

VITA

BORN July 12, 1903 in Kansas City, Missouri, the daughter of Josephine (Cooper) Northrop and Eugene H. Northrop. Received the A.B. degree in 1922 and the A.M. degree in 1923 from the University of Missouri. Attended graduate seminars in Economics at the University of Wisconsin conducted by Drs. Don D. Lescotier, Martin G. Glaeser, and Paul T. Homan; seminars at the University of Chicago conducted by Drs. Charles O. Hardy, and Paul H. Douglas; and seminars at Columbia University conducted by Drs. James W. Angell, Wesley C. Mitchell, and J. M. Clark. Associate Professor of Economics and Sociology at Hood College, Frederick, Maryland, 1926-31; Instructor in Economics, Hunter College, New York City, 1931-34; Fellow of the Brookings Institution, Washington, D. C., 1934-35; Economist, Treasury Department, Washington, D. C., 1935—.

2003-04
CHECKED

X621.55.N33

G8
14133

COPYRIGHT, 1938

BY

COLUMBIA UNIVERSITY PRESS

PRINTED IN THE UNITED STATES OF AMERICA

To
MY MOTHER AND FATHER
IN APPRECIATION

PREFACE

THIS investigation of the Reichsbank in the decade 1924, to 1933 is a study in central bank control. It was undertaken in the belief that our knowledge of the operation of central banks is altogether too limited to permit of broad generalizations concerning the objectives and techniques of monetary management. In spite of the introduction of stabilization funds and Treasury operations with partial control functions, central banks have been in the past, and are still to a very large extent, the institutions entrusted with monetary control. The battle is now joined between those who claim much for the management of money and those who deny to the managers either wisdom or power to achieve their ends. Too often the argument on both sides rests upon a factual background inadequate to support any valid conclusions and one is faced with the contemplation of mere assertions of personal preference. One of the best ways to discover what the objectives of monetary management may be and how they may be attained through specific control techniques is to increase our knowledge of the actual operation of central banks as they meet and deal with the problems that arise. The central bank of Germany in the decade under discussion offers unlimited possibilities for such a study.

The present study begins just as Germany, impoverished and nervous, was making fresh contact with the post-war world. Her currency had been stabilized and her Bank law rewritten; the reparations question was for the time being settled. It ends with the year 1933 when she turned her back upon international political and economic theory to embrace National Socialism. The decade covers, therefore, the beginning and the end of the Reichsbank as a free central bank endowed with certain powers over the credit life of the nation. It was my original intention to indicate in a final chapter the changes that have taken place since 1933 in the Reichsbank, the commercial banking system and the money market, and even in the concept of monetary

control itself. It soon became apparent, however, that any such study must be independently conceived; for the changes in the money and credit life of Germany have been too far-reaching to be handled adequately in the space of a chapter. The material in the following pages must be read with the terminal date clearly in mind. An analysis of the Reichsbank in the Third Reich is the subject for a later volume.

My indebtedness to Dr. James W. Angell of Columbia University is greater than can be acknowledged. The study was conducted under his direction and at every point it has benefited by his criticism and suggestions. Not only am I grateful for his direct help but also for the more intangible support which came from his steady encouragement and from the example of his scholarship. The leisure to complete the manuscript was made possible through a fellowship granted by The Brookings Institution. To them, and particularly to Dr. Charles O. Hardy, I express my thanks. I am also indebted to my many friends in Germany who gave freely of their time, their libraries, and their own detailed information when the intricacies of the German banking system and of the stock exchange were beyond my unaided understanding.

MILDRED B. NORTHROP

WASHINGTON, D. C.
DECEMBER 29, 1937.

CONTENTS

	PAGE
PREFACE	7
LIST OF TABLES	13
LIST OF CHARTS	15
CHAPTER I	
INTRODUCTION	17
PART I	
THE BACKGROUND OF CENTRAL BANK CONTROL	
CHAPTER II	
THE REICHSBANK	25
The Bank Act	28
The Business of the Reichsbank	38
The Giro and Cash Business	42
The Discount Business	48
The Lombard Business	59
The Gold Discount Bank	62
CHAPTER III	
THE COMMERCIAL BANKING SYSTEM	70
The Private Banks	75
Private Bankers	86
Savings Banks	90
The Clearing Associations (Girozentralen)	95
State Banks	98
Land Banks and Agricultural Banks	105
Note Banks	105
Coöperative Credit Associations	105
Specialized Banks	109
The Support Institutions	112
Summary	115
CHAPTER IV	
THE MONEY MARKET	122
Money Market Institutions and their Techniques	122
The Securities Business of the Bourse	125
The Discount Business of the Bourse	141
The Foreign Exchange Business of the Bourse	146

	PAGE
The Interrelationship of Bourse and Banks	151
Money Market Rate Structure	152
Money Market and Capital Market	155
The Monetary System, the Banks, and the Money Market . . .	157
CHAPTER V	
THE REICHSBANK AND GERMANY'S ECONOMIC DEVELOPMENT, 1924 TO •	
1928	163
The Rentenmark Cycle	170
The Dawes Loan Cycle	175
Recovery, Prosperity and Stagnation	188
CHAPTER VI	
THE REICHSBANK AND GERMANY'S ECONOMIC DEVELOPMENT, 1929 TO	
1933	200
Depression and Political Tension	201
The 1931 Crisis	213
The Domestic Struggle against the Crisis	223
Germany's Withdrawal from Foreign Contacts	229
Germany's Progress toward Controlled Economic Nationalism .	238
The Third Reich	246
PART II	
CONTROL POLICIES, 1924-1933	
CHAPTER VII	
CONTROL OBJECTIVES AND TECHNIQUES	
Reichsbank Objectives	251
Reichsbank Control Techniques	265
CHAPTER VIII	
THE DISCOUNT POLICY, 1924-1933	
The Reichsbank Rate in Relation to Foreign Bank Rates	271
The Reichsbank Rate in Relation to Short-Term Interest Rates .	279
"Cheap Money", January 1924-June 1927	285
Discount Policy, June 1927-March 1929	291
Discount Policy, April 1929-May 1931	297
Discount Policy, June 1931-1933	301
CHAPTER IX	
THE GOLD AND FOREIGN EXCHANGE POLICY	
Gold and Foreign Exchange Policy, 1924-1926	307
	309

CONTENTS

II

	PAGE
Gold and Foreign Exchange Policy, 1927-1928	313
Gold and Foreign Exchange Policy, 1929-1931	316
Gold and Foreign Exchange Policy, 1931-1933	319
The Maintenance of Currency Stability	326
The Maintenance of the Legal Cover Percentage	327
Gold and Foreign Exchange Policy as a Supplement to Discount Policy	330

CHAPTER X

CREDIT RESTRICTION POLICY	332
The Operation of Credit Restriction	333
Credit Restriction, 1924-1926	336
April 1924-August 1924	336
September 1924-June 1925	348
July 1925-May 1926	354
Credit Restriction, May-June 1929	361
Credit Restriction, June-July 1931	366

