

PROBLEM 1—LOANS AND EXPORTS IN SEPTEMBER 1914

The U.S. has about \$825 million of trade with the Allies and \$170 million with the Central Powers. Both sides are requesting loans and increased trade. The British and French can get some goods from Canada and other countries, but only the United States can supply the huge amounts of goods they need. The Germans are especially interested in cotton (for explosives) and copper (for ammunition). Both sides need food and textiles.

Explain why you, as President Wilson, would or would not do each of the following:

- A. Allow American banks to loan money to the warring powers. The countries getting the loans would have to pay the money back with interest. This is the only reasonable way countries can get enough money to buy the goods they need to fight the war.
- B. Allow American companies to sell goods directly to the warring countries.

You can ask the teacher any two of the following questions, or you can ask one and then come up with one question of your own:

1. Is it legal, under international law, to grant loans and sell goods to warring countries?
2. Is Britain able to prevent the U.S. from selling goods to Germany?
3. Is Germany able to prevent the U.S. from selling goods to Britain? How many submarines does Germany have?
4. What is the state of the U.S. economy, and what effect might the loans and sales of goods have on it?
5. Which side started the war?
6. How does the American public feel about the war and trading with the warring countries?
7. Is it ethical to trade with warring countries? What if more trade goes to one side than the other?