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FOREIGN ASSETS AND LIABILITIES OF THE UNITED STATES

AND

ITS BALANCE OF INTERNATIONAL TRANSACTIONS

A REPORT TO THE SENATE COMMITTEE ON FINANCE

BY THE

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

DECEMBER 18, 1947

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CONTENTS

	Page
Introduction	1
Chapter I. Foreign credits and other financial aid by the United States Government (items 2, 3, and 8)	3
A. Foreign credits	3
World War I indebtedness of foreign governments to the United States (1917–21)	6
The German debt, World War (1917–21)	13
Foreign credits 1934 to July 1, 1947	16
International Monetary Fund and the International Bank for Reconstruction and Development	31
Commitments to extend aid	33
United States Stabilization Fund Agreements	34
B. Other financial assistance to foreign countries	35
C. Installations and surplus property abroad	41
Surplus property inventory	43
Chapter II. International investment position of the United States and gold reserves of foreign countries (items 1, 4, 5, 6, and 16)	44
A. American-owned assets in foreign countries	45
B. Foreign-owned United States assets	51
C. United States securities and other long-term assets of countries participating in the European recovery program	56
United Kingdom	58
Netherlands	59
Other European countries	60
D. Foreign countries' gold and short-term dollar resources	61
Chapter III. Status of American investments in foreign countries (item 7)	67
A. Treaty provisions	67
Establishment of and participation in corporations	67
Reciprocal trade agreements	68
Double-taxation conventions and agreements	69
Aviation agreements	70
B. Legal status of direct investments in foreign countries	73
United Kingdom and British Dominions	73
Europe	77
Latin America	91
Far East	115
Africa	123
C. Default status of private United States loans to foreign countries	124
Chapter IV. National debt, revenue, and income (items 10, 11, 12, 13, and 14)	127
General statement and definitions	127
Government revenue	128
Government debt	129
National Income	129
Average interest rate for foreign-government borrowing	137
Effect of the war on the public debt of the United States	138
Size of the public debt	138
Ownership of the public debt	139
Rate of interest on the public debt	139
Average interest rate for United States Government borrowing	140
Chapter V. Balances of payments of the United States (items 9 and 15)	142
A. Balance of payments of the United States	142
B. American loans and grants to foreign countries in the international transactions of the United States	167
Postwar foreign lending by private United States sources	168
C. Postwar foreign lending by foreign countries	170
Chapter VI. Problem of servicing the debt (item 17)	176
Probable volume of debt service	177
Conclusion	177

LIST OF TABLES

Table		Page
1.	Credits to foreign countries by the United States Government, through June 30, 1947	4
2.	Other financial assistance to foreign countries by the United States Government, through June 30, 1947	5
3.	Principal amount of obligations of foreign governments originally acquired under the various acts of Congress	6
4.	World War I debt owed the United States, as of July 1, 1947	7
5.	Principal and interest computed at the rates specified in debt agreements with foreign governments, credit allowances, cash payments, and the total debt as funded	9
6.	Principal of debt as funded, interest funded, and amount to be received over funding period on account of principal and interest	10
7.	Dates of moratorium agreements, amounts postponed, and payments to be received over the 10-year period	11
8.	Total payments received on account of indebtedness of foreign governments to the United States, as of July 1, 1947	12
9.	Summary of receipts by fiscal years	13
10.	Indebtedness of Germany under the funding and moratorium agreements of June 23, 1930, and May 26, 1932	15
11.	Status of foreign credits of the United States Government, by agency, by type of credit, and by country, as of June 30, 1945, and as of June 30, 1947, and activity since July 1, 1945	17
12.	Loans to foreign governments and entities, by country, by agency, and by status, July 1, 1940, through June 30, 1947	20
13.	Property credits to foreign governments and entities, by country, by agency, and by status, July 1, 1940, through June 30, 1947	23
14.	Advances to foreign governments and entities, by country, by agency, and by status, July 1, 1940, through June 30, 1947	26
15.	Financial assistance (other than loans and credits), by country, by agency, and by type of transaction, July 1, 1940, through June 30, 1947	35
16.	Cost of State Department property in foreign countries to which title was acquired before December 31, 1946	42
17.	Property in Europe, declared surplus by United States agencies, remaining for disposal as of September 30, 1947	43
18.	Estimated value of American-owned assets in foreign countries, by government and private categories, end of 1946	45
19.	Estimated value of American-owned assets in foreign countries, July 1, 1914	46
20.	Estimated value of American-owned assets in foreign countries, 1933	46
21.	Estimated value of American-owned assets in foreign countries, 1940	48
22.	Value of American-owned assets in foreign countries, May 31, 1943	49
23.	Estimated value of American-owned assets in foreign countries, end of 1946	51
24.	Estimated value of foreign-owned United States assets, July 1, 1914	51
25.	Value of foreign-owned United States assets, middle of 1937	52
26.	Value of foreign-owned United States assets, June 14, 1941	54
27.	Estimated value of foreign-owned United States assets, end of 1946	56
28.	Gold and United States assets owned in foreign countries, June 30, 1947	57
29.	Gold and short-term dollar resources of foreign countries, as of June 30, 1947	65
30.	Status of publicly offered foreign dollar bonds, as of December 31, 1946	126
31.	Per capita tax burden, debt burden, and national income of the United States and of foreign countries, and ratio of taxes to national income, 1939 and 1946	130
32.	Internal and external public debt of foreign countries, 1939 and 1946	133
33.	Population and exchange rates used in preparation of table 39	135
34.	Current yields of foreign government bonds, as of August 1947	138
35.	Total public debt of the United States outstanding, classified by issuer, June 30, 1939	135
36.	Estimated ownership of all interest-bearing securities by governmental units in the United States, June 30, 1939, to June 30, 1946	140