CHAPTER XI

OTHER CONTROL POLICIES	369
----------------------------------	-----

CHAPTER XII

CONCLUSION	383
BIBLIOGRAPHY	390
INDEX	395

LIST OF TABLES

TABLE	PAGE
I	Distribution of Reichsbank Profits, 1924-1933 33
II	Gold and Foreign Exchange Position of the Reichsbank as a Percentage of Notes in Circulation, 1924-1933 . . . 34
III	Reichsbank Branch Banks 39
IV	The Number of Firms and Persons Accredited by the Reichsbank 40
V	Development of the Clearing Business, 1924-1933 45
VI	Cover for Reichsbank Deposits as a Percentage of Total Deposits, 1924-1933 46
VII	Domestic Bill Credits of the Reichsbank on August 7, 1928 49
VIII	Lombard Position of the Reichsbank on August 7, 1928 . 60
IX	Lombard Loans of the Reichsbank, 1924-1933 62
X	Development of Important Assets and Liabilities of the Gold Discount Bank, 1927-1928 68
XI	The Liquidity of the Berlin Great Banks 80
XII	Total Assets of the Berlin Great Banks, 1924-1932 . . . 82
XIII	Government Stock Ownership in the Berlin Great Banks, Middle of 1933 85
XIV	Assets of 533 Private Bankers, 1930;1932 88
XV	Distribution of Assets of the Savings Banks, 1924-1933 . 93
XVI	Assets and Short-Term Deposits of the Girozentralen, 1926-1932 97
XVII	Size and Extent of the Business of the Main State Banks, 1928; 1929 99
XVIII	Assets of the Specialized Banks, 1928;1930;1931 110
XIX	Total Short-Term Loans of the German Banks, 1925-1932. 116
XX	Capital and Reserve of the Three Main Bank Groups, 1925-1932 117
XXI	Long-Term Investments of the Three Main Bank Groups, 1925-1932 118
XXII	Report and Lombard Loans of the Berlin Great Banks, 1924-1932 132
XXIII	Securities Owned by the Berlin Great Banks, 1924-1932 . 133
XXIV	Debtors to Current Accounts of the Berlin Great Banks, 1924-1932 136

	PAGE
XXV Bank Acceptances	145
XXVI Reich Treasury Bills, 1928-1933	147
XXVII Cash in Circulation 1925; 1929-1932	157
XXVIII Cash plus Giro Deposits in Relation to Total Demand Deposits 1925; 1929-1932	160
XXIX Bankruptcies, 1925-April 1926	177
XXX Business Difficulties, 1925-1929	189
XXXI Short-Term Debt of Germany, December 31, 1930 and July 31, 1931	219
XXXII German Foreign Indebtedness Distributed According to Creditor Countries, February 29, 1932	222
XXXIII Non-Political Foreign Indebtedness, July 31, 1931— September 30, 1932	233
XXXIV Repayments of Short-Term Loans under the Standstill Agreements, July 31, 1931 to February 28, 1934	237
XXXV Industrial Production and Employment, 1929-1934	242
XXXVI Business Difficulties, 1928-1933	244
XXXVII Foreign Trade, 1928-1934	244
XXXVIII The Supply of Money and Price Levels, June 1927— December 1928	294
XXXIX Central Bank Rediscount Rates, September 1929—June 1930	299
XL Reichsbank Loans and Discounts, Notes in Circulation, and Other Assets, April-August 1924	342
XLI Daily and Monthly Money Interest Rates, April-August 1924	345
XLII Reichsbank Loans and Notes in Circulation in Relation- ship to Gold and Foreign Exchange, October 7, 1924 to June 7, 1925	350
XLIII Domestic Security Issues, January 1925 to May 1926	358
XLIV Business of the Advisory Bureau for Foreign Loans, 1925-1928	372

LIST OF CHARTS

CHART	PAGE
I A. Purchase of Inland Bills by the Reichsbank, 1926-1927 . .	51
B. Domestic Bills Rediscounted by the Reichsbank, 1928-1929.	52
C. Purchase of Inland Bills by the Reichsbank, 1929-1931 . .	53
D. Purchase of Inland Bills by the Reichsbank, 1931-1933 . .	54
II Total Bills in Circulation, Bill Position of the Banks and of the Reichsbank, 1924-1933	57
III Rediscount Rates of London, New York, and Paris Plotted as Deviations from the Berlin Rate, 1925-1931	272
IV Bank Rates, London, New York, Paris, and Berlin, 1924-1933.	277
V Money Market Rates in Berlin, 1924-1933	281
VI Pound and Dollar Quotations in Berlin, 1924-1933	312
VII Gold and Foreign Exchange Holdings of the Reichsbank; Total Coverage of Reichsbank Notes and Giro Deposits; Total Money in Circulation, 1924-1933	328

BIBLIOGRAPHY

- Angell, James W., *The Recovery of Germany*, New Haven: Yale University Press, 1932, pp. xix, 442.
- , *The Theory of International Prices*, Cambridge, Mass.: Harvard University Press, 1926, pp. xiv, 571.
- Blum, Eugen, *Die Deutschen Kreditmärkte nach der Stabilisierung*, Berlin: Spaeth and Linde, 1929, pp. 219.
- Bosch, Werner, *Die Epochen der Kreditrestriktionspolitik der Deutschen Reichsbank, 1924-1926*, Hamburg: Inaugural Dissertation, 1927, pp. 107.
- Brodowski, Horst, *Die Reichsbank politik seit der stabilisierung der mark*, Würzburg, K. Tritsch, 1933, pp. v, 103.
- Buchwald, Bruno, *Die Technik des Bankbetriebs*, Berlin: J. Springer, 1931, pp. viii, 810.
- Clapham, John H., *Economic Development of France and Germany*, Cambridge, England: The University Press, 1921, pp. xi, 420.
- Clark, John M., *Strategic Factors in Business Cycles*, New York: H. Wolff, 1934, pp. xv, 238.
- , *Preface to Social Economics*, New York: Farrar and Rhinhart, 1936, pp. xxi, 435.
- Currie, Lauchlin B., *The Supply and Control of Money in the United States*, Cambridge, Mass.: Harvard University Press, 1934, pp. xvi, 199.
- Dehn, Gisela von, *Reichsbank, Börse, und Kapitalmarkt*, Hamburg: Inaugural Dissertation, 1932, pp. xii, 109.
- Die Bayerische Staatsbank, 1780-1930*, Munich: R. Oldenburg, 1930, pp. xv, 108.
- Die Reichsbank 1901-1925*, Memorial Edition, Berlin: Reichsbank Press, 1926, pp. vii, 184.
- Dulles, Eleanor L., *The Bank for International Settlements at Work*, New York: The Macmillan Co., 1932, pp. xii, 631.
- Dunkman, William E., *Qualitative Credit Control*, New York: Columbia University Press, 1933, pp. 345.
- Eddie, Lionel D., *The Banks and Prosperity*, New York and London: Harper Bros., 1931, pp. xi, 179.
- Ellis, Howard S., *German Monetary Theory 1905-1933*, Cambridge, Mass.: Harvard University Press, 1934, pp. xv, 462.
- Enquête-Ausschuss, (Ausschuss zur Untersuchung der Erzeugungs- und Absatzbedingungen der deutschen Wirtschaft) *Die Reichsbank*, Berlin, 1929; *Der Bankkredit*, Berlin, 1930 (Verhandlungen und Berichte des Unterausschusses für Geld-, Kredit-, und Finanzwesen).
- Fink, Richard, *Das Schulze-Delitzsch'sche genossenschaftswesen und die modernen genossenschaftlichen entwicklungstendenzen*, Jena: G. Fischer, 1909, pp. viii, 372.
- Flink, Salomon, *The German Reichsbank and Economic Germany*, New York and London: Harper Bros., 1930, pp. x, 267.

