

DR. SCHACHT RETIRES AS REICHSBANK HEAD

Lays Action to Young Plan
Accord, but Many See It
as Political Move.

DRAWS SHARP ATTACKS

Government Men in Reichstag
Assail Him and Predict Pas-
sage of Reparation Law.

HE DEFENDS HIS DECISION

Second Hague Conference, He Says,
"Sabotaged the Very Foundation
of the Young Plan."

Special Cable to THE NEW YORK TIMES.

BERLIN, March 7.—Dr. Hjalmar Schacht announced his retirement as president of the Reichsbank today by informing the bank's central committee that he had taken steps to terminate prematurely the four-year term of office to which he was elected and which would have expired in 1932.

His resignation, he said, was an outcome of mature deliberation and was prompted by the conviction that he could not accept as president of the Reichsbank the responsibility for the Young plan as it was now constituted, as he believed Germany could not fulfill its conditions.

Asked whether he believed its enforcement would place the German currency in jeopardy, Dr. Schacht emphatically replied, "There can be no doubt about the stability of the Reichsbank."

He has agreed to remain in office until the bank's general council appoints a successor.

Action Sharply Criticized.

Coming at a time when the government is in the throes of an acrimonious Reichstag debate on the final adoption of the Young plan and is further engaged in the task of reconciling objections to its program of financial reforms, Dr. Schacht's action has met swift and outspoken condemnation in the ranks of the government parties and their press organs and banking and Boerse circles as well.

In government circles his resignation is viewed as a piece of perfidy, as Dr. Schacht, according to reports current in the Reichstag, had agreed to withhold his resignation, of which he had given notice to President von Hindenburg a few days ago, until the Reichstag had passed the reparation laws. The promise is alleged to have been given to Dr. Moldenhauer, Minister of Finance.

Most of the Cabinet members were at their places on the government bench in the Reichstag when they were informed of Dr. Schacht's for-

mal notification of his resignation to the central committee of the Reichsbank, which was in session at the same hour. Dr. Moldenhauer, who was engaged in countering attacks by Nationalists on the Young plan, immediately took up the discussion of Dr. Schacht's action, which was made the subject of a debate by the government's opponents.

"The president of the Reichsbank has a perfect right to resign his post if he believes he cannot accept responsibility for the Young plan," Dr. Moldenhauer said. "I may say on behalf of the government that not the slightest political pressure was brought to bear on Dr. Schacht in the direction of forcing his retirement. Personally, I sought up to the very last to persuade the Reichsbank president to remain in his post, as I considered him thoroughly qualified to perform his duties.

"Concerning his political talents, I hold other opinions. Dr. Schacht must now follow the path which he has chosen. He has elected to force himself into political activities in order that he may not injure the important functions of the Reichsbank."

Dr. Moldenhauer admitted that Dr. Schacht had temporarily put the government to some inconvenience. The Reichsbank's general council, he added, would see to it that Dr. Schacht's successor was thoroughly qualified to represent Germany in the Bank for International Settlements.

Says Schacht Was Free.

The fact that differences of opinion existed between the government and Dr. Schacht in regard to the interpretation of the Young plan accord was sufficiently known, Dr. Moldenhauer observed, although such differences had nothing to do with the independence of the Reichsbank or its president. The new Reichsbank law would further insure the complete independence of the central bank, he asserted.

In breaking into the limelight with his unexpected resignation, Dr. Schacht again ran true to form, and his performance today differs from that of last December only in that at that time he drove Dr. Hilferding, Socialist Minister of Finance, out of office. In his flare-up at the second Hague conference Dr. Schacht launched an attack on the present version of the Young plan in a letter to Jackson E. Reynolds, American banker, in which Dr. Schacht charged that the accord contained germs of embarrassment to the German Government.

While the government is assured of an ample majority in the Reichstag for its reparation laws, official criticism of Dr. Schacht's action inclines to the view that it is an inglorious flight from responsibility at this critical time, inasmuch as he was one of the drafters of the Young plan. Banking circles, on the other hand, consider Dr. Schacht's course as perfectly consistent and the most logical thing he has done since, as they assert, he has embarked on the career of a politician.

There is complete concurrence on the matter of his abilities as a financier and on his administration of the Reichsbank, the present position of which is stronger than at any other time since the war. His charge that the Hague protocol represents a perversion of the Young plan as adopted by the experts in Paris is looked upon as a tilting at windmills. Most authorities here deny there are any fundamental variations in the two drafts of sufficient gravity to warrant his strictures.

Schacht Defends His Action.

Dr. Schacht was quite willing to discuss his resignation when he was

seen at the Reichsbank, where he said his retirement was the result of mature deliberation which convinced him that he could not accept responsibility for the new plan about to be legalized by the Reichstag in his position as president of the German central bank.

"The second Hague conference has sabotaged the very foundations of the Young plan as laid down by the Paris experts in that it condones moral discrimination against Germany," he said, charging "international politicians," including Germans, with the responsibility. "The Young plan in its present formulation cannot be carried out by Germany. The Paris plan was already a heavy burden, but that which was framed at The Hague makes a peaceful solution of the reparation problem impossible.

"In Paris the experts met on a footing of equality and confidence, with the avowed will on all sides to help Germany. At The Hague conference last January there was no trace of this mutual good-will. Instead, Germany consented to the imposition of sanctions and the seizure of private property, both of which measures constitute arbitrary force and make the plan's acceptance impossible for me."

Dr. Schacht admitted having notified President von Hindenburg of his impending resignation, to whom he also submitted a memorandum setting forth his objections to the new plan. He did not inform the government, inasmuch as his appointment and resignation require only the approval of the Reich's President. When Dr. Schacht informed the central committee of the Reichsbank, which has among its members several heads of Berlin banks, the committee sought to persuade him to defer his action, but he turned a deaf ear to their importunities.

When the news of his decision reached the Boerse it immediately recorded a slump in leading quotations, including Reichsbank shares. Dr. Schacht has no immediate plans for his future activities. He said he would now become a country squire and raise pigs.