

BANK OF MONTREAL
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by the end of the War was that we had contracted a big debt to America, which was, however, less than half the total sum owed to us by our Allies. In round figures, we owed the United States £ 840,000,000 while our Allies owed us £ 1,950,000,000. If from this last figure we exclude the loans we had made to Russia during the War, we were still creditors for £ 1,300,000,000 - leaving us in a net creditor position as regards war-debts to the tune of £ 460,000,000, apart from reparations due. If to this is added Britain's share of the reparation debt, the balance due to us was much more considerable.

From the outset Britain, although she was more creditor than debtor, took the view that the best course with all these war-debts was to cancel them. They were a paper record of inter-governmental transactions in the course of our great common effort for victory, on behalf of which all nations engaged had poured forth their blood and treasure. I have always felt that during the War the Allies ought to have been readier to pool their resources of men and munitions of war.

To apply a commercial foot-rule to the measurement of our comparative sacrifices in human life would be, obviously, intolerable. Hardly less unseemly was it to treat as business liabilities the material assistance which one Ally had been forced to accept from another in the desperate ferocity of a struggle to avoid a defeat which would have brought disaster to Ally and Associate alike.

That was our view, openly expressed in deference to these inter-allied war-debts; but it was not the view ~~of~~ the United States took of the matter. She was by the end of the War an even larger creditor for war-debts than we, having lent altogether rather more than £ 2,000,000,000 to her Associates in Europe, who had borne the burden of devastation and carnage of the war for three-and-a-half years before the United States came in. In every other respect it must be admitted that her contribution to the common cause was very much less. She had kept out of the War altogether for three years, during which time she had enjoyed undisturbed the world markets in which she had formerly competed for business with the industrialists of Europe; and she had done a flourishing and profitable trade in munitions and supplies for the Allies, for much of which she had been paid in cash. Even after her entry into the War, this trade continued at a brisk pace. While the total number of