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Notes on the Meeting of the General Council of the Reichsbank (10.12.1928)

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Mit den Londoner Abkommen vom 9. August 1924, mit denen die Dawes-Verhandlungen zum Abschluss kamen, wurde u. a. festgelegt, dass die Reichsbank ein international besetztes Kontrollgremium (General Council, Generalrat) bekommen sollte. Das hier präsentierte Protokoll der Sitzung des General Councils vom 10.12.1928 gibt einen guten Einblick in die wichtige Rolle der Zentralbankpolitik, deren Politik immer auch als Gradmesser der generellen Lage der deutschen Wirtschaft betrachtet wurde. Der Reichsbankpräsident Hjalmar Schacht zeichnet hier ein ziemlich pessimistisches Lagebild, das nicht zuletzt vor dem Hintergrund der damals virulenten Konflikte von Kapital und Arbeit (insbesondere im sog. Ruhreisenstreit) verständlich erscheint. Bemerkenswerterweise teilten gerade die auswärtigen Mitglieder diese negative Einschätzung Schachts nicht.

NOTES ON THE MEETINGS OF THE GENERAL COUNCIL OF THE REICHSBANK

At Berlin on November 30 and December 1, 1928.

The foreign members of the General Council nominated Mr. R. von Haller, of the Basle Handelsbank in Geneva, formerly Director of the Swiss National Bank, as a member of the Managing Board of the Bank for German Industrial Debentures in the place of the late Mr. Dubois.

The General Council resolved to send a telegraphic message of condolence to the Federal Reserve Bank of New York on the death of their President, Mr. Benjamin Strong.¹

Dr. Schacht then proceeded to give what, to the foreign members at any rate, appeared to be an unduly pessimistic view of the present economic situation in Germany.

British imports of coal into Germany were increasing while Germany's exports remained stationary. Stocks were increasing partly as a consequence of the lock-out in iron and steel industry since November 1². During the whole of October there had been 207,000 Feierschichten, that is, a reduction by the omission of one period of 8 hours, in the working shifts to two. In the first week of November the number of feierschichten had increased to 191,000.

The British member observed that the President's statement that the German coal industry was handicapped in competition with British coal to the extent of RM 1.5 per ton, owing to the freight rebate granted to the

1 Benjamin Strong, der schon lange mit großen gesundheitlichen Problemen zu kämpfen hatte, war am 16.10.1928 gestorben. Das führte zu einer Machtverschiebung innerhalb der Federal Reserve Bank und beförderte den Übergang zu einer konservativeren Zinspolitik. Wueschner, *Charting*

2 Der sog. Ruhreisenstreit im November 1928 gehörte zu den schwersten Arbeitskämpfen während der Weimarer Republik. Nachdem sich Arbeitgeber (Nordwestliche Gruppe) und Arbeitnehmer nicht auf einen neuen Tarifvertrag einigen konnten, war die staatliche Schlichtung gefordert. Deren Schiedsspruch wurde von den Arbeitgebern abgelehnt, was mit der Aussperrung von hundertausenden Arbeitern einherging. Am 21. Dezember 1928 wurde der Arbeitskampf durch einen zweiten Schlichterspruch beendet. Bähr, *Schlichtung*.

latter, was not supported by statistical evidence.³ It was estimated on the British side that the advantage did not amount to more than 7 ½d. per ton, or just about half the amount stated by the President.[2]

As regards the Iron and Steel Industry, 50 to 60 blast furnaces had been shut down and only 40 were now in operation. In spite of the large stocks originally held it was clear that the long duration of the lock-out had severely damaged the export trade. As a solution of the difficulty Dr. Schacht was not in favour of a compromise, a view which did not appear to be shared by the German members. (In point of fact a settlement was reached on December 2.)

The Textile industry is in no better condition than two months ago, but Woollens show some slight improvement. The Machine industry is declining; only the Electrical and Chemical industries are thriving.