- Geiler, Hermann F., *Die Zentralen Kreditinstitute Deutschlands*, Berlin: G. Sieman, 1935, pp. 292.
- Goldschmidt, Raimund, *Das Deutsche Grossbankkapital in seiner neuen Entwicklung*, Berlin: E. Ebering, 1928, pp. viii, 255.
- Graham, Frank D., *Exchange, Prices and Production in Hyper-Inflation Germany*, Princeton: Princeton University Press, 1930, pp. xix, 362.
- Hagemann, Wilhelm, *Das Verhältnis der deutschen Grossbanken zur Industrie*, Berlin: W. Christians, 1931, pp. 200.
- Hardy, Charles O., *Credit Policies of the Federal Reserve System*, Washington, D. C.: The Brookings Institution, 1932, pp. 374.
- Hawtrey, Russell G., *The Art of Central Banking*, London and New York: Longmans, Green & Co., 1932, pp. xii, 464.
- Hayek, Friedrich A., *Monetary Theory and the Trade Cycle*, New York: Harcourt Brace & Co., 1932, p. 244.
- Heinicke, Guenther, *Die Preussische Staatsbank (Seehandlung)*, Berlin: W. Christians, 1928, pp. 332.
- Hennig, Kurt, *Die Struktur der Deutschen Reichsbank und ihre Geld- und Kreditpolitik unter der Herrschaft des Dawes-Planes, 1924-1928*, Berlin: E. Ebering, 1930, pp. 202.
- Kaeppli, Robert B., *Der Notenbankausweis in Theorie und Wirklichkeit*, Jena: G. Fischer, 1930, pp. xv, 258.
- Keynes, John Maynard, *A Treatise on Money*, 2 vols., London: Macmillan & Co., 1930.
- , *The Economic Consequences of the Peace*, London: Macmillan & Co., 1919, pp. vii, 279.
- , *General Theory of Employment, Interest and Money*, London: Macmillan & Co., 1936, pp. xii, 403.
- Kisch, C. B., "Recent Developments in Central Banking," *Banker* (London), May 1930, pp. 149-156.
- , "Part Played by Central Banks in International Affairs," *Journal Royal Institute of International Affairs*, May 1930, pp. 366-375.
- Kisch, C. B., and Elkin, W. A., *Central Banks*, London: Macmillan & Co., 1928, pp. xi, 394.
- Kuznets, Simon, "Monetary Business Cycle Theory in Germany," *Journal of Political Economy*, Vol. 38, pp. 125-163.
- League of Nations, *World Economic Survey*, Geneva: League of Nations, Annual Publication.
- Mackenzie, Kenneth, *The Banking Systems of Great Britain, France, Germany and the United States*, 2nd ed., revised, London: Macmillan & Co., 1935, pp. xxi, 269.
- Mering, Otto von, *Die Liquidität der deutschen Kreditbanken*, Halle, 1914.
- Mlynarski, Felix, *Gold and Central Banks*, London: Macmillan & Co., 1929, pp. 157.
- National Industrial Conference Board, *A Picture of World Economic Conditions at the Beginning of 1932*, New York, 1932.

- , *The Situation in Germany at the Beginning of 1933*, New York, 1933, pp. ix, 50.
- Neisser, Hans, "Der Internationale Geldmarkt," *Weltwirtschaft Archiv*, April 1929.
- , "Die Zukunft des Kapitalmarkts," *Magazin der Wirtschaft*, June 1930.
- , "Die Alte und Neue Reichsbank," *Strukturwandlung der Deutschen Volkswirtschaft*, 2 vols., B. Harms, editor, Berlin: R. Hobbing, 1929.
- Neufeld, Hans, *Die Reichsbank nach dem Neuen Plan*, Berlin: C. Heymann, 1931, pp. xi, 129.
- Palyi, M., and Quittner, P., *Handwörterbuch des Bankwesens*, Berlin: J. Springer, 1933, pp. 614.
- Plenge, Johann, *Von der Diskontpolitik zur Herrschaft über den Geldmarkt*, Berlin: J. Springer, 1913, pp. xxvi, 431.
- Prion, Willi, "Der Deutsche Geld- und Kapitalmarkt seit der Stabilisierung," *Strukturwandlung der Deutschen Volkswirtschaft*, 2 vols., B. Harms, editor, Berlin: R. Hobbing, 1929.
- , *Die Effektenbörse und ihre Geschäfte*, Berlin & Leipsig: W. de Gruyter, 1930, pp. 221.
- , *Die Deutsche Wechseldiskontgeschäft*, Leipsig: Duncker & Humblot, 1907, pp. xiii, 298.
- , "Die Sparkassen als Kreditgeber," *Bank Archiv*, Jan. 1, 1929, pp. 116-123.
- Rassay, J., "Le Role des banques dans la crise europeenne," *Revue Economique Hongroise*, Vol. LVII, June-July, 1933, pp. 395-422.
- Reinhold, Peter P., *Germany Since the War*, New Haven: Yale University Press, 1928, pp. 134.
- Reisser, Jacob, *The German Great Banks and their Concentration*, 3d ed., Washington, D. C.: Government Printing Office, 1911, pp. xvi, 1042.
- Riderer, Ludwig, *Die Preussische Staatsbank (Seehandlung) 1922-1932*, Berlin: Preuss, 1932, pp. 93.
- Robertson, Dennis H., *Banking Policy and the Price Level*, London: P. S. King & Son, 1926, pp. v, 103.
- Schacht, Hjalmar, *The Stabilization of the Mark*, New York: The Adelphi Co., 1927, pp. 247.
- , *The End of Reparations*, New York: Jonathan Cape and Harrison Smith, 1931, pp. 248.
- Schmidt, Carl T., *German Business Cycles 1924-1933*, New York: National Bureau for Economic Research, 1934, pp. xix, 283.
- Seegardel, Willi, *Die Bilanzen der Deutschen Kreditbanken*, Berlin: W. Christians, 1930, pp. 115.
- Sering, Max, *Germany Under the Dawes Plan*, London: P. S. King & Son, 1929, pp. ix, 251.
- Shaw, William A., *Theory and Principles of Central Banking*, New York and London: Sir I. Pittman & Sons, 1930, pp. xii, 254.

- Solmssen, Georg, "The Situation of German Banking," *Banker* (London), May 1930, pp. 205-211.
- Spahr, Walter E., *The Federal Reserve System and the Control of Credit*, New York: The Macmillan Co., 1931, pp. xviii, 138.
- Stache, Karl, *Bank und Börse im Dienste der Unternehmung*, Berlin: Beruf u. Wissen, 1929, pp. 72.
- Strauss, Willi, *Die Konzentrationsbewegung im Deutschen Bankgewerbe*, Berlin and Leipzig: W. de Gruyter & Co., 1928.
- Trumpler, Hans, *Die Reform des Haushaltrechts im Reich und in Preussen*, Berlin: C. Heymann, 1933, pp. vii, 178.
- Untersuchung des Bankwesens*, 2 parts, 3 vols., Berlin: C. Heymann, 1933 (Official report of the Bank Investigation Committee of 1933. Part I, Vols. I and II, contains articles on German banking; Part II—statistics).
- Watkins, Leonard L., *Bankers Balances*, Chicago: A. W. Shaw & Co., 1929, pp. xvi, 429.
- Whale, Philip B., *Joint Stock Banking in Germany*, London: Macmillan & Co., 1930, pp. viii, 369.
- Willis, H. Parker, *The Theory and Practice of Central Banking*, New York: Harper & Bros., 1936, pp. viii, 480.
- Willis, H. Parker, and Beckhart, B. H., editors, *Foreign Banking Systems*, New York: H. Holt & Co., 1929, pp. vi, 1305.