Table Page
37. Yields on United States Government securities, June 30, 1939, to June 30, 1947 141
38. Total Government receipts in United States, 1939 and 1946 141
39. International transactions of the United States, 1914–47 144
40. Reexports of foreign merchandise from the United States, 1914–46 147
41. United States exports, by commodity groups and countries, 1914, 1932, 1939, and 1946 148
42. United States imports, by commodity groups and countries, 1914, 1932, 1939, and 1946 157
43. Outflow of United States long-term capital and unilateral transfers, July 1, 1945, to June 30, 1947 168
44. Foreign credits by private United States lenders from June 30, 1945, to the present 169
45. Postwar Canadian loans and advances to foreign governments 171
46. Postwar foreign loans by Latin-American countries 171
47. Postwar foreign credits by private British lenders 173
48. Postwar foreign loans and advances by Sweden 174
49. Postwar foreign loans and advances by Switzerland 175

LETTERS OF TRANSMITTAL

UNITED STATES SENATE,
COMMITTEE ON FINANCE.

To the Members of the Committee on Finance:

There is transmitted herewith a report to the Committee on Finance by the National Advisory Council on International Monetary and Financial Problems. The National Advisory Council undertook to submit this report, as you may recall, when the committee had under consideration Senate Resolution 103 by Mr. Butler requesting information relative to loans and commitments to foreign governments and other fiscal statistics. In view of the restriction placed upon the information furnished respecting military installations, that information does not appear.

Very truly yours,

EUGENE D. MILLIKIN, *Chairman.*

THE SECRETARY OF THE TREASURY,
Washington, December 18, 1947.

Hon. EUGENE D. MILLIKIN,
Chairman, Committee on Finance, Suite 310,
United States Senate.

MY DEAR MR. CHAIRMAN: I am transmitting herewith a detailed report prepared pursuant to my letter to you, dated July 18, 1947, stating that the National Advisory Council was taking the necessary steps to collect the data requested in the proposed Senate Resolution 103. This report covers items 1 to 16, inclusive. Data in response to item 17 of the resolution, now in the course of preparation, will be forwarded shortly.

The work of bringing this material together in accurate and systematic form was done by a committee composed of representatives of the Treasury Department, the Department of State, the Department of Commerce, the Board of Governors of the Federal Reserve System, the Export-Import Bank, and the Securities and Exchange Commission.

Information with respect to military installations abroad as requested in item 8 is separately attached and should be treated as a restricted document.

Very truly yours,

JOHN W. SNYDER,
Chairman, National Advisory Council on International Monetary and Financial Problems.

TREASURY DEPARTMENT,
Washington, January 13, 1948.

Hon. EUGENE D. MILLIKIN,
Chairman, Committee on Finance, United States Senate.

MY DEAR MR. CHAIRMAN: I am transmitting herewith the response to item 17 of the proposed Senate Resolution 103. This is in accordance with my letter to you dated December 18, 1947, transmitting the other material requested in the resolution.

This completes the work on Senate Resolution 103.

Very truly yours,

JOHN W. SNYDER,
Chairman, National Advisory Council on International Monetary and Financial Problems.

FOREIGN ASSETS AND LIABILITIES OF THE UNITED STATES AND ITS BALANCE OF INTERNATIONAL TRANSACTIONS

INTRODUCTION

This report is in response to Senate Resolution 103, submitted by Mr. Butler on April 9, 1947, and referred to the Committee on Finance of the Senate. That committee asked the Departments of State and Treasury for comments on the resolution. When these requests were discussed by the National Advisory Council on International Monetary and Financial Problems, the Council offered to supply the data without formal resolution by the Senate. This offer was accepted by the Committee on Finance on June 27.

Senate Resolution 103 listed 17 items as to which information was desired, relating to the international financial position of the United States.

Data on these 17 items have been grouped into six chapters. Additional information has been included where pertinent and data have been supplied with respect to all foreign countries when such was available.

Data in respect to each item is preceded in the report by the item as stated in Senate Resolution 103. A brief statement precedes each set of data explaining any technical points necessary to the understanding and correct use of the data. The first 16 items are largely factual and the data are contained in about 50 tables, many of them quite extensive. The text is primarily descriptive, not analytical.

Chapter I contains a complete record by countries of all loans to foreign countries by the Government of the United States from 1914 to June 1947. It includes information regarding the repayment status of the loans, the extent to which they were utilized and to which they are still unutilized. In addition, information is given regarding the subscriptions made by this Government to the International Monetary Fund and the International Bank for Reconstruction and Development. Although the subscriptions of the United States are not direct loans to foreign countries, they facilitate financial assistance by those institutions in subsequent periods.