In Agriculture the position is stationary. Prices have not declined further, and some small progress has been made in the consolidation of short agricultural loans. In July, 1929, 117 millions RM. of 3 to 5 year Mortgage bonds in the hands of the Gold Discount Bank will have to be repaid, and already efforts are being made to obtain a promise of postponement.

Unemployment has increased to 805,000: it is now twice as high as a year ago. Workmen on strike, estimated at 265,000, are not included in the Unemployment figures.

Bills outstanding, which amounted to RM 11.7 milliards on September 1, increased to 12.1 milliards at the end of October. The general tendency of holders is not to part with stocks at lower prices unless forced to do so.

The Balance of Trade was more favourable in August and September. (Beginning from October the statistics will be compiled on a more accurate system).

As a result of imports of foreign short money⁴ and sales of German Securities abroad the money market is distinctly easier.

Germany's foreign indebtedness has increased by more than RM 500 millions during the last half year. At the same time[3]the balances abroad have decreased.

Dr. Kuczynski puts the total of Germany's foreign debt and German Assets in foreign hands at RM.52 to 61 ½ milliards, of which RM 21.4 milliards are capitalised Reparation Debt. His detailed figures are:

3 Nach den großen Streiks im britischen Bergbau 1926 war die Frage der deutsch-britischen Konkurrenz in der Branche ein viel diskutiertes Thema. Die Frachtkostensenkung wurde Anfang 1927 als Subvention für den Bergbau beschlossen. *Varga, Struggle*.

4 "Short money" bezeichnet in diesem Fall die Vergabe kurzfristiger Kredite. Diese Praxis hatte zugenommen aufgrund einer wachsenden Skepsis gegenüber der deutschen Fähigkeit, Kredite langfristig zu bedienen, aber auch deswegen, weil die Reichsbank versuchte, die Vergabe von Krediten nach Deutschland einzuschränken. *Flaskamp, Reichsbank, 150–156*.

I. Transport

Reparation Debt	a) Railway bonds	11 milliards
	b) Capitalised Transport Tax	4 ½ milliards
	Long Term credits, bonds and shares in foreign hands.	600–900 millions

II. Industry:

Reparation Debt	Industrial Bonds	5 milliards.
Further:	Bonds issued abroad	1 ½ "
	Long term credits, bonds, and shares and other participations etc. in foreign hands.	4–6 "

III. Further

a) Bonds issued abroad by companies other than transport and industrial companies (including Dawes loan, 0.9 milliard).	4 ½ "
b) Long term credits, mortgages, bonds, shares and other participations etc. than transport and industrial credit etc.	6–8 "

IV. Urban and Rural Real Estate in foreign hands	15–20 "
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Exchange is firm. During October the gold holdings of the Reichsbank increased by RM 136 millions, and by November 23 they were increased by another 41 millions of marks.

The Stock Exchange has been very quiet and quotations show little change with the exception of the shares of the Reichsbank in which foreign buying is preponderant. More than half the shares are now in the hands of foreigners.

Dr. Schacht added that the Direktorium views this speculation in Reichsbank shares with great apprehension. In the discussion which followed several German members demurred to[4]theterm[sic!] speculation. The buyers, they said, were real buyers who relied upon no change being made in the legal division of profits without their consent.

Dr. Schacht protested against this view. The legal division of profits, he considered, was too favourable to the shareholders and would have to be changed. It was not the Direktorium or the shareholders with whom the decision would rest, but the Reichstag. As for the moral rights of the shareholders, they were regarded as resembling those of former princes, and any increase in the share quotations would intensify this opinion.

The situation in the bond market was growing steadily worse. Municipal loans at 8% were now quoted at 92[sic!]⁵, and it was scarcely practicable to place German issues abroad without some option on shares or the like. The Girozentrale had been negotiating for a foreign loan, but the offers received were 5 points worse than a year ago and could not be accepted.

5 Gemeint ist wohl 9%.

Probably the whole of the internal savings within Germany in the second half of the year have been absorbed by increased wages, taxes and social expenditure. In 1913 taxation amounted to approximately 10 percent of the gross income of the population; in 1927 it was 22 per cent.⁶

Treasury Bills had been re-discounted at the Reichsbank to the amount of RM 13.5 millions at the end of September. By November 23 the amount had been reduced to 1,000 marks. The amount of Treasury Bills outstanding was RM. 373 millions.

