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- Extracts From -

"THE TRUTH ABOUT REPARATIONS & WAR DEBTS"

by

DAVID LLOYD GEORGE.

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What are we to do with War Debts and Reparations? That is the question which beyond all others has been perplexing the world ever since the World War came to an end.

The best-informed leaders in commerce, finance and economics in all countries alike are agreed that there are at least three clear and definite reasons for the dislocation of trade and industry. These are: the mishandling and faulty distribution of the world's gold supplies; the high tariff barriers to international commerce; and the special international indebtedness which is a legacy of the World War.

America in particular - the principal ultimate creditor in respect of those international War liabilities which reparations were used to settle - has since the War been raising ever higher and higher customs barriers up to the insurmountable wall of the Hawley-Smoot tariff. Rather than see German goods flood her domestic and export markets, America has lent Germany immense sums with which to pay her instalments, and actual payment has hitherto chiefly been made, not with goods, but with gold obtained by this borrowed money. Of the £ 650,000,000 (gold value) received by the United States and France for War-Debts and Reparations in the years 1922-1931, no less than £ 550,000,000 is represented by a net influx of gold into those two countries to that amount. This has practically exhausted the transferable gold available for such a purpose. Whereas at the end of 1913, the United States and France had between them 37.7 per cent of the world's monetary gold supplies, by June 30th, 1931, they had 61.7 per cent, or little short of two-thirds the total world supply. America's stock alone increased in this interval by over four thousand million dollars.

"The adjustment of all inter-governmental debts (reparations and other war-debts) to the existing troubled situation of the world - and this adjustment should take place without delay if new disasters are to be avoided - is the only lasting step capable of re-establishing confidence, which is the very condition of economic stability and real peace."