Newspapers

Berliner Tageblatt
 Frankfurter Zeitung
 London Financial News
 Manchester Guardian
 New York Times
 Wall Street Journal

Periodicals

Bank Archiv, published twice monthly
 Der Deutsche Volkswirt
 Die Bank, monatshefte für finanz- und Bankwesen
 Economist (London)
 Magazin der Wirtschaft
 Wirtschaft und Statistik

Official Documents, Reports and Statistics

Annual Reports of the Reichsbank, 1924-1934
 Federal Reserve Bulletins, 1924-1934
 German Commerce Yearbook
 Great Britain, Department of Overseas Trade, *Economic Conditions in Germany*, 1925-1929; 1934; 1936
 Institut für Konjunkturforschung: Vierteljahrshefte
 Reichsgesetzblatt, 1924-1934

- Reichs Kredit Gesellschaft, *German Economic Development, 1924-1934*,
published twice yearly
- Reports of the Agent General for Reparations Payments
- Report of the First Basle Committee (Wiggin Report), 1931
- Report of the Second Basle Committee
- Standstill Agreements, 1931-1937
- Statistisches Reichsamt: *Statistisches Jahrbuch für das Deutsche Reich*,
1924-1937

INDEX

A

- Advisory Bureau for Foreign Loans, 184, 258, 371-378
 - business of, 371-372
 - criticism of, 376
 - foreign indebtedness and, 371-376
 - policy of, 373
 - Reichsbank relation to, 371
- Agent General for Reparations; *see* Reparations
- Agricultural credit (*see also* Coöperatives)
 - foreign loans for, 372-373
 - Gold Discount Bank and, 65-66, 69
 - inflation and, 39-40, 194
 - lombard loans as part of, 60
 - mortgage bonds and, 39, 194-196, 356
 - Reichsbank efforts to rebuild, 39-40, 120, 195-196, 259-260, 286, 338, 344, 356-357, 379-380, 389
 - short-term bills and, 49-50, 52, 55, 195-196
- Agriculture, 39, 40, 49, 175, 187, 194, 339-340
- Akzept Bank*, 114, 224-225
- Allgemeine Deutsche Credit Anstalt*, 77, 84, 85
- Arnold Brothers, 89
- Austrian *Kreditanstalt*, 213, 214, 302

B

- Baden, State bank of, 29 n.
- Bank acceptances, 69, 145, 186, 227, 268, 352-353; *see also* Bourse, discount business and foreign exchange business of, and Reichsbank, discount business of
- Bank Act
 - as international agreement, 28, 238, 308; *see also* Young Plan changes made in, 26, 27, 217, 245, 268, 329, 370
 - provisions of, 28-38, 58, 63, 359
 - significance of, 25
- Bank deposits; *see* Joint Stock banks, deposits of
- Bank for International Settlements, 34, 206, 209, 210, 215, 217, 221, 229, 230, 231, 238, 304, 320

- Bank für Auswärtigen Handel*, 221
- Bank für Industrie Obligationen*, 108, 111-112, 115, 224
- Bank Investigation of 1926-29, 38, 45-46, 59, 67-69, 183, 254, 258, 262, 279, 290, 302
- Bank Investigation of 1933, 85, 87
- Bank of England (*see also* Money market, English)
 - credit control by, 18, 20
 - discount rate, use of by, 303
 - influence of, on development of central banking, 17-18, 20
 - international credit regulation by, 17-20, 22, 273
 - Reichsbank policy toward, 318
- Bank of France, 215, 318-319, 367
- Bank of Italy, 367
- Bank rate; *see* Discount rate
- Bankruptcies, 166, 170, 171, 173-174, 177, 189-190, 210, 243-244
- Banks of Issue
 - as central banking institutions, 119
 - bank notes of, 29 n., 105, 157-158
 - bills discounted by, 56-57
 - Giro deposits of, 294
 - location of, 29 n.
 - number of, in 1914, 25
 - privileges of, 26, 105
- Barmer Bank Verein*, 77, 84
- Basle Committee
 - First, 217-218, 219-220, 321
 - Second, 135, 222, 230-231
- Bavaria, State bank of, 29 n., 98-99, 104
- Bayerische Hypotheken und Wechsel Bank*, 77, 84
- Bayerische Vereinsbank*, 77, 84
- Beratungsstelle*; *see* Advisory Bureau for Foreign Loans
- Berlin Bankers Association, 240, 263, 344, 352, 378
 - activities of, 192-193
 - purpose of, 89-90
- Berlin Great Banks (*see also* Joint Stock banks)
 - as central banking institutions, 76-77, 119, 134, 143, 159
 - assets of, 82
 - bills, reports, and lombards of, 61, 80, 82, 131, 132, 143, 186
 - cash and Giro deposits of, 80

- credit policies of, 123, 134-135, 139-140, 155-157, 345
 current accounts of, 135-137, 139-140, 186-187
 deposits of, 80, 353
 foreign borrowing of, 81, 157
 foreign deposits in, 81, 148-149
 government ownership of, 85
 in the reconstruction of Germany, 78, 224
 liabilities of, 80
 liquidity of, 80-83; *see also* Joint Stock banks, liquidity of
 lombard loans of, 61, 80, 82, 132
 securities business of, 125-140; *see also* Bourse, securities business of
- Berliner Handels Gesellschaft*, 76, 77, 82, 84, 85, 89, 143
Berliner Kassenverein; *see* *Kassenverein*
Berliner Stempelvereinigung; *see* Berlin Bankers Association
 "Black Friday", 132, 192, 193, 377-379
- Bleichroeder & Co., 89
 Blocked mark accounts, 233-234, 322, 323-324; *see also* Standstill Agreements
- Bourse
 bank credit and, 124-162
 discount business of, 141-146, 151, 153, 154, 186, 352-353; *see also* Reichsbank, discount business of
 foreign exchange business of, 146-151, 153, 154, 322
 interbank connections on, 124, 131, 133, 136, 151-152
 organization of, 124-125
 Reichsbank relation to, 124, 132, 139-140, 141, 144-146, 148-149, 150-151, 153, 215
 securities business of, 125-140, 151, 154, 215
 brokers, 124-125, 137-138, 143
 cash trading, 126-127, 139
 control by Reichsbank, 132, 192, 193, 377-379
 future trading, 80, 82, 126, 128-132, 137-138, 139, 140, 151-152, 193
 lombard loans, 126, 127, 131-132, 140, 153, 192-193
 speculation, 132, 192-193, 262, 288, 290
- Branch banks
 of the Joint Stock banks, 38, 77
 of the Reichsbank, 26, 38-39, 43-44, 341
- Bruening, Dr. Heinrich, 212, 214, 231, 241, 247
- C**
- Capital market, 155-157, 245-246
 breakdown of, 79, 174, 187, 191
 definition of, 155
 long-term investments in, 191
 rebuilding of, 120, 189, 196, 300, 355, 356-357, 361
 relationship of banks to, 155-157
- Cartels, 178
- Cash in circulation, 157-158, 294, 308
- Catholic Center Party, 212
- Central banks
 control by, 17, 119, 264; *see also* Objectives of control
 controversy over objectives of, 17, 20
 definition of, 17, 19-20, 384
 desirability of, 17, 20
 effect of war on, 19
 influence of Bank of England on, 17-18
 national objectives and, 21, 263-265
 objectives of, 17, 20, 384-385
 problems of control, 21-22, 387
 Reichsbank as one of the; *see* Bank Act, Objectives of control, and Techniques of control
- Chartal theory, 255
- Checks (*see also* Giro Clearing System)
 clearance of, 45
 use of, in Germany, 43, 159
- Commercial banking system (*see also* Berlin Great Banks, and Joint Stock banks)
 compared with American and English, 70-71
 effect of inflation on, 73
 effect of 1931 crisis on, 214-217, 223-228
 history of, 71-73
 integration with money market, 122-162
 membership of banks in, 70, 74
 tax on, 203-206, 212-213
- Commerz und Privat Bank*, 76, 82, 84, 85, 86 n., 89
- Commissioner of Banking, 240

