

BANK OF MONTREAL
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MONTREAL, QUE.

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The scarcity of free gold consequently lowered the price of all kinds of commodities since, in order to obtain the previous metal, more and more goods had to be offered for it until prices were forced to a level in which producers could no longer obtain a livelihood. In every direction cotton, wheat, rubber, metals, etc. have been sold at a loss in the scramble to get gold to satisfy American demands.

A continuation by the U. S. A. of their financial policy means forcing the European nations off the gold standard and a consequent further dislocation of international trade.

The full consequence of such a state of affairs would be almost impossible to foretell, but one of its effects would be to depreciate to an extraordinary extent the value of the gold already buried in the cellars of the U. S. A. which would then find itself in possession of something like half the world's gold supply and little demand for it.

The effect of such a state of affairs upon the value of the U. S. A. gold, it has been calculated, would depreciate it to the extent of 30 or 40 per cent. The value, even of gold, is dependent upon its use for monetary purposes, its demand for trade purposes being comparatively small.

The gold of the world is, as things are at present, making a rapid journey from holes in the ground in South Africa and Australia and elsewhere to holes in the ground constituted by the Bank cellars in the U. S. A. and its withdrawal from circulation has resulted in unemployment in every country in the world.

The U. S. A. as evidenced by Hoover's action is beginning to see the folly of bankrupting its debtors. But much more will be required to be done to restore the world's equilibrium and it is to be hoped that the financial disaster which the U. S. A. has suffered in common with the rest of the world will enable it to discover high moral reasons for altering its policy both as regards tariffs and war debts.

The whole subject, however, is complicated by the state of political uncertainty in Europe and the movement toward the Left.

Socialism always rears its head in times of trouble and its strength is the measure of the country's misfortune. Glass warfare or any kind of warfare never produces prosperity.

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