

## Private American Loans to the Allies, 1914-1916<sup>1</sup>

*Richard W. Van Alstyne*

When on April 6, 1917, the United States declared war on the German Empire, the American people already held a "stake" in the war which, in round numbers, amounted to more than \$2,300,000,000.<sup>2</sup> Approximately \$27,000,000 of this total represented investment in the cause of Germany. The remainder comprised advances made to the Allies, and consisted of a wide variety of private investments—credits extended by banks, short-term commercial notes taken by business houses in payment for war materièl, and loans with longer maturities, which were in large part absorbed by the general public.

Between the fall of 1914 and the summer of 1915 a revolution took place in the investment position of the United States. We ceased to be primarily a borrower of capital, and we suddenly became a lender on a large scale. Without the great struggle in Europe this startling reversal would have been impossible. The needs of the warring nations for the products of the American mine, field, and factory multiplied rapidly. Their means of immediate payment, on the contrary, steadily diminished. Their exports inevitably shrank. Attempts to pay in gold proved totally inadequate, and it became apparent that, if purchases were to continue, all thought of conducting business according to groceteria principles must be abandoned.

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<sup>1</sup> In preparing this paper the writer has received considerable information relative to the many details of the transactions of American bankers with the Allies from an authority who himself took a leading part in these transactions. Permission has been very kindly granted him to use this information, but without reference or quotation. The author therefore assumes full responsibility for the statements he has made.

Because of the exigencies of space, this paper is merely a digest of the author's investigation. A more detailed study may be presented at a later date.

<sup>2</sup> *U.S. Docs.*, 66 cong., 2 sess., Sen. doc. 191, serial no. 7670.

Wall Street indeed anticipated the need for accommodation. As early as the third week of the war rumors were noised abroad that certain French bankers had approached J. P. Morgan & Company on a loan.<sup>3</sup> No difficulty from a legal or a moral standpoint was expected, since it was well understood that the rules of international law permitted the private citizens of a neutral nation to make loans to belligerent governments for war purposes. "Christianity listens to Sunday prayers for peace," remarked the *Wall Street Journal* ironically, "and the next day sends out representatives to the powers to see if anything more can be sold them to prolong the war."<sup>4</sup> "In the judgment of this Government," countered President Wilson in a formal *obiter dictum* on August 15, "loans by American bankers to any foreign nation which is at war are inconsistent with the true spirit of neutrality."<sup>5</sup> In his *Memoirs* William Jennings Bryan relates how sensitive the President and he were to the situation. They feared that if loans were sought by the belligerent governments, "the country would be divided into groups, each group engaged in negotiating loans to the belligerent countries with which it sympathized. . ." Great numbers of the American people, Bryan believed, would get to have a material interest in the success of the country whose bonds they held, and their partisanship would increase accordingly. In short, the war hates of the Old World would be transferred to our shores, and civil strife might even occur.<sup>6</sup>

The administration was destined to be faced with a serious dilemma, however. Its standards of international morality might be one thing; the precedents of international law and the demands of commerce were another. Loans to belligerents by private American citizens could not be prevented without damming up the channels of trade. Nor was there either any legal or any practicable method by which they could be confined to

<sup>3</sup> New York *World*, August 16, 1914.

<sup>4</sup> August 15, 1914.

<sup>5</sup> *U.S. Foreign Relations, 1914, Supplement*, 580.

<sup>6</sup> *The Memoirs of William Jennings Bryan* (Chicago, 1925), 375. See also *U.S. Foreign Relations, 1914, Supplement*, XII.

mere credit operations arranged by banks, and loans raised by popular subscription excluded, if the Allies chose to resort to the latter method.

In October, 1914, the administration was forced to modify its position. Omitting all reference this time to loans as "inconsistent with the true spirit of neutrality," it acknowledged freely that they could not be isolated from general trade and that it was not unneutral for Americans to grant them to either side.<sup>7</sup> Bank credit was soon thereafter extended to the belligerents. The National City Bank made the first loan, consisting of a \$10,000,000 advance to France in October,<sup>8</sup> and during the winter months of 1914-15, similar modest advances were made to France, Russia, and Germany by other banking institutions. Rather significantly, the German loan was the first loan of a nation at war to be offered for *public* sale in this country.

