

and had to pay annual tribute to the capitalists of the older European nations, it has in a short space of time developed into a country that is able to exact tribute from the Old World and its dependencies. That fact ought to arrest our attention, for the greatly altered economic position of the United States can not but have important consequences both for the general political development of this country and its working class.

Before the war the amount of European capital invested in the railroads and industries of the United States was variously estimated at from four billion dollars and less up to six billions. The lower figure was perhaps nearer the mark. Fairly accurate figures have during the last two years been supplied by L. F. Loree, President of the Delaware and Hudson Company, in regard to stocks and bonds of American railroads held abroad. Mr. Loree began his compilations on January 31, 1915, six months after the beginning of the war, when large amounts of American stocks and bonds in the hands of foreign capitalists had already been disposed of by them in the United States. At that date he found that the par value of American railroad bonds and stocks held abroad (those stocks and bonds are said to constitute about four-fifths of all American securities owned by foreign capitalists) was \$2,704,402,364. By the end of January, 1917, that amount had been reduced to \$1,185,811,486, so that in two years United States railroad stocks and bonds held abroad, of a par value of \$1,518,590,878, have returned to this country in the shape of payments for American goods. That movement is still going on, and the time can not be far away when the indebtedness of American railroads and industries to foreign owners of capital will be wiped out or will at least be very small.

On the other hand we see a contrary movement of capital going on in a similar vigorous fashion. Capital is leaving the United States in the shape of foreign loans the interest on which already amounts to a sum equal to the budget of a European country of respectable size. The foreign loans made in this country since the beginning of the war have been listed by the National City Company as follows:

Great Britain	\$1,131,400,000
France	736,700,000
Russia	148,500,000
Italy	25,000,000
Germany	20,000,000
Canada	334,999,878
Newfoundland	5,000,000
Latin America	160,267,375
Asia	9,000,000
Neutral European Nations	35,000,000

\$2,605,867,253

Loans repaid or refunded 229,271,375

Net amount outstanding \$2,376,595,878

It will be noticed that the capitalists of the United States have not only lent immense sums to England and France, but have also provided money for countries which in time of peace used to turn to the money markets of the older capitalist countries. The American capitalist is thus seen to acquire a grip on countries like Canada and the South American republics, where up to the time of the war investments of capital assured the predominance of European, and especially British, interests.

One clear conclusion can be drawn from the foregoing figures, viz.: that the balance of payments as between Europe and the United States is being reversed—that it will in the future be in favor of the United States. That balance is bound to grow steadily more in favor of this country as the war proceeds, and hence arises the difficult question of how the European countries are going to settle that balance. The question will become particularly acute soon after the end of the war. The European nations will want to import from America food and raw material, possibly also machinery to replace the tools that are now being worked to death. On the top of the payments for such goods they will have to pay the interest on the loans contracted in this country. It is hardly likely that they will be in a position to swamp this country with their goods and thus settle matters;