

however short he may be on clothing and the other ordinary gadgets of civilization. Meanwhile people in the cities are short of food and fuel. So the governments are forced to use their foreign money and credits to procure these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products--principally from America--are so much greater than her present ability to pay that she must have substantial additional help, or face economic, social and political deterioration of a very grave character.

The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the