These small transactions scarcely met the credit needs of Europe, however. Orders arrived in the United States so fast that in the three months from April to June, 1915, American exports to Europe more than doubled over the corresponding period in 1914. The influence of this movement was reflected in the foreign exchanges. Sterling began falling in June, reached \$4.62½ on August 29, and then suddenly dipped to \$4.50 on September 1, which was the low for the year. In the meantime secret efforts by Great Britain and France to obtain a large loan had proved unavailing,<sup>9</sup> and it was finally decided in August to send a joint commission to America to negotiate.

The Anglo-French commission arrived in New York on September 10, and opened deliberations at once with a group of American financiers headed by J. P. Morgan & Company.<sup>10</sup> Out of these early meetings the following facts emerged :

1. The Allied commission expected a credit of \$1,000,000,-

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<sup>7</sup> New York Times, October 16, 1914. On March 31, 1915, the State Department issued another *obiter dictum* declaring its entire neutrality in the matter. *U.S. Foreign Relations, 1915, Supplement*, 820.

<sup>8</sup> New York Times, October 30, 1914.

<sup>9</sup> *Parliamentary Debates*, 1915, LXXIV, 1248-49.

<sup>10</sup> New York Times, September 11, 1915.

ooo, upon which it desired to draw without restriction for the purchase of supplies in this country.

2. The bankers doubted that a \$1,000,000,000 loan could be raised, and some, at least, of them expressed a desire for collateral.

3. The commission was not prepared to furnish collateral, and urged that the general credit of the two governments ought to be adequate.

4. As in the case of any large loan, a syndicate with broad membership must be arranged to underwrite this loan, and efforts would be made to obtain popular subscription.

5. The loan was to be treated as a national problem in foreign exchange. The Allies desired to buy munitions, but they were also interested in general purchases of bread-stuffs, meats, cotton, wool and woollen goods, leather and leather goods, etc., which would affect the prosperity of all sections of the country. Viewed in this light the loan was an undertaking of national importance. The problem of the bankers therefore was two-fold: to "educate" the nation to the benefits of financing the Allies, and to determine the amount and terms of the loan in such a way that it would attract not only financial institutions outside of New York, but small individual investors as well.<sup>11</sup>

The project had no opposition from the administration. Indeed there were indications that it viewed the matter in a favorable light. The Comptroller of the Currency openly urged the banks to use their swollen cash reserves by lending to the Allies.<sup>12</sup> The Federal Reserve Board let it be known that commercial paper connected with transactions arising out of the loan would be eligible for rediscount in the ordinary way.<sup>13</sup> And from the State Department reassurance was obtained that the loan would not be considered unneutral.<sup>14</sup>

There were several reasons why it was necessary for the bankers to proceed carefully, however. First, the country was

<sup>11</sup> *Ibid.*, September 14, 1915.

<sup>12</sup> *Wall Street Journal*, September 14, 1915.

<sup>13</sup> *Second Annual Report of the Federal Reserve Board*, 1915, 9-10.

<sup>14</sup> *New York Times*, September 14, 1915.

hardly accustomed to foreign investments. On the few occasions in which advances had formerly been made to foreign countries they had come only from the New York banks and to a slight extent from Chicago. The West and the South, though beginning to feel prosperous in 1915, were indifferent and suspicious of distant investments, especially since these were connected with a war which they did not understand and inherently disliked. They had a vague fear of becoming involved in the war. In the second place, there was an unknown and incalculable amount of sympathy for the Central Powers throughout the country, but especially in the Middle West. The extensive advertising of so large a loan to the Allies was certain to arouse opposition from a vociferous pro-German minority, which might lead to considerable internal dissension, thus arousing the fears of investing institutions. In the third place, there was an undetermined and undeterminable amount of jealousy and hostility in the interior of the country to Wall Street.

The New York press, with the notable exception of the Hearst and German-language papers, gave the loan stalwart support. But the country as a whole was distrustful. The floating of a loan of such huge proportions, based on the simple pledge of two foreign governments, appeared to be an undertaking of dubious success. The San Francisco *Chronicle's* opinion is typical. "There is no doubt," this paper remarked,

that a great many people believe that the inevitable result of this war if protracted much longer must be the collapse of the credit of all the belligerents.<sup>15</sup>

Furthermore, active opposition to the loan was not slow in developing. An organized campaign was inaugurated by the German-American Alliance and various other organizations opposed to the cause of the Allies. Much of the propaganda was absurd; some of it was tinged with threats of violence; all of it was seriously and strenuously conducted. Paid advertisements, sponsored by George Sylvester Viereck of the German "propaganda cabinet," appeared in the newspapers, charging that

<sup>15</sup> September 16, 1915.