Chapter II is devoted to statistical data regarding the creditor-debtor position of the United States as of several significant dates. The data for the earlier dates was, in the absence of official studies, based on private studies. They differ somewhat in completeness and accuracy from studies made more currently and backed by the resources of the Government. This chapter includes a table regarding the total gold and short-term dollar balances of foreign countries, requested in item 6, and an analysis of the adequacy of those holdings for the purposes for which they are normally held.

Data regarding the status of American investments in foreign countries are contained in chapter III. Senate Resolution 103 in item 7 called for the legal and actual status of American direct investments in foreign countries. Chapter III includes a short analysis of United States treaties with foreign countries which affect the rights of our citizens to do business abroad and a brief survey of the default status of foreign bonds sold in the United States.

In the chapter on national debts, taxes and incomes—chapter IV—there are shown as complete data as could be obtained relating to the per capita debt and tax burdens of each country and their relation to the national incomes of those countries. Supplementary data are given about the external debts of each country together with some information concerning the interest rates applicable to government borrowing.

The balance of international transactions of the United States is shown in chapter V in standardized form for the period 1914–18 and by years from 1919 to 1947 together with a detailed tabulation of the foreign trade of the United States for 1914, 1932, 1939, and 1946 by major economic groups. Additional to this are data regarding the principal postwar foreign loans made by countries other than the United States and a list of the principal foreign loans made by private institutions in this country.

Chapter VI is devoted to a brief statement, in response to item 17, relating to the problem of servicing the foreign debt to the United States.

Chapter I. FOREIGN CREDITS AND OTHER FINANCIAL AID BY THE UNITED STATES GOVERNMENT

This chapter brings together replies to items 2, 3, and 8 in the proposed Senate Resolution 103. It is divided into three main sections: A. Foreign credits, including capital contributions to the International Monetary Fund and International Bank for Reconstruction and Development; B. other financial assistance in the form of lend-lease, civilian supplies, relief and rehabilitation, and financial aid; and C. assets held abroad in the form of installations and surplus property.

Items 2, 3, and 8 read as follows:

Item 2. The total loans made by the United States Government to foreign governments and agencies thereof from 1914 to 1933, inclusive, and from 1933 to the date hereof; itemized for each country, with the repayment history of each.

Item 3. Existing commitments of the United States Government or representatives thereof, including alleged moral commitments, to extend American financial and economic aid to foreign countries and international organizations.

Item 8. The value, classification, and location of United States Government-owned property in foreign countries to December 31, 1946, including installations and surplus property.

A. Foreign Credits

This section contains data regarding the loans to foreign countries that have been made by the United States Government between 1914 and June 30, 1947, commitments that have been made to extend further loans to foreign countries and the outstanding indebtedness of those countries to this country. World War I intergovernmental debts, as well as loans and credits extended during and since World War II, are included.

Part 1 of this section presents data relative to the World War I loans. This part has been brought up to July 1, 1947. Part 2 contains a series of tables relating to loans and credits to foreign countries by the Government of the United States since 1933. These tables relate to the total commitments, utilizations or disbursements, amounts still available for disbursement as of June 30, 1947, repayments and outstanding indebtedness, also as of the latter date.

Tables 1 and 2 summarize all types of loans, credits, and grants to foreign countries by the United States Government. Further details by countries and by types are given in subsequent tables.

Loans to foreign countries by the United States Government during and just after World War I amounted to $10,350,000,000. Of this amount, $7,077,000,000 was cash advanced before the armistice, $2,533,000,000 was cash advanced after the armistice and $740,000,000 represents credits extended for surplus property and relief supplies provided foreign countries. On these amounts, $282,000,000 was paid on principal and $671,000,000 as interest, prior to the date of funding.

The debts after funding, including amounts not funded by Armenia and Russia, amounted to $11,909,000,000. This included $1,716,000,000 of unpaid interest accumulated to the dates of the agreements. On the

funded debts, $476,000,000 has been paid on account of principal and $1,323,000,000 on account of interest.

The serious financial condition of Germany in 1931 led to the proposal for a moratorium by the President of the United States. The condition of Germany affected the ability of other countries to make their payments to the United States because each of our principal debtors had payments due to it directly or indirectly from Germany in amounts somewhat greater than the payments due from it to the United States. Intergovernmental debts servicing was completely suspended for the fiscal year 1932. At the end of that year, however, most of the debts went into default, and for the most part, payments have never been resumed. Altogether, interest accrued and unpaid amounting to $3,892,000,000 has accumulated and has been added to the total indebtedness (see table 4). Only one debtor country, Finland, has made payments in recent years.

