

BANK OF MONTREAL
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fall of wholesale prices, but the further increase representing the fall of sterling on the exchange, compared with the dollar - a fall which adds nearly a fresh 50 per cent to the already swollen debt.

The story of these international payments which I have briefly outlined in previous chapters demonstrates beyond question how immediately they are connected, as cause to effect, with the world-wide slump of industry and finance which is now afflicting all countries to a greater or less extent, and manifesting its worst symptoms in Germany and the United States - the two countries which occupy extreme positions as the principal debtor and the principal creditor in respect of war liabilities.

Directly and indirectly, through loss of trade with debtor countries, through collapse of prices of her products, through depreciation of value in her securities and investments, through the cost of unemployment, bank failures and shattered industries, America is now losing far more through this world-wide depression that war-debts have induced than the payment of those debts can possibly compensate her.

The total national income of the population of the United States was estimated in 1929 to be 90,000,000,000 dollars. The recent estimate puts the amount by which this national income had declined in 1931 at 20,000,000,000 dollars. At this rate America has lost in a single year three times as much as the whole capital value of the war-debts due to her, and nearly eighty times as much as the total of one year's annuities.

America holds the key of the gateway which leads to prosperity, for herself as well as for the world. Britain has already surrendered her keys. The Hoover Moratorium was a forward step toward that gateway, but it stopped short of a final opening of the road. It delayed the threatened crash in Central Europe, but it has not averted it. No one knows what will happen when the moratorium lapses. The uncertainty paralyzes enterprise. Industry and finance are afraid of moving forward lest they be overwhelmed by the crazy edifice, when its temporary props are withdrawn.