

BRITISH WILL BAR CREDITS TO REICH

Nazi Violence in Germany and Austria Stops Even Trickle of Short-Term Loans.

WANT MIGHT BE RELIEVED

But 'Rescue' Work, if Needed, Would Be Undertaken Only in Conjunction With U. S.

By **FERDINAND KUHN Jr.**

Wireless to THE NEW YORK TIMES.

LONDON, July 28.—The outbreak by Nazi terrorists in Vienna last Wednesday has killed any lingering belief that the Nazi Government in Berlin might obtain fresh credits in London with which to prop up its finances.

The anger over the killing of Chancellor Engelbert Dollfuss is so widespread in this country that it has penetrated even to the few financial houses in London which had been popularly believed to be friendly to Dr. Hjalmar Schacht, president of the Reichsbank, and to the Hitler régime.

For once Downing Street and Threadneedle Street are in complete agreement in holding the Nazi Government responsible for the crime, and they are more determined than ever not to grant Germany another penny of British money. All rumors of impending credits to Germany have been silenced, although the city buzzed with them a few weeks ago.

About five months ago when business conditions in the Reich seemed to be improving there was a real chance that Germany might get a short-term credit here. Several small short-term loans actually were made by individual houses and were permitted by the British Government, despite its ban on foreign lending, which applies chiefly to long-term loans and to sizable amounts. One financial house is known to have advanced £5,000, which the Germans used the next day for repurchasing some of their depreciated bonds.

Small Loans Were Ended.

The crisis over the Dawes and Young loans last month put an end to these small loans and as far as is revealed there have been none for several weeks. The only form of lending that had continued until now was carried on by a few British business men who granted "book credit" to German importers for one or two months. Now, even this trickle of credit has been dried up by the German Nazi killings of June 30, by the murder of Chancellor Dollfuss and, above all, by the swift deterioration of Germany's economic position. There is hardly a business man in England today who would dare lend Germany money or who would want to.

There is no doubt, of course, that Dr. Schacht wants credits from London and has been trying at various times to get them. Only a few weeks ago, when the German debt delegates were here, there was a whole crop of rumors, emanating from German sources, that Britain would grant credits if Germany backed down and paid interest on the Dawes and Young loans. If the proposal was ever discussed during the negotiations it failed. The Germans backed down but the British gave no credits in return, and there have been no rumors of loans to Germany since.

The British would still be reluctant to grant credits even if a Reichswehr (army) dictatorship should seize power in Berlin with the help of the great industrialists. The government regards the Junkers suspiciously as "the same old gang" that produced the Kaiser, and the financial community has just as little love for them. Leaders like Krupp are regarded here as too self-seeking and too closely allied to the armaments industry to make for Germany's economic well-being or for European peace.

There are only two conceivable circumstances in which Britain might be induced to send money into Germany. If the Reich were completely unable to buy essential

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raw materials next Winter, then Britain might come to the rescue for the sake of preventing hunger, disease and suffering in the heart of Europe. But such rescue work would be undertaken only in conjunction with the United States and the dominions, which would be far better able to supply the German people's needs than is this country.

The other possibility, which is no longer laughed at in London, is a Communist revolution in Germany and Austria next Winter. If such an upheaval occurs, will British capitalism jump into the breach to save capitalism on the Continent? If one asks this question in the City (financial district) in London today one gets a flat "no" in reply.

But it is not safe to dismiss the possibility yet, especially when one remembers the desperate efforts of British capitalists like Sir Henri Deterding to destroy Communism in Russia in the turbulent years that followed the revolution.

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