TABLE 1.—*Credits to foreign countries by the U. S. Government, through June 30, 1947*

[In millions of dollars]

Type	Utilization to June 30, 1947	Payments received to June 30, 1947		Outstanding on June 30, 1947	Unutilized balances July 1, 1947
		Principal	Interest		
1914 to 1933:					
Liberty Bond Acts	9,610	.....	.....	.....	.....
Surplus supplies sales	599	.....	.....	.....	.....
Relief supplies	141	.....	.....	.....	.....
Total	10,350	758	1,994	[1] 15,327	.....
1934 to June 30, 1947:					
Loans:					
Export-Import Bank [2]	2,135	377	66	1,758	939
United Kingdom Special Loan	[3] 2,050	.....	.....	[3] 2,050	[3] 1,700
Other loans	487	225	50	262	35
Subtotal loans	4,672	602	116	4,070	2,674
Property credits:					
Lend-lease	1,363	61	.....	1,302	106
Surplus property	846	6	1	841	309
Maritime	141	1	.....	141	30
Subtotal property credits	2,350	67	1	2,283	445
Commodity programs (Germany and Japan)	169	42	3	129	8
Total credits:					
1934 to June 30, 1947	7,191	711	119	[4] 6,481	[4] 3,127
July 1, 1945, to June 30, 1947	6,179	254	53	.....	.....
Short-term advances:					
Agriculture Department	703	456	.....	246	[5] 3
Other	291	277	9	15	2
Total	994	733	9	[5] 261	[5] 15

[1] The principal of these debts as funded amounted to $11,577,000,000 and an additional $127,000,000 of interest was funded under the debt agreements. Unpaid interest accumulated since 1932 accounts for the increase in outstanding indebtedness notwithstanding repayments of principal totaling $758,000,000.

[2] The following additional loan authorizations were announced by the Export-Import Bank between June 30 and Dec. 1, 1947: U. S. Scientific Export Association, $2,500,000; Austria, $13,505,000; Ecuador, $2,720,000; Egypt, $5,600,000; Canada, $300,000,000; Turkey, $8,000,000, and Belgium, $50,000,000. The allocation of European cotton credit to Finland of $7,500,000 and to Germany of $19,000,000 were also announced but were not additions to the total.

[3] As of Nov. 26, 1947, utilization and outstanding were $3,350,000,000 and unutilized balance $400,000,000.

[4] On Sept. 30, 1947, the total amount outstanding was $7,862,000,000 and the unutilized balance on Oct. 1, 1947, was $1,307,000,000.

[5] On Sept. 30, 1947, the total of outstanding advances was $146,000,000, while the unutilized balance remained at $15,000,000.

Source: World War I data, Treasury Department; data from Jan. 1, 1934, to Nov. 26, 1947, Clearing Office for Foreign Transactions, Department of Commerce.

Of the $10,300,000,000 of loans and other credits extended since 1933, $9,300,000,000 has been granted and used since 1945. The principal exceptions were loans made by the Export-Import Bank, which was established in February 1934, and loans by the Reconstruction Finance Corporation, of which the largest was the loan to the United Kingdom in 1942. Since the end of World War II, the loan of $3,750,000,000 to the United Kingdom has been the largest. Export-Import Bank loans to many countries, lend-lease credits partly for postwar shipments and partly in payment of inventories of lend-lease goods suitable for postwar use, and sales of surplus property have accounted for the bulk of credits utilized and indebtedness outstanding (see table 1). The $10,300,000,000 of credits include $7,200,000,000 actually disbursed or utilized by the borrowers prior to June 30, 1947, and $3,100,000,000 not yet utilized on that date. Much of this $3,100,000,000 was utilized during the 5 months following June 30.

Other financial assistance to foreign countries by the United States Government was dominated by lend-lease assistance to our Allies during the war, amounting to $47,806,000,000 (see table 2). The United States contribution to the United Nations Relief and Rehabilitation Administration and the provision of civilian supplies for the prevention of disease and unrest by the War and Navy Departments in occupied areas are also important. Some of the amounts shown in table 2 represent outright grants, while others are items as to which terms of repayment were to be negotiated but have not yet been settled. Postwar utilization of these forms of aid amounted, up to June 30, 1947, to $5,364,000,000. The unutilized balance as of the same date, amounting to $2,236,000,000 is comprised principally of civilian supply commitments for occupied areas, aid to the Philippine Republic, the aid to Greece and Turkey, and the post-UNRRA aid.

TABLE 2.—*Other financial assistance* [1] *to foreign countries by the U. S. Government, through June 30, 1947*

[In millions of dollars]

Type of grant	Authorization to June 30, 1947	Utilization		Unutilized balance July 1, 1947 [2]
		July 1, 1945, through June 30, 1947	July 1, 1940, through June 30, 1947	
Lend-lease [3]	47,806	1,218	47,806	.....
Civilian supplies	3,138	1,489	2,301	837
UNRRA [4]	2,544	2,445	2,528	16
Post-UNRRA	332	.....	.....	332
Aid to Greece and Turkey	400	.....	.....	400
Other aid	151	15	80	71
Financial aid	1,212	199	632	580
Total	55,583	5,364	53,347	[2] 2,236

[1] Some of these items were outright grants, while others were subject to negotiations as to terms of repayment. The amount of credits extended or cash received as a result of negotiations have been deducted from these amounts.

