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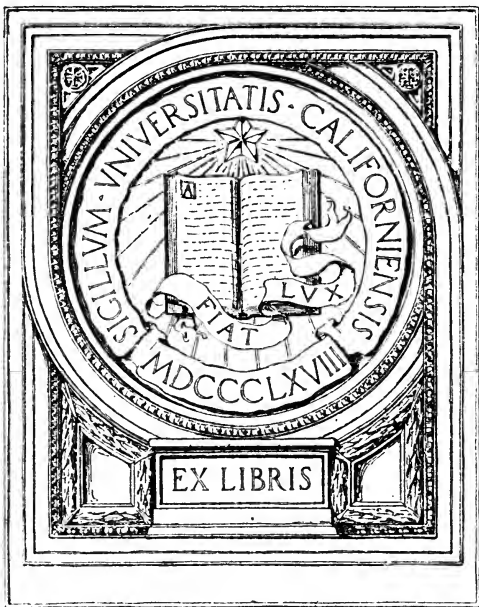
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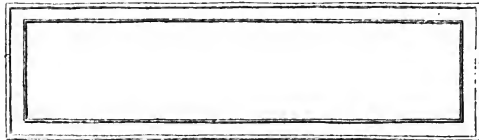
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France and America

Their Mutual Interests
and Obligations



Guaranty Trust Company
of New York



France and America

Their Mutual Interests
and Obligations



9/20/4

Guaranty Trust Company of New York

140 Broadway

PARIS OFFICE
Rue des Italiens, 1 & 3

FIFTH AVENUE OFFICE
Fifth Avenue and 43d Street

LONDON OFFICE
32 Lombard Street, E. C.

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GUARANTY TRUST COMPANY OF NEW YORK

TO THE
ADMINISTRATOR

UNIVERSITY OF CALIFORNIA

France and America



Announcement

For over twenty years the Guaranty Trust Company of New York has maintained an office in London, at 32 Lombard St., E. C. To the foreign trade of the United States this office has been of value. The progress it has made and the magnitude of its operations are but a reflection of the rapid development of the parent company in New York. The Company has now opened a similar office in Paris at Nos. 1 & 3 Rue des Italiens. This location is very close to the Grand Boulevards and about midway between the Bourse and the Place de l'Opéra, the two centres of business activity in Paris. The Paris offices of the Trust Company will have, as close neighbors, the Credit Lyonnais, the Banque de l'Union Parisienne, the Banque Nationale de Credit, the Credit Mobilier, and the Banque Union de Moscou.

The offices of the American Consul General are located in the same building, which adds an important convenience. Adjoining is the office building of "Le Temps" one of the leading and well-known newspapers of Paris.

With a frontage of 81 feet and a proportionate depth, the Paris quarters are spacious and convenient. Their equipment is thoroughly modern and includes a safe deposit and safe custody department.

Alexander Phillips, who has served as the Paris representative of the Trust Company heretofore, and who has a broad grasp of foreign business conditions and of French banking laws and Customs, is in charge of the new office. G. Hebmann, who has been manager of the leading French branches of the Comptoir National d'Escompte de Paris serves as Sub-Manager. William G. Wendell, formerly in charge of the New England bond business of the Trust Company, serves as Secretary, with Richard P. Staigg as his assistant. Robert Bienz and B. Avegno, from the London office, have charge of departments in Paris, and Olaf

Giese is the Chief Accountant. The system of accounting and auditing followed in the Paris office will conform to that used in the main office and all its branches. B. G. Smith, the Auditor of the Trust Company, went to Paris and perfected plans to this end.

Through the establishment of this branch, it is believed that another important link has been forged in the chain of friendly and mutually profitable relations between French and American banks and business houses. It will enable the Guaranty Trust Company to handle a large volume of business with France, and, after the war has come to an end, to develop the existing commercial relations between the two republics. American business concerns and individuals having interests abroad will find it to their advantage to establish banking relations with the Paris office of the Guaranty Trust Company, as will American citizens traveling abroad or serving with the armies in France.

Conscious of America's debt to France, and of the friendly ties enduring between the nations for more than one hundred years—

ties which time only strengthens—we deem the occasion fitting to mention a few of the many services we owe to France, and to sketch briefly some of her achievements in industry, commerce, and finance.

Guaranty Trust Company of New York

France and America

Between America and France, separated by an ocean but united by their common love of liberty, justice, and humanity—ever the ideals of peoples of real strength—the friendliest, the most fraternal relationship has been maintained for nearly a century and a half.