Deposits at the Reichsbank at from RM. 500 to 600 millions, including the account of the Agent General, showed little change. The President was not prepared to give details, but it was a matter of public knowledge that the private deposits which serve as cover for the Giro system, amount as a rule to about RM. 300 millions, and the public[5] deposits to some RM. 100 to 200 millions.

The general position of the Reichsbank was not unlike that at the end of 1926. He could not explain why so much foreign money still came in with its corollary of continually increasing imports of gold. He was not prepared to consider a reduction of the bank rate at present, on the ground that it would create a wrong impression of the actual situation in Germany. So many new issues were pending that if we were to lower the rate, as in 1927, it might soon have to be raised again.

This view appeared to be shared by the German but not by the foreign members. The view of the German bankers was that the issues impending - of municipalities alone perhaps RM 2 milliards - swell the loans and advances of the Banks and force them to increase their short credits abroad, which cost them from 6 ½ to 6 5/8 per cent. For German deposits even more has to be paid. The earning power of the banks was steadily decreasing in face of increased communal taxes, etc. A German country member complained of the competition of the Berlin banks, who offer credits in foreign currency, which in fact are purely internal credit, at rates much lower than credits in marks. Upon the whole the German members approved the policy of the Reichsbank in maintaining its discount rate.⁷

The Council authorised the Reichsbank to accept the new 2-4 year 7 per cent Treasury Bonds, to be issued by the Reich, for an amount of RM. 80 millions as collateral for loans.

Credit had been taken by the Reich at the end of October to the extent of RM. 58 millions. The whole amount was re-paid on November 8.

At the close of the meeting the Commissioner, Dr. Bruins, made some remarks in which he expressed the views[6] of several of the foreign members. He said that the firmness in exchange and the increasing imports of gold, the reduction of the Bill portfolio, the easier monetary position in Germany, and the relatively hardening tendency of rates abroad all pointed to a reduction in the bank rate. Arguments on the other side did not admit of statistical expression, and the same observation might be made of the general air of pessimism which pervaded the President's view. (The suggestion underlying Dr. Bruins' remarks, although not expressed, was clearly that the President's policy was dictated by political rather than by economic considerations.⁸)

It was agreed to extend the contract with the President for another four years, and Herren von Mendelssohn and Bruins were authorised to sign the contract.

C.S.A.

London, December 10, 1928.

6 Zum Anstieg der Staatsquote s. *Buggeln, Gerechtigkeit*, 341.

7 Die Klage über zu hohe Zinsen für Kredite war eine ständige Klage deutscher Unternehmen während der zweiten Hälfte der 1920er Jahre. Eine Herabsetzung des Diskontsatzes - also dem Zinssatz, zu dem die Zentralbank Geld an die Banken verlieh - hätte einen erniedrigenden Einfluss auch auf die Bankzinsen gehabt.

8 Mit diesen "politischen" Einflüssen auf Schachts Pessimismus dürften zwei Dinge gemeint gewesen sein: Zunächst hatte die deutsche Seite ein Interesse daran, ihre eigene wirtschaftliche Lage nicht zu positiv erscheinen zu lassen, um den Druck auf die Debatten um die Reparationsverpflichtungen hoch zu halten. Wichtiger dürfte im Herbst/Winter 1928 aber gewesen sein, dass eine zu positive Einschätzung der deutschen Wirtschaftslage der Arbeitnehmerseite Argumente für ihre Lohnforderungen geliefert hätten, die von Seiten der Wirtschaft als übertrieben hoch bewertet wurden. Tatsächlich kreist eine der kontroversesten historiographischen Debatten um die Weltwirtschaftskrise um die Frage der strukturell "kranken" Weimarer Wirtschaft und die "zu hohen" Löhne. Vgl. *Hesse/Köster/Plumpe, Grosse Depression. 194-199*.