"the Money Trust is plotting to lend one billion dollars of the American People's Money to Bankrupt Russia, Broken France, and Insolvent England."<sup>16</sup> Sandwichmen paraded up and down Wall Street with placards bearing legends about "Wall Street's Shame," and "Billions for King George."<sup>17</sup> And threats were made that German sympathizers would withdraw their funds from savings banks and force runs on commercial banks that subscribed to the loan.<sup>18</sup> This campaign was by no means confined to New York. It was especially virulent in Baltimore and in the cities of the Middle West—in Detroit, St. Louis and Cincinnati, in Cleveland, in Toledo, and in Chicago—where German-American societies mobilized to put pressure on the banks not to invest in the proposed loan.<sup>19</sup> The weight of these activities was felt heavily in New York, where nervousness and discouragement beset the banking group.<sup>20</sup> The British ambassador, Sir Cecil Spring-Rice, also exhibited anxiety over the matter.<sup>21</sup>

But opposition by no means stopped short with the active pro-German elements. The Hearst press conducted a vast campaign of denunciation against the project. "Experts" were summoned to render adverse opinions; daily headlines screamed

<sup>16</sup> *New York Times*, September 15, 1915. See also George Sylvester Viereck, *Spreading Germs of Hate* (New York, 1930), 46 ff.

<sup>17</sup> *New York Times*, September 18, 1915.

<sup>18</sup> *Ibid.*, September 15, 1915.

<sup>19</sup> *Ibid.*, September 19, 21, 25, 1915.

<sup>20</sup> T. W. Lamont in *The Manchester Guardian*, January 27, 1920. Mr. Lamont's account is a graphic one, and is in part as follows: "It fell to the lot of one or two of us to take the country-wide list of banks and bankers and set down the syndicate allotments for this loan. After we had put these down on a scale far heavier than in any previous operation the country had ever seen we were still far short—with a total of only \$320,000,000 and a gap of \$180,000,000 to fill. . . We held an anxious partner's meeting, with Lord Reading and the other members of the foreign delegation, and I well remember Mr. Morgan saying that he had faith that the needful \$180,000,000 would come out of the skies, from the earth, or from the waters under the earth, that the fate of the world was hanging in the balance, and that we must cast the die. We cast it; we had enough applications for the loan, and more than enough!"

<sup>21</sup> Entry in the diary of Colonel House, September 27, 1915, as follows: ". . . After lunch the British Ambassador called. . . We talked of the international loan now pending and he expressed considerable concern regarding its success. . ." Edward M. House Collection, courtesy of the Curator, Yale University.

a challenge; and front-page editorials alternately flayed and mocked the loan. Comments of many smaller newspapers throughout the country demonstrate that opposition was widespread, and many men of character and influence were aroused to speak against it. Here, within a short space, it is impossible to present the evidence of this deep-seated and, for the most part, unquestionably sincere opposition.<sup>22</sup> We must be content with a mere summary analysis of the arguments:

1. It was very widely believed that the loan was inhumane because it would prolong the war. This train of thought was pursued by Mr. Bryan and Henry Ford, by Senator Vardaman and other pacifists, as well as by some people who were not pacifists, strictly speaking, like Senator Hitchcock. It appealed to many people who disliked the war and suspected the issues, and found most general acceptance in the Middle West.

2. While few persons put forth the idea that the loan was legally unneutral, many believed that it was unneutral "in spirit." President Wilson was bitterly reproached for allegedly changing his attitude. These persons either forgot or chose to ignore the fact that the first belligerent loan to be offered for public sale in this country was a German loan.

3. An argument which found very general credence was that the loan would inevitably involve the United States in the

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<sup>22</sup> The following newspapers and periodicals were canvassed for September and October, 1915: *New York Times*, *World*, *Herald*, *Tribune*, *Sun*, *Evening Post*, *American*, *Wall Street Journal*, *The Annalist*, *New Yorker Staats-Zeitung*, *Nation*, *New Republic*, *Bradstreet's*, *Literary Digest*; *Boston Post*, *Globe*, *Evening Transcript*; *Philadelphia Record*; *Chicago Herald*, *Daily Tribune*; *San Francisco Chronicle*.

