

BANK OF MONTREAL
COPYDRUMMOND AND ST. CATHERINE STS. BRANCH
1205 ST. CATHERINE ST. WEST
MONTREAL, QUE.

- EXTRACTS FROM -

REPARATIONS and the WORLD CRISIS.

by

H. Carl Goldenberg, M.A.

.....

The collapse of the various Reparations Plans on three occasions within a period of twelve years, with disastrous consequences to Germany and her creditors, is a sufficient indication of their unsoundness in the present state of German and world economy. Germany's capacity to pay, as was agreed by the experts of the Dawes and Young Committees, is dependent on a surplus in her foreign trade and commercial services rendered abroad, sufficient, after providing the needs of private industry, to provide also the foreign exchange required for reparations. But in no year, since 1924, has Germany's balance of payments been sufficiently favourable to make economically possible out of her own resources the large unilateral payments required for reparations. The heavy cost of the war and the post-war inflation destroyed a large proportion of the capital of Germany. The Treaty of Versailles deprived her of her colonies, the sources of her raw materials, and created the Polish Corridor, separating Germany from the rich agricultural lands of East Prussia. There has necessarily followed an increased importation of food-stuffs and raw materials. To offset these increased imports and to effect the excess of exports essential to create the economic surplus which would facilitate the payment of reparations, Germany must be in a position to export increased quantities of her merchandise. But her creditors have erected lofty tariff walls and refuse to accept these exports.

The tariff policies of the nations of the world constitute one of the greatest barriers to economic revival and are rendering impossible not only the payment of war debts and reparations, but of ordinary debts. The United States, the world's principal creditor, has raised a tariff wall which has compelled the nations of Europe to pay their debts in gold. Similarly, France has accumulated a huge gold supply. The relative