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WHAT THE ANGLO-FRENCH LOAN MEANS
TO THE UNITED STATES

This country has not been accustomed to extend credits, upon a large scale, to foreign countries, and many people do not understand what such credits mean to the maintenance and extension of our agricultural and commercial interests. Each one of us who signs this statement has been asked so many times to express his opinion on the subject that we have decided, in this way, to place before the American people our understanding of the plain facts in connection with the loan of five hundred million dollars to Great Britain and France.

During normal times Great Britain and France purchase from us, every year, about seven hundred and fifty million dollars in farm products and other commodities, and we buy heavily from them. Ordinarily the payments by one country to the other are accomplished without the shipment of coin, the indebtedness of one country going to offset that of the other, and the difference, usually constituting a small balance, is covered by gold shipments or otherwise.

But, owing to the war, our purchases from Great Britain and France (which are our two chief customers) have fallen off, and their purchases from us have increased enormously. Thus, the total trade balance in our favor for the year ended last June was over one billion dollars; of which \$947,000,000, or over 86 per cent., was represented by the trade balance against these two countries. It is clearly impossible for these countries to continue to meet these heavy balances through the ordinary channels of international exchange. Such heavy shipments of gold, as would be required for instance, are not only difficult, but in these days unwise to undertake. Moreover, this country already holds a stock of gold larger than its immediate uses require.

America must, therefore, find a solution of the problem of financing for a time this favorable trade movement; or else run the risk of losing a large part of its export business; for the United States appears to be by no means the only country in the world where Great Britain and France can buy, on favorable terms, what grain and other commodities they require. If these two great nations are obliged materially to decrease their purchases from us, the logical result will be lowered prices for our farm products, and smaller wages for the workmen in our factories.

In other words, if we want these countries to continue as our best customers and thus to bring increasing substance to our communities, we must allow them to settle, by some system of deferred payments, for commodities purchased from us.

This loan therefore which, in total amount, is only two-thirds of these nation's normal purchases from us each year, is simply a system of deferred payments. In other words, we are lending to Great Britain and France five hundred million dollars, so that they may purchase from us the things that we want to sell to them.

To the United States this loan means:

1. That not one dollar of the money loaned will leave our shores;
2. That every dollar will go, directly or indirectly, to some American farmer, working man, merchant or manufacturer, in cash payment for food-stuffs, clothing, raw material, labor and manufactured products that the English and French people need;
3. That there will be established in this country a commercial credit just as important to us as to England and France because it will be used to increase our trade and permit the outflow of our surplus products;
4. That this country finally recognizes that, in order to further American trade it must become a creditor nation; extending such credit to any solvent and friendly nation that may be entitled to it.

The security for this loan is the income and property of the two richest nations of Europe. The combined wealth of England and France is estimated at one hundred and thirty-five billion dollars, two hundred and seventy times the amount of this loan. The population of the two countries is almost one hundred million. The proposed loan is practically the only external obligation of the two nations; such a loan being, as we view it, a first claim upon the revenues and wealth of the nations issuing it.

The total internal debt of the two nations is considerably under twenty billion dollars, and is less than one year's income of the people of these two nations. This loan will increase their indebtedness only 2½ per cent.

Having thus no question as to the fundamental safety and prompt payment of this loan, we have each subscribed to it; believing, moreover, that every American citizen who participates in the loan will be contributing substantially to the commercial prosperity of the whole nation.

Signed: James J. Hill, St. Paul, Minn.

H. B. Ledyard, Detroit, Mich.

Daniel Catlin, St. Louis, Mo.

Robert T. Lincoln, Washington, D.C.

Joseph H. Choate, New York

Franklin D. Locke, Buffalo, N.Y.

Charles W. Eliot, Cambridge, Mass.

Howard Elliott, Boston, Mass.

Seth Low, New York.

Fairfax Harrison, Washington, D. C. E. P. Ripley, Chicago, Ill.

Henry L. Higginson, Boston, Mass. Theodore N. Vail, Lyndonville, Vt.

Henry Walters, Baltimore, Md.