- Communist Party, 209, 212, 214, 247, 319
- Competition Agreement, 94, 108
- Contango; *see* Bourse, securities business of
- Coöperatives
- agricultural credit and, 39-40, 105, 106, 107, 194-195
 - business credit and, 106, 107
 - capital and reserve of, 117
 - central banking institutions of, 106-109
 - lombard loans of, 59-60
 - long-term investments of, 118
 - Raiffeisen, 106
 - relationship to commercial banking system, 72
 - relationship to Reichsbank, 40-42, 304
 - Schultze-Delitzsche, 106
 - short-term loans of, 116
- Credit banks; *see* Joint Stock banks
- Credit control; *see* Central banks, Objectives of control, and Techniques of control
- Credit rationing; *see* Credit restriction policy
- Credit restriction, 172-173, 177, 178, 182, 189, 203-204, 207, 214, 215, 216, 217, 225, 259, 281, 288-289, 297-298, 310-311, 316, 317, 378, 388; *see also* Credit restriction policy
- Credit restriction policy, 332-368, 369, (Apr.-Aug., 1924) 336-348, (Sept. 1924-June 1925) 348-354, (July-May 1926) 354-361, (May-June 1929) 361-366, (June-July 1931) 366-368
- as bargaining device, 347-348, 359, 379-380
- Bank of England's use of, 367
- credit rationing and, 177, 332, 335, 340-341, 349, 359-360, 365, 368
- discount policy and, 280, 281, 283, 285, 286, 288-289, 297-298, 303, 339, 349, 359, 362, 366
- during international runs, 298, 361-364, 366-368
- effect of, on economy, 334, 344-346, 358-359, 361, 364-365
- effect of, on Joint Stock banks, 333-336
- flight of domestic capital and, 362-363, 366
- foreign exchange and, 342, 346-347
- foreign funds and, 349-350
- Giro and cash business and, 338-339
- Gold and foreign exchange policy and, 310-311, 316, 317
- objectives of, 340-341, 359; *see also* Credit restriction
- operation of, 333-336
- qualitative control and, 332-333, 348, 354, 359
- stabilization and, 336-348
- vested interests and, 341
- Crisis of 1931, 213-222, 223-229
- effect of, on Joint Stock banks, 83-84
 - effect of, on Reichsbank, 34, 120-121, 301-304
 - savings deposits affected by, 92-93, 98, 216, 224, 225-226
- Currency (*see also* Reichsbank notes and Reichsmark)
- effect of inflation on, 27, 163-164
 - effect of war on, 26-27
 - stability of, 26, 173, 176, 187, 204-206, 223, 230, 246, 253-255, 275, 307-308, 359
 - stabilization of, 27, 73, 164-167, 171
- Current accounts, 81, 126, 131, 135-137, 139-140, 153, 358

D

- Daily money
- Bourse use of, 127, 137, 140, 152
 - definition of, 126
 - rates on, 170, 171, 185-186, 280-282, 285-286, 345-346, 364-365
- Danat Bank; *see* Darmstädter und Nationalbank
- Darmstädter und Nationalbank, 76, 82, 84, 89, 149, 150, 216, 224, 225, 226, 227
- Dawes Conference, 28, 64, 175, 201-202, 338
- Dawes Loan, 176, 182, 237, 308, 310, 350
- Dawes Loan Cycle, 169, 175-188, 354
- Dawes Plan, 28, 78, 176, 188, 201, 208, 275, 348, 385
- Deutsche Bank; *see* Deutschebank und Discontogesellschaft
- Deutsche Bau- und Boden Bank, 109-110, 111
- Deutsche Genossenschaftsbank, 106, 107

- Deutsche Girozentrale*, 91, 96, 97, 98, 119, 225, 226; *see also* Savings banks
- Deutsche Raiffeisen Bank*, 106
- Deutschebank und Discontogesellschaft*, 76, 82, 84, 85, 86 n., 89, 101
- Deutschen Finanzierungsinstitut*, 115
- Deutschenkasse*, 108, 119, 224; *see also* *Preussenkasse*
- Devisen; *see* Foreign exchange
- Devisenleihe*; *see* Bourse, foreign exchange business of
- Dillon Reed & Co., 208
- Disconto Gesellschaft*; *see* *Deutschebank und Discontogesellschaft*
- Discount Policy, 270-306, 369, (1924-June 1927) 285-291, 383, (June 1927-Mar. 1929) 291-297, (Apr. 1929-May 1931) 297-300, (summer 1931) 301-306; *see also* Reichsbank, discount business of, *and* Techniques of control, discount rate
- bill purchases and sales in relation to, 48-59, 144-146, 268-269, 330
- "cheap" money and, 280, 285-291, 304-305
- credit restriction policy and, 280, 281, 283, 285, 286, 288-289, 297-298, 303, 339, 349, 359, 362, 366
- criticism of, 301-306
- currency stability and, 291, 293-296, 297, 298
- deprived of open market operations, 37, 58-59, 66, 268-269
- during international runs, 288-290, 297-298, 301-305
- foreign bank rates and, 150-151, 153, 271-279, 287-288, 298, 300, 317-318
- foreign funds and, 150-151, 274, 278-279, 282, 285, 287-290, 293, 298-300
- Gold and foreign exchange policy and, 300, 307, 316, 326, 330-331
- quantitative control and, 306, 332-333
- price levels and, 291-292, 293-294, 296-297, 305
- relationship of quality of bills purchased to, 55
- short-term interest rates and, 279-285
- Discount rates (*see also* Techniques of control, discount rate)
- Berlin, 272, 274, 276, 277, 287-288, 299
- London, 272, 274, 276, 277, 278, 288, 299
- New York, 272, 274, 276, 277, 278, 288, 299
- Paris, 272, 274, 276, 277, 288
- Diskont Kompagnie A. G.*, 114-115, 226
- Dollar quotations in Berlin, 312, 314, 317, 326
- Dresdner Bank*, 76, 82, 84, 85, 86 n., 89, 107, 108, 150, 224, 225, 227

E

- Eisfeld, Dr. Curt, 92
- Emergency decrees, 214, 239, 240, 319, 320
- Exports; *see* Foreign trade

F

- Federal Reserve Bank of New York, 215
- Foreign creditors, 202, 209, 222, 320-325; *see also* Standstill Agreements
- Foreign exchange (*see also* Gold and foreign exchange policy)
- bourse transactions in, 130, 146-151
- foreign trade and, 239, 245
- held by the Reichsbank, 34, 165, 173, 176, 192, 212, 213, 214, 215, 216, 219, 223, 230, 234, 319, 325-326, 328
- Reichsbank control of, 161-162, 165, 170, 184, 197-199, 215, 235, 239, 309-310, 313, 320-325
- Reichsbank notes and, 32-33, 197, 203-204, 350
- Reichsbank purchases and sales of, 148-149, 161, 170, 311
- released to creditor nations, 221
- required for foreign debt service, 223, 310
- speculation in, 171, 337
- supply of, 294
- Foreign exchange control, 217, 225, 239, 245, 304, 313, 319-325
- Foreign Exchange Law of 1931, 320-324
- Foreign funds (*see also* Advisory Bureau for Foreign Loans)
- borrowed by Germany, 176, 178, 182, 183-184, 197, 218-219, 222, 232-233, 278-279, 310, 318, 372-375

