

SOURCE 3: US POLICY ON WAR LOANS TO BELLIGERENTS

(Modified)

Secretary of State Bryan to President Wilson:

Washington, August 10, 1914

My Dear Mr. President:

I beg to communicate to you an important matter which has come before the Department. Morgan Company of New York have asked whether there would be any objection to their making a loan to the French Government and also the Rothschilds -- I suppose that is intended for the French Government. I have conferred with Mr. Lansing and he knows of no legal objection to financing this loan, but I have suggested to him the advisability of presenting to you an aspect of the case which is not legal but I believe to be consistent with our attitude in international matters. It is whether it would be advisable for this Government to take the position that it will not approve of any loan to a belligerent nation. The reasons that I would give in support of this proposition are:

First: Money is the worst of all contrabands because it commands everything else. The question of making loans contraband by international agreement has been discussed, but no action has been taken. I know of nothing that would do more to prevent war than an international agreement that neutral nations would not loan to belligerents....

Second: here is a special and local reason, it seems to me, why this course would be advisable. Mr. Lansing observed in the discussion of the subject that a loan would be taken by those in sympathy with the country in whose behalf the loan was negotiated. If we approved of a loan to France we would not, of course, object to a loan to Great Britain, Germany, Russia, Austria, or to any other country, and if loans were made to these countries our citizens would be divided into two groups, each group loaning money to the country which it favors and this money could not be furnished without expressions of sympathy....

Third: The powerful financial interests which would be connected with these loans would be tempted to use their influence through the newspapers to support the interests of the Government to which they had loaned because the value of the security would be directly affected by the result of the war. We would thus find our newspapers violently arrayed on one side or the other, each paper supporting a financial group and pecuniary interest. All of this influence would make it all the more difficult for us to maintain neutrality, as our action on various questions that would arise would affect one side or the other and powerful financial interests would be thrown into the balance....

With assurances [etc.]

W. J. Bryan