[2] Committed but not all appropriated (see explanatory notes, table 18). Utilizations in the quarter ending Sept. 30, 1947, are estimated to reduce the unutilized balance on Oct. 1, 1947, to about $1,700,000,000.

[3] Excluding cash lend-lease.

[4] Utilizations here reported reflect lag in fiscal records; authorizations are understated to extent of the same lag, estimated at about $150,000,000 as of June 30, 1947, which would bring the total authorization to $2,700,000,000.

Source: Clearing Office for Foreign Transactions, Department of Commerce.

WORLD WAR I INDEBTEDNESS OF FOREIGN GOVERNMENTS TO THE UNITED STATES (1917–21)[1]

Origin

The United States made loans to the Allied Governments before and after the Armistice for the purpose, in general, of assisting those governments to purchase supplies in the United States in connection with the prosecution of the war. In addition the United States, after the Armistice, sold surplus war and relief supplies on credit to various countries of Europe, including some of the Allied Governments. At the conclusion of the war period the Treasury held obligations of 20 nations, payable either on demand or within a short period of time.

The United States acquired obligations of foreign governments as a result of (1) cash advances made under authority of the various Liberty Bond acts; (2) sales on credit of surplus war material under authority of the act of July 9, 1918; (3) sales on credit of relief supplies under authority of the act of February 25, 1919; (4) sales on credit for relief purposes of flour by the United States Grain Corporation under authority of the act of March 30, 1920; and (5) services rendered by the United States Shipping Board Emergency Fleet Corporation.

TABLE 3.—*Principal amount of obligations of foreign governments originally acquired under the various acts of Congress*

[In millions of dollars]

Country	Principal amount of obligations received under Liberty Bond Acts			Total principal amount of obligations received for surplus supplies sold on credit under act of July 9, 1918	Total principal amount of obligations received for relief supplies furnished on credit under act of—		Total
	Total	Pre-armistice	Post-armistice		Feb. 25, 1919	Mar. 30, 1920	
Armenia					8.0	3.9	11.9
Austria						24.1	24.1
Belgium	349.2	171.8	177.4	29.9			379.1
Cuba	10.0	10.0					10.0
Czechoslovakia	62.0		62.0	20.6	6.4	2.9	91.9
Estonia				12.2	1.8		14.0
Finland					8.3		8.3
France	2,997.5	1,970.0	1,027.5	407.3			3,404.8
Great Britain	4,277.0	3,696.0	581.0				4,277.0
Greece	[1] 27.2		[1] 27.2				27.2
Hungary						1.7	1.7
Italy	1,648.0	1,031.0	617.0				1,648.0
Latvia				2.5	2.6		5.1
Liberia	([2])		([2])				([2])
Lithuania				4.2	.8		5.0
Nicaragua				[3] .4			.4
Poland				[4] 83.7	51.7	24.3	159.7
Rumania	25.0		25.0	12.9			37.9
Russia	187.7	[5] 187.7		.4	4.5		192.6
Yugoslavia	26.8	10.6	16.2	25.0			51.8
	9,610.4	7,077.1	2,533.3	599.1	84.1	56.9	10,350.5

[1] Includes $12,167,000 authorized under the act of Feb. 14, 1929.
[2] $26,000.
[3] Includes $289,898.78 canceled under treaty of Apr. 14, 1938, between the United States and Nicaragua.
[4] Includes $3,736,628.42 acquired by the United States Shipping Board Emergency Fleet Corporation for services rendered.
[5] Exclusive of $5,000,000 conditional advance not availed of and returned.

[1] The following account of the origin, development and present status of the World War indebtedness of foreign countries to the United States, is taken from a "Memorandum covering the World War Indebtedness of foreign governments to the United States (1917-21) and showing the total amounts paid by Germany under the Dawes and Young Plan" prepared by the Treasury Department, Fiscal Service, Bureau of Accounts, revised July 1, 1944, and the July 1, 1947, supplement to that memorandum. Further information on the subject may be found in that memorandum and in the Combined Annual Reports of the World War Foreign Debt Commission.

Cash advances

The Liberty Bond acts authorized the Secretary of the Treasury with the approval of the President, to establish credits in favor of foreign governments engaged in war with enemies of the United States, and, to the extent of those credits, to make advances to such governments through the purchase at par of their respective obligations. The total principal amount of obligations acquired under this authority, including a loan of $12,167,000 to Greece authorized by the act of February 14, 1929,[2] was $9,610,403,575.45. Of this total, the sum of $7,077,114,750 was advanced up to November 11,1918, and $2,533,288,825.45 was advanced after the Armistice (see table 3).