- dependence of Germany on, 200, 203, 204-206, 238, 257, 273, 282, 285, 299
- foreign exchange control and, 320-324
- foreign trade and, 145-146, 149-151, 187-188, 197-199
- gold and foreign exchange policy and, 310-311, 313-314, 330-331
- international problems of, 220; *see also* Standstill Agreements
- Joint Stock banks and, 78, 117-118, 147-151, 157, 161-162, 178, 185, 262-263
- on long-term investment, 191, 202, 219, 233, 370-371
- public borrowing of, 181, 208, 221, 260-261, 372-375
- Reichsbank attitude toward, 182-184, 192, 197-199, 207, 237, 257-259, 262-263, 287-290, 293, 295, 300, 313-314, 330-331, 370-378
- repayment of, 237, 320-324; *see also* Standstill Agreements
- short-term deposits and, 81, 146, 147-149, 182, 183-184, 189, 193, 202, 203, 204-206, 212-213, 286
- short-term indebtedness, 218-219, 230-231, 233, 262-263
- stock speculation and, 192, 377-379
- Wiggin Report on, 217-220
- Foreign trade
- exports, 63-64, 67, 176-177, 178, 187-188, 197-199, 207, 234, 239, 244, 245, 271, 324-325; *see also* Foreign exchange control
- foreign exchange and, 239, 245
- foreign funds in financing, 145-146, 149-151, 187-188, 191-199, 273
- imports, 176-177, 187, 197-199, 239, 244, 271, 324-325; *see also* Foreign exchange control
- inflation and, 166
- regulation of, 239-240, 304
- status of, 243-244
- Franco-German War, 25, 71
- G**
- German-Austrian Tariff Union, 213
- Gilbert, S. Parker, 200; *see also* Reparations, Agent General for Girozentralen, 95-98, 344
- assets of, 97
- business of, 95-96
- deposits of, 96-98
- municipal borrowing and, 96
- organization of, 95-97
- purpose of, 95-96
- Giro Clearing System (*see also* Girozentralen)
- advantages of, 44
- definition of, 42-43
- extent of, 45-46
- of the banks of issue, 294
- of the postoffice, 43, 45, 294
- of the Reichsbank, 26, 37, 41-48, 159, 160, 182, 275, 327-329
- of savings banks, 90-91, 93, 294
- operation of, 44-46
- Gold and foreign exchange policy, 162, 183-184, 197-199, 239, 307-331, 369
- credit restriction policy and, 310-311, 316, 317
- currency stability as objective of, 307, 308, 326-327
- discount policy and, 300, 307, 316, 326, 330-331
- during international runs, 300, 316-317, 318-320
- flight of domestic capital and, 316, 319, 320
- foreign exchange operations and, 313, 315-320, 327
- gold regulation and, 308-309, 311, 315-316, 316-319
- held by the Reichsbank, 308, 313-314, 316
- influence of foreign funds on, 310-311, 313-314, 330-331
- legal coverage, as objective of, 307, 326, 327-330
- Gold Discount Bank
- assets of, 110
- business of, 67-69, 343
- obligations under Standstill Agreements, 221
- origin and structure, 63-65, 69, 343
- purpose of, 63-65, 67-69, 174-175
- Reichsbank use of, 62-69, 176-177, 195, 216, 217, 224, 286, 310, 343, 346-347, 353, 356-357, 388
- relationship to other banks, 66-67, 108, 110, 115, 227
- Gold standard, 213, 230
- and international economy, 19
- attempts to rebuild, 19
- Gold transactions, 271, 273, 278, 308, 309, 311, 314, 315
- Government bonds; *see* Treasury bonds

Great Banks; *see* Berlin Great Banks
and Joint Stock banks

H

Hague Agreement, 212
Hague Conference, 206
Hardy & Co., 89 n.
Hindenburg, President von, 229
Hirschland, Simon, 89
Hitler, Adolph, 229, 247
Hoover Moratorium, 215-216, 230
Housing program, 241
Hungarian Central Bank, 325

I

Imports; *see* Foreign trade

Index numbers

of employment, 242
of prices, 241-242, 292, 294, 296,
305, 337, 365
of production, 190, 241-243, 365
of stock prices, 191-192, 193, 358

Inflation, The, 163-167, 307, 354
currency circulation at height of,
163-164

effect of, on agricultural credit,
39-40, 194

— capital market, 79, 259
— commercial banking
system, 72-73

— savings banks, 91-92
— Seehandlung, 102-103

— state banks, 102-103

factors leading up to, 27

Interest rates, regulation of, 240

International economy

effects of war on, 19
structural changes in, 19, 213,
273, 385-386

International relationships, 200-203,
208-210, 220, 234-236, 383-386

International trade; *see* Foreign
trade

J

Joint Stock banks (*see also* Berlin
Great Banks, Bourse Com-
mercial banking system,
Money market, and Reichs-
bank, discount business of)
affiliations with provincial banks,
77

bill business of, 56-57, 353

branches of, 38, 77

brokerage business of, 124; *see
also* Bourse, securities business
of

business of, 78-79, 151

capital and reserve of, 117, 227
cash and Giro deposits of, 157,
158-159, 160

competition with Reichsbank,
38, 65

credit restriction, effect on, 333-
336

definition of, 75

dependence of, on Reichsbank,
158, 160-161, 170, 178, 291, 302,
304, 362-363, 378

deposits of, 160, 185, 216, 217,
358

foreign funds and, 78, 117-118,
147-151, 157, 161-162, 178, 185,
262-263

influence of, on banking, 71-73

integration of, 115-119, 159

international connections of, 78

liquidity of, 157, 160-161, 192-
193, 262-263, 346, 364, 377-379

long-term investments of, 118,
121

mixed banking, 70-73, 78-79, 122,
124, 129

number of, 76

relationships to industry, 71-73,
79, 83, 134-135, 155-157, 177,
226, 354, 355-356

reorganization of, 67, 84, 224-228

savings accounts of, 90

short-term loans of, 116, 121

K

Kassenverein, Berliner, 127, 134, 137,
159

Kreditgenossenschaften; *see* Cooper-
atives

Kreuger and Toll, 212

L

Labor employment programs, 241,
243

Land banks, 95, 105, 225

Lausanne Agreement, 231-232

Lausanne Conference, 231, 241

Lazard, Speyer and Ellison, 152

League of Nations, 240

Lee Higginson & Co., 212 n.