From these papers citations of opinion were obtained from the following: *Washington Post*, *Pittsburgh Gazette-Times*, *Chattanooga News*, *Cincinnati Enquirer*, *Milwaukee Free Press*, *New Orleans States*, *Philadelphia Public Ledger*, *Saratoga Sun*, *Richmond Times-Despatch*, *Buffalo Enquirer*, *Grand Rapids Press*, *Albany Times-Union*, *Albany Evening Journal*, *Boston Herald*, *Pittsburgh Leader*, *Pittsburgh Volkblatt*, *New Orleans Item*, *New Orleans Picayune*, *St. Louis Times*, *Indianapolis Daily Times*, *Omaha World-Herald*, *Omaha Bee*, *Omaha News*, *Waco Tribune*, *Los Angeles Express*, *Los Angeles Times*, *Monrovia (Calif.) Messenger*, *El Centro Progress*, *Redondo (Calif.) Breeze*, *Venice (Calif.) Vanguard*, *Dun's Review*, *Chicago Daily News*, *Atlanta Constitution*, *New York Evening Sun*, *New Yorker Herald*, *Boston News Bureau*, *Springfield Republican*, *Philadelphia North American*, *Nashville Tennessean*, *Montgomery Advertiser*, *Memphis Commercial Appeal*, *Sioux City Tribune*, *New London Day*, *New York Telegraph*, *Los Angeles Tribune*, *New York Evening Journal*.

war on the side of the Allies. This belief was consistently held by a group of thoughtful men, including Senators La Follette, Stone, Hitchcock, and Lewis, who saw in it a vehicle to the conversion of American public opinion to definite partisanship for the Allies. It was also coupled with the belief that the "Money Power" would now have an incentive to use its influence to involve us in the war.

4. A fourth and very widely held belief was that the loan was a bad credit risk, or at best a doubtful investment. This was the first and practically universal reaction of both bankers and general public throughout the West, the Far West, and the South. The idea of lending a large sum to foreign governments on their general promise to pay was alien to almost everyone except a small group of financiers and newspaper editors in New York. Furthermore, it may be said with confidence that few people in the Middle West believed that the Allies could be successful, and the opponents of the loan sedulously linked this doubt with the idea that their failure in the war spelled bankruptcy and outright repudiation.

5. Closely allied with these ideas was the feeling that the loan was somehow for the benefit of the bankers and that it would enrich the "Money Trust." "City and county banks follow Morgan & Company as sheep follow their bellwether over a precipice," said the *Los Angeles Times*.<sup>23</sup>

6. Some persisted in believing that the loan actually meant shipping *money* out of the country and that it would therefore deprive the United States of capital needed for domestic use. Among these persons may be listed Mr. Bryan, Senator Fletcher of Florida, and Congressman Henry of Iowa. Others, like Hearst and Hermann Ridder, the shrewd editor of the *New Yorker Staats-Zeitung*, chose to argue in this vein for purposes of their own.

7. It was also argued with some force that the loan was a "war loan," that it enriched the munitions industries at the expense of legitimate and permanently useful industries. Mr.

<sup>23</sup> Cited in the *New York American*, September 30, 1915.



Ridder translated this idea into the notion that the whole thing was a "plot" on the part of Great Britain to prevent us from developing our natural trade on lines that would net us a permanent return. At the end of the war we would be left with a huge number of useless plants on our hands, while Great Britain was free to develop her normal trade.

8. Finally, it was sometimes argued that the loan would divert capital to war-torn Europe when it should properly be invested in new and undeveloped regions like South America. This idea was not alone fostered by the opponents of the loan, but lay back of the thought of many serious-minded persons. At the Denver convention of the American Investment Bankers' Association, for example, Dr. E. E. Pratt, chief of the Bureau of Foreign and Domestic Commerce, stated the broad principle of using American capital for such purposes.<sup>24</sup>

It is now necessary to return to the bankers' negotiations. After much delay the terms of the syndicate were agreed upon in New York, but to win over the West four members of the commission, accompanied by Mr. Thomas W. Lamont, went to Chicago. There they were received on September 29 by a large delegation of Chicago businessmen, including J. Ogden Armour, J. Barton Payne, and Silas H. Strawn.<sup>25</sup>

On the same day the terms of the syndicate were released to the public. The loan was to amount to \$500,000,000 and to be the joint obligation of Great Britain and France. The bonds were to mature in five years, to bear interest at five per cent, and to be convertible at the option of the holder into 4½ per cent bonds with maturities of from fifteen to twenty-five years. Members of the syndicate were to be privileged to purchase the bonds at 96 and retail to the public at 98. The bonds were to be issued in denominations of \$100, \$500, and \$1000, and might be paid for by the subscribers in a series of three installments.

The books of the syndicate were opened for subscription on

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<sup>24</sup> New York *Times*, September 22, 1915.