TABLE 4.—*World War I debt owed the United States as of July 1, 1947*

Country	Total indebtedness	Principal unpaid [1]	Interest postponed and payable under moratorium agreements	Interest accrued and unpaid under funding and moratorium agreements
Funded debts:				
Belgium	$520,211,077.60	$400,680,000.00	$3,750,000.00	$115,781,077.60
Czechoslovakia	184,247,307.74	165,241,108.90		19,006,198.84
Estonia	25,636,760.51	16,466,012.87	492,360.20	8,678,387.74
Finland	8,259,270.28	7,624,499.59	[2] 634,645.62	125.07
France	4,760,727,124.40	3,863,650,000.00	38,636,500.00	858,440,624.40
Germany (Austrian indebtedness) [3]	26,024,539.59	25,980,480.66		44,058.93
Great Britain	6,719,464,782.58	4,368,000,000.00	131,520,000.00	2,219,944,782.58
Greece	37,745,215.10	31,516,000.00	449,080.00	5,780,135.10
Hungary	2,873,678.38	1,908,560.00	57,072.75	908,045.63
Italy	2,062,176,909.34	2,004,900,000.00	2,506,125.00	54,770,784.34
Latvia	10,593,416.04	6,879,464.20	205,989.96	3,507,961.88
Lithuania	9,495,275.51	6,197,682.00	185,930.46	3,111,663.05
Poland	320,829,064.26	206,057,000.00	6,161,835.00	108,610,229.20
Rumania	78,527,457.53	63,860,560.43		[4] 14,666,897.10
Yugoslavia [5]	64,012,968.78	61,625,000.00		2,387,968.78
Total	14,530,824,847.88	11,230,586,368.65	184,599,538.99	3,415,638,940.24
Unfunded debts:				
Armenia	28,587,071.07	11,959,917.49		16,627,153.58
Russia	467,339,367.69	192,601,297.37		274,738,070.32
Total	495,926,438.76	204,561,214.86		291,365,223.90
Grand total	15,326,751,286.64	11,435,147,583.51	184,599,538.99	3,707,004,164.14

[1] Includes principal postponed under moratorium agreements and principal amounts not paid according to contract terms.
[2] Also includes interest postponed and payable under agreements of May 1, 1941, and Oct. 14, 1943.
[3] The German Government was notified that the Government of the United States would look to the German Government for the discharge of the indebtedness of the Government of Austria to the Government of the United States.
[4] Advance payment of interest June 15, 1933, amounting to $29,061.46 deducted.
[5] This Government has not accepted the provisions of the moratorium.

NOTE.—Indebtedness of Germany to the United States on account of costs of army of occupation and awards under Settlement of War Claims Act of 1928, as amended, not shown in above statement.

Sale of war supplies on credit

Under authority of the act of July 9, 1918, the President, through the head of any executive department, was authorized to sell any surplus war supplies on such terms as the head of such department deemed expedient. Sale was carried out by the United States Liquidation Commission (created on February 11, 1919) and by the Secretaries of War and of the Navy, who received in payment obligations of the purchasing governments. The total principal amount of obligations thus acquired was $595,386,104.79. (This amount is exclusive

[2] This loan, made out of credits established by the Liberty Bond acts, was specifically authorized by Congress in connection with settlement of the Greek war debt to the United States.

of $3,736,628.42 acquired by the United States Shipping Board Emergency Fleet Corporation for services rendered.)

Sale of relief supplies on credit

American Relief Administration.—The act of February 25, 1919, appropriated $100,000,000 as a revolving fund until June 30, 1919, for the participation by the United States, in the discretion of the President, in the furnishing of foodstuffs and other urgent supplies to populations of certain countries of Europe or countries contiguous thereto. The American Relief Administration was given the authority of equitably distributing the relief supplies in accordance with the provisions of the act. Out of the appropriation of $100,000,000 the sum of $95,050,391.08 was expended, for which there were delivered to the Treasury obligations in the principal amount of $84,093,963.55 from various foreign governments. Approximately $10,900,000 was spent for child feeding and other charitable services for which no obligations were taken.

United States Grain Corporation.—The act of March 30, 1920, authorized the United States Grain Corporation, with the approval of the Secretary of the Treasury, to sell or dispose of flour in its possession, not to exceed 5,000,000 barrels, for cash or on credit at such prices and on such terms or conditions as considered necessary to relieve the populations in the countries of Europe or countries contiguous thereto suffering for the want of food. The American Relief Administration acted as the fiscal agent of the United States Grain Corporation in dispensing this relief. For these supplies there were delivered to the Treasury obligations of foreign governments in the principal amount of $56,858,802.49.

Transportation services

The United States Shipping Board acquired obligations in the net principal amount of $3,736,628.42 from the Government of Poland for transportation services rendered that Government in connection with the shipment of supplies to Poland. The Shipping Board transferred these obligations to the United States Treasury for collection.

Summary

Table 3 shows the principal amount of obligations originally acquired from each foreign gov[illegible]nt under the acts of Congress specified above including those ac[illegible]red by the United States Shipping Board.

Settlements

Recognizing the fact that in the financially disordered years of 1921 and 1922 the debtor nations could not pay on demand, Congress originally authorized the debts to be funded on not longer than a 25-year basis and at not less than 4¼ percent interest. A World War Foreign Debt Commission was created by act of February 9, 1922, amended February 9, 1923, to deal with refunding. This Commission negotiated settlements with the various debtor countries on the basis of their estimated ability to pay. Each settlement received the approval of Congress before it became effective.