Levy, A., 89

Liquidationskasse, 130, 134, 137, 159

Lombard loans

Berlin Great Banks' use of, 61,
80, 82, 132

definition of, 35

distribution of Reichsbank, 59-

60; *see also* Reichsbank, lombard business of
 on the bourse, 126, 127, 131-132, 140, 153, 192-193
 rates on, 61, 140, 153-155, 225
 Reichsbank privileges with respect to, 35-36, 59-62, 140, 197, 268, 357, 388
 relationship of, to Reichsbank notes, 61-62
 London Agreement of 1921, 27
 Luther, Dr. Hans, 166, 206, 216, 234, 238, 253, 255, 325

M

Mendelssohn & Co., 89, 152
 Minister of Economics, 239, 240, 320
Mitteldeutsche Creditbank, 76, 77 *n.*, 82, 84
 Mixed banking; *see* Joint Stock banks
Mobilisierungskasse, 108
 Monetary system, 157-162, 294, 308, 328
 Money in circulation, 295, 296; *see also* Reichsbank notes
 Money market
 Berlin
 dominance of, 122-123
 position of *Seehandlung* in, 99-102, 103, 152
 definition of, 122, 155
 dependence on Reichsbank, 284-285
 discount business of, 141-146, 170
 effect of stabilization on, 171
 English money market
 bill business of, 144
 pre-war dominance of, 18
 foreign funds in, 66, 146-151, 176, 182, 191, 210-211, 309, 377
 institutions and techniques, 122-125
 liquidity of, 176, 182, 191
 public banks in, 179
 public funds used on, 122-123, 152, 171-172, 179, 181-182, 339-340, 380; *see also* Public funds, Reichsbank use of
 rate structure of, 152-155, 185-186, 189, 191, 259, 275-276, 279-285, 287, 305, 330, 353, 361, 388
 rebuilding of, 179, 182, 259, 335, 348, 354-355, 360-361
 Reichsbank control of, 161-162, 284, 330-331, 339-340

Stock Exchange business of; *see* Bourse, securities business
 Monthly money
 bourse use of, 127, 137, 140
 definition of, 126
 rates on, 170, 171, 185, 281, 282, 286, 345-346, 364-365
 Mortgage banks; *see* Agricultural banks
 Mortgage bonds; *see* Agricultural credit
 Municipal banks, 95 *n.*, 182
 Municipalities
 expenditures of, 180-181, 260
 foreign borrowing of, 232, 371-375; *see also* Advisory Bureau for Foreign Loans
 taxation of, 179-180

N

National Socialist Government, 85, 95, 104, 109, 180 *n.*, 228, 229, 240, 248, 297
 National Socialist Party, 209, 212, 214, 243, 246-247, 319
 Nordwolle Concern, 214-215, 226
 Note banks; *see* Banks of issue
Notverordnung; *see* Emergency decrees

O

Objectives of control, 251-265, 300, 304, 369, 383-389
 "cheap" money, 259-260, 264
 currency stability, 254-255, 263, 300, 307
 improvement of banking standards, 261-262, 264
 improvement of public finance, 260-261, 264
 money market stability, 259, 264
 price level stability, 255-256, 263
 "productive" use of capital, 257-259, 264
 Open market operations, 37, 58-59, 66

P

Papen, Fritz von, 247
 Plenge, Johann, 367
 Postoffice, 43, 45, 171, 172, 294, 343, 351-352, 379
 Pound quotations in Berlin, 312, 314, 315, 317, 326
Preussenkasse, 56-57, 106-107, 108, 119, 141, 142, 143, 195, 335, 344

- Preussische Staatsbank*; *see* See-handlung
- Private bank firms
 assets of, 88
 business of, 86-90
 compared with Berlin Great Banks, 88-89
 competition with other banks, 71-72, 74
 international status of, 86, 89
 number of, 87
 relationship to government finance, 89
 size of, 87-88
- Private discount market
 bills sold on, 141, 145
 collapse of, 78
 definition of, 143
 public funds used on, 65
 rates on, 153, 281-282, 283; *see also* Money market, rate structure of
 rebuilding of, 120, 144-146, 259, 340, 349, 351, 361
 restrictions on, 144-146
 Seehandlung relations to, 103-104, 142, 143
- Prussian State Bank; *see* Seehandlung
- Public banks, 115, 152, 171, 179, 182
 capital and reserve of, 117
 long-term investments of, 118, 121
 Reichsbank relations to, 120, 380
 savings banks as, 90-95, 121, 171; *see also* Savings banks
 short-term loans of, 116, 121
 specialized banks as, 109-112, 345
 assets of, 110
 Gold Discount Bank as, 110; *see also* Gold Discount Bank
 support institutions as, 112-115
- Public finance (*see also* Taxation)
 during inflation, 27
 during World War, 26
 Reichsbank relationship to, 208, 260-261
 status of, 200, 206-208, 210
- Public funds
 amount of, 185
 definition of, 379
 influence of, on money market, 65, 122-123, 152, 171-172, 179, 181-182, 339-340, 380
 interest paid on, 65, 69
 Reichsbank control of, 65, 103-104, 120, 179, 181-182, 260-261, 340, 343-344, 351-352, 360-361, 379-380
- Public works, 241, 243
- Q
- Qualitative credit control, 168, 172-173, 265, 267, 288, 306, 332, 348, 354, 359, 378-379
- Quantitative credit control, 37, 168, 173, 265, 267, 288, 306, 332
- R
- Raiffeisen coöperatives; *see* Co-operatives
- Rationalization of industry, 178, 187-188, 190-191, 355-356
- Registered marks; *see* Blocked mark accounts
- Reichsbank, The, 25-69
 accredited customers of, 38-42
 bills held by, 51-54, 57, 246, 275-276, 342, 350
 Board of Directors of, 29 *ff.*, 252 *n.*, 253, 254
 capitalization of, 29-30
 central banking institutions and, 120
 discount business of, 48-59, 144, 170, 268-269; *see also* Discount policy and Techniques of control, discount rate
 distribution of profits of, 31-33
 foreign borrowing of, 215, 235, 316, 317, 325
 foreign exchange policy, 162, 183-184, 197-199, 239, 307-331; *see also*, Gold and foreign exchange policy
 foreign funds and the, 146, 150-151, 161-162, 182-184, 192-193, 257-259, 262-263, 271-279, 282, 287-288, 313-314
 foreign influence in, 28, 253, 254
 foreign representation on Council of, 30-31, 33
 Giro and cash business of, 26, 37, 41, 42-48, 159, 160, 182, 275, 327-329
 Gold Discount Bank, relation to, 62-69, 216-217, 224, 310, 388; *see also* Gold Discount Bank, Reichsbank use of
 gold holdings of, 294, 315, 328-329, 350

