

BANK OF MONTREAL
COPYDRUMMOND AND ST. CATHERINE STS. BRANCH
1205 ST. CATHERINE ST. WEST
MONTREAL, QUE.ARTICLE FROM THE MONTREAL "GAZETTE"2nd January 1932

"The following figures throw light upon the situation as it now stands, and illustrate the complexity of the problem which debtor and creditor nations at this hour confront. During the past five years Germany has received in short and long term loans from abroad five billion dollars value. The United States has invested about three and a half billions of this sum and Great Britain about a billion and a half. During the same period Germany has dispersed reparation annuities amounting to three billion dollars. Reckoning by three months' returns of Reichsbank sales of foreign bills this year, Germany's capacity to repay credits stands at \$ 673,000,000. The indemnities bill, as already stated, stands at \$ 425,000,000. annually. Add these two items of War Debts and Credits obligations together and they leave a total deficit of \$100,000,000. upon the foreign exchange account. It has been estimated that if Germany went into the receiver's hands and mortgaged all her basis properties, railroads, mines, etc., the evaluation would not exceed \$ 4,000,000,000. and this would be the utmost limit to what her creditors would expect to get. But America and Great Britain have already invested five billion dollars to keep reparation payments in countenance and on the score of these foreign loans Germany had utilized four billion dollars value of these loans to thoroughly organize her factories, railroads and home industries, prepared to make an onthrust of cheap goods upon the Allied markets or markets in which Allied Creditors have a big stake. American exports during the past year, for example, have dropped 22 per cent. There is not a country, in which reparations have any hold or connection, but what has suffered from this repercussive trade declension."

"If Germany to-day is unable, as the Berlin authorities contend, to meet her short-term credits, how and by what means is it possible for her to pay arrears upon the Moratorium agreement? And what can be the advantage of altering the reparations account into a long term discharge which can only perpetuate and increase the disorganizing impact of the reparations schedule upon creditor nations, and intensify the jagged edge of international political relations?"