TABLE 5.—*Principal and interest computed at the rates specified in debt agreements with foreign governments, credit allowances, cash payments, and the total debt as funded*

Country	Indebtedness at time of funding			Credit allowances and cash payments on execution of agreements		Funded debt
	Principal	Interest	Total	Applied on principal	Applied on interest	
Austria	$24,055,708.92	$559,176.08	$24,614,885.00			$24,614,885
Belgium	377,029,570.06	40,767,664.60	417,797,234.66		$17,234.66	417,780,000
Czechoslovakia	91,879,671.03	25,978,742.91	117,858,413.94		[1] 2,858,413.94	115,000,000
Estonia	13,999,146.60	1,765,219.73	15,764,365.33	[2] $1,932,922.45	1,441.88	13,830,000
Finland	8,281,926.17	727,389.10	9,009,315.27		9,315.27	9,000,000
France	3,340,516,043.72	684,870,643.17	4,025,386,686.89	386,686.89		4,025,000,000
Great Britain	4,074,818,388.44	529,309,727.30	4,604,128,085.74		4,128,085.74	4,600,000,000
Greece	[3] 27,167,000.00	3,127,922.67	30,294,922.67	2,922.67		30,292,000
Hungary	1,685,835.61	253,917.43	1,939,753.04		753.04	1,939,000
Italy	1,647,869,197.96	394,330,268.38	2,042,199,466.34	199,466.34		2,042,000,000
Latvia	5,132,287.14	647,275.62	5,779,562.76		4,562.76	5,775,000
Lithuania	4,981,628.03	1,049,918.94	6,031,546.97		1,546.97	6,030,000
Poland	159,666,972.39	18,898,053.60	178,565,025.99		5,025.99	178,560,000
Rumania	36,116,972.44	8,477,479.10	44,594,451.54	4,451.54		44,590,000
Yugoslavia	51,037,886.39	11,819,226.00	62,857,112.39	7,112.39		62,850,000
Total	9,864,228,203.90	1,722,582,624.63	11,586,820,828.53	2,533,563.28	7,026,380.25	11,577,260,885
Cash received upon execution of agreements	600,639.83	4,167,966.31	4,768,606.14			
Credit allowances	[2] 1,932,922.45	[1] 2,858,413.94	4,791,337.39			
Total	2,533,563.28	7,026,380.25	9,559,943.53			
Amount funded	9,861,704,640.62	1,715,556,244.38	11,577,260,885.00			

[1] Amount of interest written off in compromise settlement with Czechoslovakia.
[2] Allowance for total loss of cargo of steamship *John Russ* sunk by a mine in Baltic Sea.
[3] Includes 4 percent 20-year loan of $12,167,000 authorized by act of Feb. 14, 1929.

TABLE 6.—*Interest funded under agreements and amount to be received over funding period on account of principal and interest*

Country	Principal of debt as funded	Interest funded under debt agreements	Total principal payable	Interest payable over funding period exclusive of amount funded (see column 2)	Total amount (principal and interest) to be received over funding period
Austria	$24,614,885	(1)	$24,614,885.00		[1] $24,614,885.00
Belgium	417,780,000		417,780,000.00	$310,050,500.00	727,830,500.00
Czechoslovakia	115,000,000	[2] $70,071,023.07	185,071,023.07	127,740,410.81	312,811,433.88
Estonia	13,830,000	2,636,012.87	16,466,012.87	21,241,632.89	37,707,645.76
Finland	9,000,000		9,000,000.00	12,695,055.00	21,695,055.00
France	4,025,000,000		4,025,000,000.00	2,822,674,104.17	6,847,674,104.17
Great Britain	4,600,000,000		4,600,000,000.00	6,505,965,000.00	11,105,965,000.00
Greece	30,292,000	2,205,000.00	32,497,000.00	5,623,760.00	38,120,760.00
Hungary	1,939,000	43,555.50	1,982,555.50	2,771,875.92	4,754,431.42
Italy	2,042,000,000		2,042,000,000.00	365,677,500.00	2,407,677,500.00
Latvia	5,775,000	1,113,664.20	6,888,664.20	8,901,858.93	15,790,523.13
Lithuania	6,030,000	402,465.00	6,432,465.00	8,637,076.57	15,069,541.57
Poland	178,560,000	28,784,297.37	207,344,297.37	274,330,483.92	481,674,781.29
Rumania	44,590,000	[2] 21,970,560.43	66,560,560.43	55,945,699.62	122,506,260.05
Yugoslavia	62,850,000		62,850,000.00	32,327,635.00	95,177,635.00
Total	11,577,260,885	127,226,578.44	11,704,487,463.44	[3] 10,554,582,592.83	[3] 22,259,070,056.27

[1] See "Payments postponed."

[2] Represents difference between funded principal and total face amount of bonds delivered or to be delivered under the funding agreements, which difference arises through permitting the governments to fund a part of the interest accruing over the periods specified in the agreements (Czechoslovakia, first 18 years; Rumania, first 14 years).

[3] Exclusive of $53,870,533.27 interest on payments postponed during the fiscal year 1932 under moratorium agreements; exclusive of interest on principal amounts postponed in accordance with terms of funding agreements in certain instances, and exclusive of interest on principal amounts not paid when due.

