

A \$100 million loan to China

The time is ripe to propose to Congress the extension of a \$100 million ten-year credit to be used by China for the purchase of whatever American products she wishes.

On economic and on political grounds a loan of \$100 million to China at this time is opportune. As a political move it would be decisive in the Far Eastern situation and hasten the defeat of Japan, and might well bring hostilities to an immediate close.

A loan of \$100 million at this time would give to the United States a favored position in the development and reconstruction in China which will inevitably take place within the next few years. China has 400,000,000 people and the present hostilities are rapidly removing the fetters which have prevented the industrial revolution from making progress throughout China, particularly in the West. The loan is not a bad risk, particularly if made at low rates of interest, and the close tie between the United States and the revitalized Central Government of China and the awakened people of China is infinitely more valuable than the risk involved in the loan.

China could easily spend \$100 million in the United States in a year. The experience of the \$25 million loan indicates that such expenditures can be distributed throughout the country in such way as to make the loan very popular. The \$25 million loan previously made was very popular. The conditions now are more conducive to a favorable reaction than they were at that time. The proper program of education as to the economic effects, both short term and long term, of such a loan and of its political significance, would go far toward insuring the success of the loan in Congress.

We need the additional business now; China needs the goods and the economic assistance more than ever. The loan would be a great contribution to the defense of democracy and to the President's foreign policy. It would, in a real economic sense, cost us nothing even though we never were repaid a cent of the loan.