The liberty that America has enjoyed for one hundred and forty years, France helped her to achieve. The swords of Lafayette and Rochambeau, aided by the guns of De Grasse upon the high seas, assisted in cutting the foreign ties that bound the American colonies prior to the War for Independence; and from the private purse of King Louis himself came the first loan to America—unsecured and unconditional—to finance that historic undertaking. It was with entire justice that Washington wrote to Rochambeau; “To the generous aid of your nation and to the bravery of its sons is to be ascribed in a very great degree that independence for which we have fought.”

France Was Our Sponsor

Following the decisive victory at Yorktown—impossible without the assistance and cooperation of Washington's French allies on land and sea—which virtually ended the War for Independence, came the treaty of Versailles in 1783. It was this treaty which organized and created the United States of America; and it was a French sloop which brought to Boston the first announcement of its execution. Thus, France, having helped us to win our independence, gave us a friendly asylum in which to conclude our terms of peace. She did more: she stood sponsor for us upon our entry into the sisterhood of nations; was the first European state to receive a diplomatic representative from our shores; and similarly, was the first to recognize our national dignity by sending to us a representative from her Court.

Always America's Friend

When in 1803 the United States desired to purchase from France the city of New Orleans, Napoleon the Great ceded us the whole

Louisiana Territory with its enormous resources, thus giving us access to the Caribbean Sea and to the Pacific Ocean, and making ours the lands that now form the vast and fertile plain west of the Mississippi. The acquisition of this territory was of inestimable significance in the development of the nation; after the Revolution itself and the Civil War perhaps the most significant event in our history. Again, in 1812, though not directly allied with us, France indirectly aided us. And in 1898, following the close of the Spanish-American War, from France came the overtures for peace, and Paris was again the scene of the treaty which concluded matters. Thus, in 1783, 1803, 1812, and 1898, France participated in the most momentous acts of our national existence. This continuity of goodwill and service emphasizes the close, intimate, and deep sympathy which unites the two peoples.

The Nation's Capitol of French Design

It was a French engineer, Major L'Enfant, who had fought and bled for us during the

War for Independence, who was commissioned by President Washington to prepare a plan for the building of our Federal city, after that undertaking had been decreed by Congress on July 16, 1790. Major L'Enfant did this work with conspicuous ability and his plans were closely followed though he did not live to see realized the city of his dreams. However, on April 28, 1909, his remains were removed from their previous resting place and reinterred in the Arlington National Cemetery with fitting ceremonies, in which the President of the United States, Representatives of Congress, the Supreme Court, the Society of the Cincinnati, and other patriotic organizations, participated.

Reciprocal Courtesies

Thirty years ago the people of France gave to the people of the United States the colossal figure of Liberty which stands on Bedloe's Island in New York harbor. There, raised high above the waters of the harbor and looking out toward the open sea, flaming torch in hand, the great statue welcomes the traveller visiting our shores and the im-

migrant seeking refuge in free America. Later, moved to an expression of our undying appreciation of a French gentleman and a hero, the people of the United States gave to the people of France a monument to the memory of Lafayette, which was unveiled in Paris on July 4, 1900. The ceremonies upon this occasion were imposing and dignified, and the event united yet more closely the sister republics of America and France.

The deeply rooted sense of attachment existing between the peoples of France and America was again manifested when the United States welcomed Marshal Joffre, former Premier Viviani, and the French Commission on their memorable visit to this country shortly after our entrance into the European War. Everywhere they were acclaimed with the wildest enthusiasm. To the American public they typified the soul of heroic France, and the great, generous heart of Columbia beat with affection for them. This visit, in the unity of feeling it expressed, was one of the most significant events in the history of two peoples.

The emotions awakened here by Joffre and Viviani were equalled only by those aroused by General Pershing and his staff when they arrived in France as the vanguard of the United States Army—the harbingers of America's might come to the rescue of France and Democracy.

Liberty and Democracy Unite Us Today

The points of sympathy between France and America are too many to enumerate, but the spirit of liberty and its resultant democracy are, today as always, the major ideals of both nations. Seeking no victories but those of peace, no territory except their own, no sovereignty except sovereignty over themselves,—the independence and equal rights of the weakest member of the family of nations are to the people of the United States and of France entitled to as much respect as those of the mightiest empire. In defense of these principles, France is engaged in a death struggle with militant autocracy and ruthless aggression and it is not surprising to learn that she has loaned to her allies

and to other friendly states 7,000,000,000 francs with which to further the cause of democracy. It is in keeping with America's traditions that since the date on which we formerly aligned ourselves with France and her allies in the great struggle, our Government has loaned to France \$370,000,000.