<sup>25</sup> Chicago *Herald*, September 29, 1915. Chicago *Daily Tribune*, September 28, 29, 1915.

October 1. Sales went rapidly, and the offering closed four days later with an oversubscription of \$12,276,200. The customary form of agreement was then followed in allowing the participants sixty days to sell their holdings to the public at 98 and interest, at the end of which time the loan was listed on the Exchange.

Definite and accurate information is here given as to the membership of the syndicate. The total subscribers, comprising banks, trust companies, insurance companies, private banking firms, dealers, manufacturers, and private individuals, aggregated 1567, and were distributed among forty-one states. One thousand four hundred forty-five of these were located in fourteen eastern states (including Ohio and Maryland). New York headed the list with 665 members (465 in New York City), Pennsylvania came second with 223, and Massachusetts third with 217. Thus the industrial and shipping center of the country was overwhelmingly represented. Thirteen Middle Western and Rocky Mountain states, representing the grain, meat, and mining interests, accounted for eighty-three members. The South came next with twenty-seven members, located in eleven states. And finally, the three states of the Pacific Coast, representing fruit and other agricultural interests, yielded twelve members.

Among the subscribers were 207 individuals, in addition to private manufacturing concerns, who apparently entered the syndicate as investors, and not with the intention of reselling their holdings. The newspapers indulged in much merry guessing as to who were the big subscribers. The first \$100,000,000 of the offering was reported taken by six subscribers. In addition, many subscriptions ranging from \$1,000,000 to \$10,000,000 were alleged to have been received. Both John D. and William Rockefeller were said to be heavy investors, the Guggenheim brothers, Otto H. Kahn, James J. Hill, Charles W. Nash, president of General Motors, Irving T. Bush, president of the Bush Terminal Company, and John N. Willys, president of the Willys Knight Company of To-

ledo.<sup>26</sup> This list, if authentic, indicates that the captains of industry—the munitions makers, steel men, automobile manufacturers, railroad and shipping men—whose interests were directly and very closely tied up with the cause of the Allies, invested heavily. Still another imposing list of known subscribers included Daniel Catlin of St. Louis, Joseph H. Choate of New York, Robert T. Lincoln of Washington, D. C., Charles W. Eliot of Cambridge, Massachusetts, and E. P. Ripley, president of the Santa Fe Railroad. A statement signed by these men and commending the loan to small investors appeared in the Chicago *Herald*, October 18, 1915, a step which must have borne some weight as a “talking point” in the sales campaign.

It is difficult, if not impossible, to obtain an accurate picture of the number of small investors. The writer has ascertained by direct inquiry from J. P. Morgan & Company and from one of the large banks in Chicago that no records have been kept of the number or distribution of the sales. Certain deductions may be made, however. The American Bank Note Company, at the time of the original issue, engraved the following pieces: 493,000 @ \$1000 each; 25,000 @ \$500 each; 48,000 @ \$100 each. It seems reasonable to assume that there were almost as many individual subscribers to the issue of amounts of \$500 and less as there were separate pieces printed. How many more subscribers bought bonds of \$1000 denomination cannot be determined. It is clear that the dispersal of small sales was nationwide, however.

Quite naturally the eastern states, which were the investment reservoir of the country, accounted for the greatest portion of the subscriptions. It was hoped that Chicago would absorb \$100,000,000, but when the syndicate was closed its subscription amounted to less than \$5,500,000. Chicago banks in general shunned it, the only one to enter being the Central Trust Company, headed by Charles G. Dawes. Mr. George M. Reynolds, president of the Continental and Commercial National Bank, stated candidly that he would not join because his depositors

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<sup>26</sup> New York Times, October 1, 2, 5, 1915.

objected.<sup>27</sup> This seems to have been the chief deterrent for other Chicago and Middle Western banks. Some institutions even made public announcements that they would not participate.

The bulk of the subscriptions in the Middle West came naturally from the private banking firms. But investments were not confined to Chicago. In St. Louis ten banking institutions participated; even in Milwaukee one broker entered the syndicate. Propaganda and a general feeling on the part of many bank depositors that the loan was either unsafe or morally wrong, or both, however, prevented it from being a striking success in the Middle West. It was non-political in its purposes, but it had important political implications, and it stirred American sentiment profoundly. For the last ten days in September it occupied a place on the front pages of the newspapers on a par with the war news from the Western Front.

