

Toward this goal various banks are seeking to work, but the field is new. The task is complicated by the lack of co-operation between exporters and importers as well as by the absence of established American banks in South American financial centers. The new banking law, fortunately, permits the establishment of foreign branches of national banks. The National City Bank has availed itself of this authority, but the authorization of national banks to deal in acceptances of foreign paper is not yet effective. So long as it is not in operation a serious difficulty confronts the establishment here of an international discount market strong enough to support direct exchange with the neutral markets of South America and the Far East.

### Trade Independence Essential

The war has demonstrated that foreign trade is a vital element in our domestic prosperity. The conflict has disclosed a fundamental weakness of our foreign trade's dependence upon European banking. Although neutral, our commerce has suffered, through this dependence, the rigors of war. It is relief from these disadvantages rather than hasty efforts to capture markets temporarily vacated by our friendly competitors which logically demands attention.

With the gradual resumption of ocean transportation and the control of the sea by England the equilibrium of London exchange may again be restored. Nothing is more fallacious, however, than to await this restoration as the sole remedy of the disruption of oversea commerce.

What the war has in store is uncertain. Blind dependence upon the banking mediation of any belligerent is hazardous. Our greatest opportunity lies in the establishment of those direct financial relations and the American steamship connections necessary to assure the economic independence of the trade we already have and of that which we hope to gain. With increased banking and steamship facilities of our own it should be possible to pay for a greater proportion of our imports in merchandise of our own production and to retain in the United States a greater proportion of the funds due for imports.

While individual opportunities will offer themselves to our exporters and importers, the general security and prosperity of the South American trade can be guaranteed only by the formulation of a definite policy upon the part of business men as well as the government and by co-operation among all elements. Increased South American trade founded on anything less substantial will remain vulnerable to the changing fortunes of European finance and business.

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