Genius, Industry, and Thrift

Until the outbreak of the war in 1914, France was busy and prosperous. Then followed an upheaval. Any study of her past, however, particularly since 1871, shows her ability to recuperate rapidly from losses inflicted by war, and reveals clearly her industrial strength, and her financial elasticity. Suffering the loss of Alsace and Lorraine in 1870-1871, with 1,600,000 inhabitants, she was deprived of two fertile provinces of great economic importance and value. This loss was valiantly sustained, and the financial and industrial dislocations attendant upon the Franco-Prussian campaign were speedily composed. Her creative genius, the great resources of her soil, her application to industry,

and her thrift explain her rapid recuperation and progress.

Wealth, Gold, and Savings

These things make for the remarkable stability of the wealth of France. In 1869 it was estimated at about 185 milliards of francs; in 1871 at 175 milliards of francs; in 1878 at 216 milliards of francs and in 1914, before the outbreak of the war, at 287 milliards of francs. The valuation of her income, according to competent authorities, rose successively from 12 milliards of francs in 1853, to 22 milliards of francs in 1878, to 28 milliards of francs in 1903, and to 32 milliards of francs in 1914.

Immediately prior to the war, France had a gold stock equalling \$1,200,000,000 and a stock of silver aggregating \$411,100,000. Of gold, silver, and paper, her per capita allotment amounted to \$48.63, which was more than 25% in excess of the per capita of gold, silver, and paper for the United States in the corresponding period; more than twice that of the United Kingdom of Great Britain and Ireland; approximately two and one-half

times that of Germany; and more than four times that of Austria Hungary.

With a population of 39,600,000 at the beginning of 1913, France had in postal and private savings banks accounts of 14,578,897 depositors, with aggregate deposits equivalent to \$1,091,303,658. On June 30, 1915, the United States had only 11,811,169 depositors out of a population of 101,740,000. Thus, almost 40% of the people of France work for the future and accumulate for posterity, against only 11% for this country.

Basis of Nation's Strength

The financial solidarity of the French republic is to be ascribed to three influences: first, a thoroughly sound banking system, centralized in one of the greatest banking institutions of the world, the Bank of France; second, the ingrained thrift and frugality of the French people as a whole, together with a national economic vigor not elsewhere surpassed; third, wise supervision, and patriotic cooperation by the government with banking and business interests. The Franco-

Prussian war of 1870-1871 taught the French people the meaning of thrift and economy. So well did they learn this lesson, that the whole sum of the indemnity demanded by Germany, aggregating \$1,000,000,000, was raised within the republic's confines by its own inhabitants and paid off more than one year before the time stipulated by the Germans.

French Loans Popular

The habit thus acquired has never been forgotten by the French, and today the aggregate number of investors purchasing the French war loans has reached the amazing total of 4,500,000 individual subscribers. Perhaps no other country, in proportion to its population, can make so good a showing. France is particularly fortunate in that her small investors prefer "safe" investments rather than offerings which promise high returns. Government Rentes or Consols in France are perpetual, and this characteristic seems to obtain for them increasing favor in the eyes of the French people.

National Credit

One of the clearest evidences of the loyal way in which the French people stand behind the nation in its financing, is the heavy over-subscription which has marked the issue of many of its loans. As an illustration, the loan of 1872, for 3,500,000,000 francs at 5%, brought in subscriptions for 43,816,096,551 francs; and the loan of 1891, for 939,480,000 francs at 3%, resulted in a total subscription of 16,000,000,000 francs. The government policy of issuing its loans in small denominations makes for their popularity and widespread distribution. In the French ledger of public debt for 1913, holders of 3% Rentes totaled 4,443,904 and of these only 14,231 held allotments in excess of 1,000 francs. Those who held income warrants for 3 francs numbered 107,447; for 5 francs, 250,539; for 20 francs, 395,613; and for 30 francs, 663,747. This unusual tendency of the French people contributes largely to the stability of prices of government securities and to the low rate of interest on the public debt: from 1873 to 1901 the rate did not exceed 3½%.

Loan Price Recoveries

Moreover, the government does its part to warrant and retain the confidence of the holders of its securities. One of its wise policies is to impose new taxes to defray the interest charges on new security issues. It began this practice after the Franco-Prussian War, and is today following the same rule in regard to securities issued to finance the present conflict. This continuity of purpose, doubtless, will prove reassuring to all holders of French government securities. Under this method of procedure the French liberating loans of 1870-1871, previously referred to, issued at 82.5 and 84.5, respectively, showed a high price of 93.4 and a low of 85 in 1873, went to a high of 106.4 and a low of 99.6 in 1875, and reached a maximum of 120.8 in 1880 with a low of 115.3. Similarly, the 3% Rentes which had dropped to 50.3 in March, 1871, reached par in 1892 and sold five years later at 105.2.

