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advanced in large part to save her in the moment of crisis, principally by the United States, Great Britain, Switzerland and Holland. France has extended very little private credit to Germany. A large portion of these credits was due on September 1, 1931, but the creditor-nations arranged a "stand still" agreement whereby the credits could remain at the disposal of Germany for a further six months, that is, until February 29, 1932.

The continued economic depression, weighing particularly heavy on Germany, now makes it clear that she will be unable to meet not only her political debts, but also the larger part of the short-term credits falling due in February next. This largely accounts for the recent weakness in the Pound Sterling. Approximately one-fourth of Germany's short-term credits are owing in London. The fact that so large a part of London's ready assets were "frozen" in Germany brought ~~about~~ the English financial crisis to a head in September, 1931. The realization that the major portion will continue to be "frozen" after next March is causing the present state of unsettlement in London and other financial centres. In view of the crisis, Germany, in accordance with the provisions of the Young Plan, applied for a committee to investigate her capacity to pay, which advisory committee is now in session in Basle. It is confronted with serious difficulties.

The London "Economist" recently stated that - "A complete breakdown of Germany's credit would not only be a grave embarrassment to the world's banking system, but would be such a disastrous shock to Germany's economic life that all questions of her external obligations would become academic." In other words, the short-term commercial credits are the indispensable working capital of the German manufacturer and trader. They make possible the production of the goods, which, when marketed, help to create the economic surplus, the favourable balance, out of which Germany's international obligations can be met. A default to meet these short-term credits when due would create fear in the minds of investors to extend any further loans. There would follow a restriction of credit, a weakening of Germany's industry and an inability to meet foreign payments.