

BANK OF MONTREAL
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MONTREAL, QUE.

"Reparations, being Government debts, can be met only by funds raised from taxation. Taxes can be raised only from the income of businesses and individuals in Germany. In order to maintain these incomes, German business must be active and prosperous, German business must have credit for the financing of its legitimate current operations such as those represented by merchandise exports sold and in transit. Such credit has, to a large extent, been supplied, through German banks, by foreign banking interests.

"The continued extension of private loans to German business, therefore, is necessary if German business men and employees are to obtain the income which make possible the payment of taxes which are necessary for reparations payments. In short, any attempt to satisfy reparations claims at the expense of private loans would inevitably react eventually to the detriment of reparations payments themselves.

"The present period is one of watchful waiting. However, there is, perhaps, some satisfaction to be gained from the fact that the problem of reparations and international debts, and the problem of budget balancing in this country, must, through the inevitable pressure of circumstances, be attacked and settled in one way or another within the comparatively near future. For months we have been fully aware that some solution of these problems must sooner or later be undertaken. For months this knowledge has been hanging over business, tending toward caution and delay. The sooner some definite action is taken - the sooner what must happen actually comes to pass - that much nearer will we be toward the accomplishment of a complete economic readjustment which must be the foundation of any business recovery."

What I would like to see done is the Hoover Moratorium extended for another five years and then a reconsideration of the whole situation. In other words, stop all payments for five years of all and every kind.

This would give the World a chance to recover with a fresh and clear viewpoint by that time, which is impossible now.

SIGNED: D.W. Oliver