- gold policy of, 308-309, 311-321;
see also Gold and foreign
 exchange policy
- government relationship to, 29,
 31-33, 37, 208, 211-212, 224, 238,
 239
- history of, to 1924, 25-28
- lombard business, 59-62, 140, 174,
 342, 350
- objectives of control, 251-265;
see also Objectives of control
 public funds and; *see* Public
 funds
- purpose of, 28, 168
- private bill rate, 58
- relationship of, to money
 market, 66, 128, 139-140, 144-
 145, 150-151, 192-193, 282-285,
 330-331
- reorganization of banking
 system, 224-228
- reevaluation of pre-war shares of,
 29
- rights and duties of, 28-38
- structure of, 30
- techniques of control, 265-269;
see also Techniques of control
- Reichsbank law; *see* Bank Act
- Reichsbank notes
 circulation, 26, 157-158, 223, 246,
 294, 342, 350
- cover provisions during war,
 26 n.
- gold and foreign exchange
 coverage, 26-27, 32-34, 215, 216,
 223, 246, 274-275, 295, 308, 309,
 315, 328, 351
- gold redemption of, 32
- legal tender rights of, 29
- Reichs Kredit Gesellschaft*, 178, 351,
 352, 380
- bills discounted by, 143
- organization and purpose of, 76-
 77
- relationship of, to provincial
 banks, 77
- status of, 75, 84, 85
- Reichsmark
 as managed currency, 326-327
- gold backing for, 308, 315
- parity of, 165, 309, 313
- Rentenbank
 creation of, 27, 113, 164
- credits to government, 164, 165-
 166
- notes of; *see* Rentenmark
- stabilization and the, 336
- Rentenbankkreditanstalt*, 224
- purpose of, 113-114
- Reichsbank use of, 66, 69, 120,
 195, 356-357
- Rentenmark
 circulation of, 157
- foreign attitude toward, 63, 64 n.
- gold value of, 28 n., 164, 165, 166
- introduction of, 27 n., 164-165,
 170
- redemption of, 32 n., 308
- stability of, 172, 275, 309 n., 336-
 337, 339, 347
- Rentenmark Cycle, 169, 170-175, 177,
 336, 338
- Reparations
 Agent General for, 201, 204, 207
- currency stability and, 275
- Dawes Plan and, 208
- effect of, on Germany, 180 n.,
 188, 197, 198, 202, 210, 273
- foreign trade and, 275, 285, 314
- Lausanne agreement and, 231-
 232
- payment of, 176, 229
- used on private discount market,
 66-67
- Young Plan and, 208-210, 229
- Ruhr, occupation of, 27
- S
- Savings banks, 90-95; *see also* Giro-
 zentralen
- accredited to Reichsbank, 40-41
- assets of, 93
- central clearing system of, 91
- current accounts of, 91-93
- deposits of, 92-93, 184, 353-354,
 358
- effect of inflation on, 91-92
- effect of 1931 crisis on, 92-94, 98,
 216, 224, 225-226
- effect of stabilization on, 171
- Giro accounts of, 90-91, 93, 294
- history of, to 1924, 90-92
- investment policy of, 90-93, 97,
 343-344
- liquidity of, 94
- lombard loans of, 59-60
- personal credit business of, 94-95
- regulation of, 94, 304, 343-344
- relationship of, to commercial
 banking system, 70-72
- war services of, 91
- Saxony, State bank of, 29 n., 98-99
- Schacht, Hjalmar
 reappointment of, 234-235

- resignation of, 206
 statements of, on
 — attacks on German currency, 204-206
 — bank liquidity, 262-263, 290
 — credit restriction, 347, 361
 — extent of inflation, 163-164
 — foreign funds, 183, 257, 325
 — Giro deposits, 46-47, 266
 — gold currency, 254-255
 — public spending, 260-261
 — quantity theory of money, 266
 — reconstruction of economy, 167-168, 337-338
 — Reichsbank policy, 168-169, 235, 254, 255-256, 264-265, 267, 325
Scheidemünzen; see Cash in circulation
 Schleicher, General von, 247
Schleswig-Holstein Girobank, 29
 Schroeder Bank of Bremen, 89 n., 221
 Schultze-Delitzsche coöperatives; see Coöperatives
 Seehandlung, 98, 99-104, 119, 171, 224
 business of, 99-104
 effect of inflation on, 102-103
 history of, to 1924, 100-102
 influence on Berlin money market, 99-102, 103, 152
 lombard loans of, 61, 119; see also Lombard loans
 mismanagement of, 102-103, 171, 337
 Reichsbank relations to, 99-104, 344, 351, 352
 Seven-Power Conference, 217, 320
 Social Democratic Party, 207, 209, 212, 229, 247
 Specialized banks; see Public banks
 Standstill Agreements, 150, 245, 325; see also Foreign funds
 First, 220-222, 230, 321
 Second, 232-233
 Third, 232, 233-234, 237
 Fourth, 235-236
 State banks, 98-104, 182
 as central banking institutions, 119
 business of, 99
 competition with Reichsbank, 65
 effect of inflation on, 102
 relationship to commercial banking system, 71-72
 savings accounts of, 90
 States, federal
 foreign borrowing of, 232, 371-375
 relationship to Reich, 179-180
Stempelvereinigung; see Berlin Bankers Association
Steuer Gutscheine; see Tax Exemption Certificates
 Stinnes Concern, 177, 355-356
 Stock Exchange; see Bourse
- T**
- Tax Exemption Certificates, 241
 Taxation, 166, 179-180, 181-182, 207, 240, 241, 260, 369-370
 Techniques of control, 265-269, 383-389
 bargaining as, 267, 347-348, 359, 379-380
 credit restriction as, 267, 269
 discount rate as, 238, 267, 268-269, 271-273, 278-282, 286, 288-291, 297, 300, 303-306, 377-378
 control position of, 144, 150-151, 182, 186, 189-190, 217, 340
 efficiency of, 270-271, 288, 289, 290-291, 293-297, 306
 foreign bank rates and, 150-151, 153, 271-279, 287-288, 298, 300, 317-318
 foreign funds and, 150-151, 274, 278-279, 282, 285, 287-290, 293, 298-300
 money market rates in relation to, 289, 291; see also Money market, rate structure of
 regulation of, by Bank Act, 34
 short-term interest rates and, 279
 gold and foreign exchange transactions as, 267, 269, 308, 309, 314, 315
 dollar exchange purchases, 310, 313
 forward exchange contracts, 310; see also Bourse, foreign exchange business of, and Gold and foreign exchange policy

- open market operations, 268-269
 publicity, 267, 369, 380-381
 warnings, 267, 369-379
- Termingeschäfte*; see Bourse, securities business of
- Thuringia, State bank of, 98-99
- Tilgungskasse für Gewerbliche Kredite*; see Tilka Bank
- Tilka Bank, 85, 115
- Trade Agreements, 324-325
- Transfer moratorium, 235-236
- Treasury bills
 admitted as note cover, 26 *n.*
 bourse dealings in, 142, 143, 146
 issued by Reich, 56, 147, 228
 limitations on issue of, 35, 181, 367
 Reichsbank purchases of, 56, 58, 146, 147, 239, 268
 Seehandlung purchases of, 101
- Treasury bonds, 268
 admitted as note cover, 26 *n.*
 Seehandlung purchases of, 101
- Treaty of Versailles, 27, 202, 248, 384
- U**
- Ullimogeld*; see Monthly money
- Unemployment, 166, 170, 171, 187, 190, 241, 243, 348
- V**
- Verkehrskreditbank*, 66, 109, 110, 111, 120, 152, 351, 352, 380
- W**
- War guilt, the problem of, 202
- Warburg, M. M. & Co., 89
- Wettbewerbsabkommen*; see Competition Agreement
- Wiggin Committee, 185, 218 *n.*, 217-220
- World Economic Conference, 234
- World War, 166-167
 effect of, on international position of Bank of England, 19
 Reichsbank during, 26-27
- Württemberg, State bank of, 29 *n.*
- Y**
- Young Conference, 200, 201, 203, 205-206, 297, 299, 317, 363
- Young Loan, 237
- Young Plan, 28, 31, 112, 203, 208-210, 212, 229, 230, 231, 254

VITA

BORN July 12, 1903 in Kansas City, Missouri, the daughter of Josephine (Cooper) Northrop and Eugene H. Northrop. Received the A.B. degree in 1922 and the A.M. degree in 1923 from the University of Missouri. Attended graduate seminars in Economics at the University of Wisconsin conducted by Drs. Don D. Lescotier, Martin G. Glaeser, and Paul T. Homan; seminars at the University of Chicago conducted by Drs. Charles O. Hardy, and Paul H. Douglas; and seminars at Columbia University conducted by Drs. James W. Angell, Wesley C. Mitchell, and J. M. Clark. Associate Professor of Economics and Sociology at Hood College, Frederick, Maryland, 1926-31; Instructor in Economics, Hunter College, New York City, 1931-34; Fellow of the Brookings Institution, Washington, D. C., 1934-35; Economist, Treasury Department, Washington, D. C., 1935—.

2003-04
CHECKED