

modification of reparation payments and extension of the moratorium, provisions for German credits which would keep the latter country from "going Bolshevik" this winter. A German collapse would mean a grave financial crisis in Great Britain, with the pound tumbling to new low levels, and that is what the French are terrified about, because at the moment, there are about ten billion francs "frozen in" in Sterling in England.

"If England allowed the pound to go to four shillings, which would be on a parity with France cutting the franc to .0396, which she did, France would lose a tremendous sum of money and that worries her, because France is not in good condition economically, although she tells the world otherwise; as a matter of fact, they have a big budget deficit and they are in economic danger at the present moment, so experts say, who know the facts.

"She also is regretting very much, the childish and senseless attack which she made on dollars. She finds out now, to her astonishment, that if she withdrew all of her American balances, we could increase our currency by \$10,000,000,000. under the Federal Reserve Act, without forfeiture of solvency. We know the dollar is twice as strong as the franc, and she knows it, now.

"The one thing that ought to be of some value to you is, that Great Britain sits in the position where she can make terms now with France and tell her, in so many words, that unless she meets Great Britain's demands, she will let the pound slide. In which event, France would lose more by the operation than Great Britain.

"What I am seriously fearing, is inflation; and it may come a great deal quicker than we think. There is a lot of private buying going on, of the best sort. Stocks are being taken out of the market in large volume but very quietly. The best thinking Republican national leaders are planning the re-election of Mr. Hoover, on his record, because they think that by the time he is up for re-election in the fall of 1932, his economic handicap will have disappeared.

"I say "the corner has been turned" as far as trouble in the money market is concerned. The corner has not been turned, as far as international relations are concerned. The attack on the dollar in Europe the last few weeks, was keenly felt by a large group of influential Americans; not so much on account of the fluctuations in value, as because of the outrageous stories and rumors which were used to bring about the decline. I regret to say that a great many influential men are saying openly: - "What is the use of our trying to cultivate amicable relations with Europe? Whatever we do is perverted - why not take care of our own people from now on, and let the rest of them stew in their own juice? We did not