It is now pertinent to ask what motives impelled investors to buy the Anglo-French bonds. It is, of course, out of the question to enter into the minds and the hearts of the thousands of people who subscribed. Certainly pro-Ally sentiment had something to do with it. Many people like James M. Beck and Robert Bacon, who had labored indefatigably to arouse feeling in behalf of the Allies, held that there was a duty to invest.<sup>28</sup> The fact that there was so much determined opposition to the loan on moral grounds indicates that its opponents at least were awake to the potentialities of its strong emotional influence. So also, we may be sure, were its supporters, though on the whole they remained discreetly silent. During the selling campaign much had been said about the commercial necessity of the loan for the United States, but little about its moral or political connection with the Allied cause. Among the American people generally, opinion was certainly not yet prepared to accept the view that the cause of the Allies was the "great cause of civilization" or the "cause of democracy against absolutism." Yet a feeling of indignation no doubt was steadily

<sup>27</sup> *New York Times*, September 21, 1915; *Chicago Daily Tribune*, September 29, 30, 1915.

<sup>28</sup> *New York Times*, October 1, 3, 1915.

deepening against the Germans. The execution of Edith Cavell occurred while the Anglo-French loan was being marketed, sending a shudder through America. The recent sinkings of the "Lusitania" and the "Arabic" were international tragedies which had already shocked the moral consciousness of the nation. One may be permitted to suspect, therefore, that in the case of most of the small buyers, as well as with many of the large investors who were ostensibly swayed by reasons of commerce, sentiment played a silent, but important role. It is altogether probable that their purchases confirmed, rather than created, their convictions.

On the other hand, the writer is greatly impressed by the cordial response with which American "big business" greeted the transaction. The loan reflected the close intimacy into which the industry of the country had already been drawn with the Allied cause. Subscription to it was not confined to corporations whose directors might be suspected of pro-Ally sentiment. Banks and other institutions with German affiliations subscribed to it, or, if they did not, they adopted a benevolently neutral attitude. The German Savings Bank of New York kept a strictly neutral attitude, despite pressure exerted on it by hostile propaganda.<sup>29</sup> Kuhn, Loeb & Company abstained from joining the syndicate, but was reported to be in favor of the loan as a necessary protection for American business interests,<sup>30</sup> and at least two members of the firm were said to have subscribed as individuals. Realization that the loan was "good for business," belief that it was essential if the rising volume of exports was to continue, were hence the principal factors in determining its success. Probably the greater part was purchased by individuals or concerns whose business prosperity had come to be more or less directly dependent upon a continuation of the Allies' purchases. But all investors were convinced of the gilt edge quality of their investment, and believed unquestioningly in the financial integrity of the Allies. That they believed also in their military success, goes without saying.

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<sup>29</sup> *Ibid.*, September 26, 1915.

<sup>30</sup> *Ibid.*, September 23, 1915.

Nevertheless, though the exigencies of American business demanded that the loan be absorbed, its consequences ran deep. The British and French governments acknowledged that it was "a measurable factor in the final outcome of the war."<sup>31</sup> In England there was some grumbling over the rate of interest,<sup>32</sup> but the loan was speedily ratified by Parliament and hailed as a "valuable financial stroke, with political value, in the widest sense, into the bargain."<sup>33</sup>

The great Anglo-French loan proved indeed only a first step in a long series of American advances to the Allied Powers. It was the largest single advance and the only unsecured loan offered to the public. Beginning in July, 1916, and ending on April 1, 1917, it was followed by five additional loans to the British and French governments, ranging from \$94,500,000 to \$300,000,000 each. All of these later loans were secured by collateral, handled by syndicates, and sold to the public.

Of these manifold advances by far the most significant was the joint loan of October, 1915. Few private financial operations have received so much attention from the American people as did this transaction. It sharpened the division between "pro-Ally" and "pro-German," to the discomfiture of the latter. It buttressed the credit of the Allies at a crucial time, and buoyed up American exports of all kinds. It strengthened the tie between American business interests and the Allied governments, and, with the additional loans, saturated the American people with the consciousness that their material interests were bound up overwhelmingly with the cause of the Allies.

RICHARD W. VAN ALSTYNE

Chico State Teachers College

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<sup>31</sup> T. W. Lamont in *The Manchester Guardian*, January 27, 1920. "If at that particular time," Mr. Lamont continued, "Great Britain and France had been unable to secure credit for their purchases over here, if they had been unable, therefore, to secure food for their armies, copper, lead, brass, and steel for their munition works, the final outcome of the war would have been rendered doubtful."

<sup>32</sup> *Parliamentary Debates*, 1915, LXXIV, 1218-1276.

<sup>33</sup> *London Times*, October 13, 1915.