All these facts and figures reveal in different ways the solidarity of French finance. To sustain the credit of their nation is almost

a religion with the French people. It is, therefore, with no sense of discouragement that those who know France best look to her future.

“Industries de Luxe”

There is another aspect of the genius of France which justifies this optimism: her splendid aptitude for industrial activities, and her resulting position in the industrial world.

Industrial development in France for more than a century shows an amazing diversity. This compels her to import large quantities of raw material, which are converted into manufactured products of great value. No other country approaches France in the artistic perfection of many of her exports, and for this reason France enjoys a practical monopoly of the “industries de luxe.” Accordingly, because of the artistic nature of her products, the “quality rather than quantity” element in her manufactures, a relatively smaller export tonnage earns a greater profit than is the case with her competitors

exporting coal, other raw materials, or ordinary manufactured products. To France belongs the special and highly profitable privilege of supplying to other countries "objets de luxe" which cannot be produced elsewhere. To America come many exports of this class, and so long as the demand persists for French fashions and French porcelains, for the silks of Lyons and the delicate scientific instruments of Paris, the commercial relations between the United States and France will be a source of pleasure on the one side and profit on the other.

Industrial Progress

In judging the industrial status of any nation, its production and consumption of coal, iron, and steel, and the growth of its transportation systems are highly significant factors.

COAL

In 1869, French industries consumed 21 million tons of coal, of which 13.5 millions were taken from home mines. In 1912, the

consumption was 61 million tons, of which 41 million tons were taken from home mines.

IRON AND STEEL

In 1869, the French output of cast iron was 1,380,000 tons, and of steel, 1,060,000 tons. In 1914, France produced 5,311,000 tons of cast iron and 4,635,000 tons of steel.

RAILWAYS

The increasing activity of her railway system is similarly demonstrable. In 1869, there were in France 10,743 miles of railroad track; in 1912, there were 31,546 miles.

NAVIGATION AND TONNAGE

Between 1869 and 1912, inland navigation increased 150%; while the traffic of her mercantile marine had amazingly expanded. The tonnage entering French ports in 1869 is set down as 11,000,000 tons. In 1912, this had been increased to 53,000,000 tons.

Our Exports to France

Our official records show that, as early as 1790, the United States exported to France merchandise valued at \$1,384,246. By 1833

this valuation had been increased to \$13,705,915. In 1866, merchandise shipped to France from the United States was valued at \$51,312,103; and in 1880, when the hundred-million dollar mark was crossed for the first time, our shipments to our sister republic were valued at \$100,063,044. Since 1907, our annual exports to France from this country have always exceeded \$100,000,000, rising in 1915 to the then unprecedented total of \$369,397,170 and in the following year mounting still higher,—to \$628,851,988.

Our Imports From France

The values of imports from various countries to the United States were not officially recorded prior to 1820. For the year 1820-1821, our imports from France were valued at \$4,125,292. By 1830, this valuation had almost doubled, the total reaching \$7,659,869. In 1860, French imports to America were valued at \$43,171,413, and in 1890 at \$77,622,311. For 1910, the figures record a gain of approximately 84%, the total valuation for that year's imports standing at

\$132,363,346. In 1914 (the year of the war's outbreak), imports from France to this country totaled \$141,446,252. In 1915, this total was practically cut in half, the figures being \$77,158,740. But for 1916 a surprising gain is recorded—French imports to America rising to \$102,077,060. A nation that can achieve such a commercial recovery while her territory is being ravished by the invader, possesses recuperative powers which justify the belief that she will emerge from the present conflict prepared to meet and solve triumphantly the problems which confront her.

The commercial and industrial record of France, following past wars, indicates that she should recover quickly from the destruction inflicted in the present conflict. The reconstruction of railroads, the erection of factories to replace those destroyed, and the replacement of the mechanism of industrial activity that will be required, and that is in part already planned, offer a peculiarly inviting field to American capital and enterprise. Tentative steps have already been

taken by representatives of American engineers and business men in this work. Aside from its attractive business aspect, the enlistment of American money and effort in the great task of reconstruction that will remain at the end of the war will tend to cement still more closely the ties that bind the two great Republics together, and will enable Americans to discharge in part the debt they owe to France for her friendly interest in the welfare and progress of the United States from the beginning of its life as a nation.

August 9, 1917

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