

Sweden, Norway, Denmark, Holland and Switzerland, all contiguous to Germany and of necessity entertaining intimate relations with the latter, are playing a role in the present difficulties that cannot be ignored by the United States. Our government through the powers being exercised by the President is doing the proper thing in placing an embargo on food and other products going into these countries and this control cannot be exercised too rigidly. Similar steps should be taken with financial transactions as we have good reason to believe that Germany is using any one or all of its neighbors as financial agents for the world at large. The Scandinavian countries in particular through freights mainly have accumulated vast credits in the United States, which in a measure are at the disposal of Germany through coercion or otherwise, and it is the duty of the American Banker to close up all avenues through which this money can be made available to German interests. Cases are known where transfers have been attempted to Spain, Holland and Switzerland and vice versa and the writer has in mind one particular transaction of five million dollars that was transferred from Sweden for Swiss account to parties in New York. This particular transfer was referred back for an explanation, which after considerable delay was forthcoming to the effect that it was intended as cover for a loan that Switzerland had made in the United States but which did not mature until 1919. This on the face of it was such a specious reason that it was apparent that steps had to be taken to place an embargo on this money to insure its being used for that purpose only. This has been done most effectively, but I understand that the action was a source

of grave disappointment to all parties concerned. Undoubtedly numerous sinister cases have occurred which have defied detection and radical steps will have to be taken to insure that all transfers through neutral accounts be properly explained and passed upon by any commission having the control of the exchanges in charge. Deposits are rapidly increasing in the United States, for which neutral countries have at the present time no use and as a result the United States is at a severe discount in these countries. This is merely academic and is of no advantage to the countries in consequence of the embargo now existing. Some of this money is seeking investment here, particularly in shipbuilding and loans on vessels flying the American flag. The Norwegian Government has taken up in toto a loan made in this country in 1914 and Switzerland has made provision for a loan of five million maturing in 1919, although this was rather compulsory. Owing to the fact that the rate of exchange on the dollar is such an adverse one, it is ^{not} likely that these funds will be withdrawn in the near future; consequently, the United States will continue to have the benefit of these deposits for some time to come - only proper steps must be taken that they are not made available for the use of the enemy, which in my opinion will not be such a difficult matter to prevent.