deutsche Verrechnungskasse" already operates, having been the Reichsbank's department for such transactions since 1934. Its head is Emil Puhl, a director of the Reichsbank and recently promoted to rank of vice president. Among German financiers, Dr. Puhl probably has more experience in international finance than any leading banker, with the exception of Dr. Schacht, under whom he worked many years. The clearing office's chief is, therefore, probably more than any other German, qualified to speak with authority on the current and potential organization of the European multilateral clearing system and such information as he volunteered on this system and its functions should command special attention.

When proposals for multilateral clearing first were mooted for discussion it was felt in some financial quarters abroad that either a new organization would be set up for the task or else the Bank for International Settlements in Basle would be entrusted with administering the new clearing system after certain adjustments.

Dr. Puhl does not subscribe to the advisability of such a solution. First, in all German minds, the B. I. S. is irretrievably associated with the former odious reparations régime. Second, the B. I. S. never actually succeeded in becoming an international clearing bank, and never really went beyond starting a restricted gold-clearing system among member central banks whatever its merits in the past were as a "spiritual" clearing center for the exchange of information and experience among the heads of Europe's central banks during its periodic meetings at Basle.

There seems to be no reason for the setting up of a new clearing institution, Dr. Puhl believes, since the Deutsche Verrechnungskasse is eminently well geared to handle operations.

In the last six years the Berlin clearing office has accumulated unique experience in dealing with the Reich's clearing partners, and its personnel is thoroughly acquainted with the international payment techniques in all European and overseas countries. It would therefore, in Dr. Puhl's opinion, be an easy matter to extend the operations of the Deutsche Verrechnungskasse to a system of multilateral clearing.

Such states as participate in the European multilateral clearing system will retail their own currencies, but the Reichsmark will become a common monetary denominator for mutual exchanges, Dr. Puhl pointed out. To fulfill this role the Reichsmark must possess a fixed relation to other European currencies. Although the German mark has been held to its gold parity since 1924, and the rate of 2.50 to the United States dollar was unchanged for years, clearing marks have been traded in some countries at discount. Lately, however, there has been a marked change in this respect, Dr. Puhl stated, as Continental European states no longer see any reason for a higher valuation on so-called "free currencies." The English pound has ceased to be a free currency and cannot be used by Continental states for purchases in Great Britain and the Dominions, nor have these states access to the North American market.

On the other hand, the Reichsmark has become the dominating European currency, Dr. Puhl stated, since all goods can be bought in Germany, or through Germany, in so far as war conditions permit.

### A Geographical Advantage

Germany's geographical position as transit route for purchases from other Continental countries further enhances the Reichsmark's value as a European clearing unit.

In building up this new system of multilateral clearing, the Reich and Italy are closely cooperating. All payments between Italy and German occupied countries henceforth will be cleared through the Berlin central clearing office, according to Dr. Puhl. Many European trade connections, interrupted by the war, have been resumed as a result of Berlin's clearing facilities. In this way Holland and Yugoslavia, Norway and Finland, Sweden and Belgium—all are already settling their mutual commercial payments through the Berlin clearing bureau. Its present importance is evidenced by the fact that ten European countries soon will participate in this multilateral clearing system, Dr. Puhl pointed out.

Thus, Reichsmark balances with the Berlin clearing office will, in the future, fill approximately the same role as gold or the pound sterling did in the past. But the multilateral clearing system will go a step further in the regulating of trade, Dr. Puhl maintains.

While the gold standard provided automatic regulation for trade volume, it henceforth will be necessary to make provision against a country buying more than it can pay for. The purchases of each country must be coordinated with its export capacity. This, in fact, already takes place through the fixation of import quotas and special trade agreements. It is expedient, however, in Dr. Puhl's opinion, that the Reich should fill

the role of intermediary, in this respect, among the partners in multilateral clearing. In this way every country would receive its just share of products for which the demand is strongest.

Thus, Germany has no intention of monopolizing to its own needs the foodstuffs from Southeastern Europe, but instead will share them with other countries.

### Does Not Exclude Credit

Concluding, Dr. Puhl said that the new multi-lateral clearing system does not exclude merchandise credits or even gold transactions. When, for instance, after the war, should Norway possess reichsmark balances, but sought to buy gold with them in the United States, it will be comparatively easy to exchange this balance against dollars resulting from German merchandise exports to the United States. Such transaction will, however, be only possible if the United States is willing to import sufficient quantities of German goods.

The setting up of multi-lateral clearing would not, even in Dr. Puhl's opinion, make necessary the giving up of the gold standard by all countries. Moreover, it is altogether possible that the clearing and the gold standard should exist side by side.