

PUBLISHED EVERY FRIDAY

BY
The Monetary Times
Printing Company
of Canada, Limited

Publishers also of
"The Canadian Engineer"

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Established 1867

Old as Confederation

JAS. J. SALMOND
Managing Director

FRED. W. FIELD
Editor

A. E. JENNINGS
Advertising Manager

United States as a Lending Country

CANADA Has Obtained \$284,000,000 From the Neighboring Republic Since the War Began, According to The Monetary Times Records—Funds Estimated at \$3,000,000,000 Upwards Have Been Drawn From That Source by Belligerent Nations to Finance the War—Nearly a Billion Dollars Borrowed on Bonds and Notes.

THE fact that Newfoundland for the first time is seeking a loan in New York again draws attention to the extensive loaning the United States is undertaking on behalf of other countries. Newfoundland is selling there \$5,000,000 5 per cent. 5 and 10-year bonds.

There are three sources whence funds have come for prosecution of the war. These are: (1) The people's savings, reached through bond issues to the public; (2) bank and money market resources, reached through loans made and currency issued against government credit; (3) the capital of neutral countries, reached through the sale of securities in foreign markets, or through government pledges.

The United States has been the source whence funds to finance the war have been drawn to an amount estimated from \$3,000,000,000 upward. Nearly a billion dollars have been borrowed directly by the belligerent nations on bonds and notes. Further sums have been borrowed on "banking credits," and there have been additional operations based upon the enormous volume of American exports of war supplies.

In a round sum, two thousand million dollars have been supplied in exchange for securities returned to United States markets, which prior to the war had been owned in Europe, but which were liquidated in many cases in order that their value might be invested directly in newly issued government bonds.

As pointed out in the interesting pamphlet issued by the Mechanics & Metals National Bank of New York city, with respect to foreign loans, the United States has established an historic precedent. From the beginning of its history to the opening of 1915, it had been a borrowing nation. "The true indebtedness of the United States has been completely hidden by the influx of foreign capital," wrote a foreign observer in *Le Marché Financier* in 1893. Vast sums of money required to develop United States resources had not only prohibited the export of capital, but had induced the older nations of the earth to extend help, so much so that the economic strength of the United States used to be explained as a consequence of the investment of European capital.

Since the war began conditions have been reversed. There has been no influx of foreign capital; instead, Europe has made large demands upon the United States. Yet its economic strength has manifested itself more than ever before. From the early part of 1915, foreign credits

followed one another in close succession, in amounts ranging from ten millions to two-hundred and fifty millions. Great Britain, France, Germany, Italy, Russia and Canada were notable borrowers; Norway, Sweden, Greece and Switzerland secured accommodation. Nations other than those of Europe also came to the United States for assistance.

Loans to foreign countries were made in New York without notable effort, and security sales were absorbed without bringing about any severe readjustment of values or menacing the country's financial structure.

Following is a table which collates foreign loans placed in the United States from the opening of 1915 to the spring of 1916:—

EUROPEAN LOANS.

To Governments.	Description.	Amount.
Great Britain	Anglo-French, 5-yr., 5% Notes.	\$250,000,000
France	Anglo-French, 5-yr., 5% Notes.	250,000,000
France	Notes, 5% (since paid).....	40,000,000
France	Bank Credit	15,000,000
Germany	Notes; 5% (since paid).....	10,000,000
Germany	War Bonds (estimated).....	25,000,000
Greece	Bank Credit	7,000,000
Italy	Notes, 6%	25,000,000
Norway	Notes, 6%	8,000,000
Sweden	Notes, 6%	5,000,000
Switzerland	Notes, 5%	15,000,000
Russia	Bank Acceptances (since paid)	25,000,000
Russia	Bank Credits	7,000,000
Total		\$682,000,000
To Bankers		
British		\$ 50,000,000
French		30,000,000
Scattered		50,000,000
Total		\$130,000,000
Total to Europe		\$812,000,000

LATIN AMERICAN LOANS.

Argentina	Notes, 6%	\$ 50,000,000
Argentina	Treasury Bonds, 6%	25,000,000
Bolivia	Bank Loan	1,000,000
Chili	Bank Loan	6,000,000
Yucatan	Sisal Hemp Loan	10,000,000
Panama	Bonds, 5%	3,000,000
Total		\$ 95,000,000
Total		\$907,000,000