NOTE.—This table has been prepared on basis of original funding agreements and does not include accrual of interest in those cases where principal amounts have not been paid as provided for in such agreements.

Table 5 shows [3] in each case the principal and interest at the time of funding, the credit allowance, the cash payments upon execution of the agreements, and total debt as funded.

Table 6 shows for each government the amount of the debt as funded, the interest funded under the debt agreements, the amount that the United States was scheduled to receive over the funding period on account of interest (exclusive of interest to be received under the moratorium agreements), and the total amount which the United States was scheduled to have received under the original funding agreements if the payments provided for in such agreements had been made in the amounts and on the dates indicated therein.

Concessions in debt settlements.—It should be recognized that the United States in its settlements with its various debtors did not, with one exception, directly cancel any of the principal of the debt. This exception arose in the settlement concluded with Estonia, under which the United States agreed to a reduction of $1,932,923.45 in the principal of the Estonian debt because of the loss of a cargo of surplus war material when a steamship was sunk by a mine in the Baltic Sea in September 1919. With this exception the only reductions under the debt settlements were reflected in a reduction in the interest rate. The obligations originally acquired by the United States from its foreign debtors generally bore interest at the rate of 5 percent per annum. In a very few cases the rate was 6 percent. The funding agreements made with the foreign debtor nations provide for payments

[3] It will be noted that 5 countries listed in table 3 do not appear in tables 4 and 5. The explanation is as follows: The debts of Armenia and Russia were not funded; the debts of Cuba and Liberia were paid in full prior to funding (see table 8). The unpaid portion of the debt of Nicaragua was canceled by treaty of April 14, 1938, in consideration of Nicaraguan acceptance of a settlement of certain tax claims against the United States.

over a period of 62 years (except in the case of the Austrian settlement, which provides for a period of 40 years), with interest at varying rates, all considerably under 5 percent.

Moratorium

In June 1931, to allay the spread of a financial panic that was causing large withdrawals of funds from Germany, and threatening her banking and credit structure, President Hoover offered, subject to congressional approval, to suspend during the fiscal year 1932 all payments due the United States on account of the indebtedness of foreign governments, provided that the important creditor powers would take similar action with respect to reparations and intergovernmental debts due them. The offer was accepted in principle by all the important creditor governments. The authority to postpone payments due the United States was provided in a joint resolution of Congress approved on December 23, 1931, which provided for the postponement of the amounts due during the fiscal year 1932 (July 1, 1931, to June 30, 1932), and their repayment over a period of 10 years beginning July 1, 1933, with interest at the rate of 4 percent per annum. It also authorized the Secretary of the Treasury to conclude agreements carrying into effect the moratorium proposal.

Agreements were concluded with the various debtors, making effective the President's proposal.

The following statement shows the date of the moratorium agreement with each foreign debtor, the amount postponed, the annuities payable over a period of 10 years, and the total amount to be received over that period by the United States:

TABLE 7.—*Dates of moratorium agreements, amounts postponed, and payments to be received over the 10-year period*

Country	Date of agreement	Amounts postponed			Amount payable each year including interest at 4 percent per annum	Total to be received over 10-year period
		Principal	Interest	Total		
	1932					
Austria	Sept. 14	$287,556.00	.....	$287,556.00	$34,767.23	$347,672.30
Belgium	June 10	4,200,000.00	$3,750,000.00	7,950,000.00	968,907.76	9,689,077.60
Czechoslovakia	do	3,000,000.00	.....	3,000,000.00	365,625.56	3,656,255.60
Estonia	June 11	108,012.87	492,360.19	600,373.06	73,170.58	731,705.80
Finland	May 23	55,000.00	257,295.00	312,295.00	38,061.00	380,610.00
France	June 10	11,363,500.00	38,636,500.00	50,000,000.00	6,093,759.44	60,937,594.40
Great Britain	June 4	28,000,000.00	131,520,000.00	159,520,000.00	19,441,530.10	194,415,301.00
Greece	May 24	660,000.00	449,080.00	1,109,080.00	134,274.76	1,342,747.60
Hungary	May 27	12,270.00	57,072.75	69,342.75	8,451.16	84,511.60
Italy	June 3	12,200,000.00	2,506,125.00	14,706,125.00	1,792,311.76	17,923,117.60
Latvia	June 11	44,664.20	205,989.96	250,654.16	30,548.52	305,485.20
Lithuania	June 9	38,615.00	185,930.46	224,545.46	27,366.52	273,665.20
Poland	June 10	1,323,000.00	6,161,835.00	7,486,835.00	912,459.42	9,124,594.20
Rumania	June 11	800,000.00	.....	800,000.00	97,500.16	975,001.60
Yugoslavia [1]	.....	.....	.....	.....	.....	.....
Total	.....	62,094,618.07	184,222,188.36	246,316,806.43	30,018,733.97	300,187,339.70
Germany—Army costs [2]	May 26	.....	.....	*RM* 25,300,000.00	*RM* 3,058,098.90	*RM* 30,580,989.00

[1] This government did not accept the provisions of the moratorium, and did not pay the amount due during the fiscal year 1932 amounting to $250,000.
[2] Expressed in reichsmarks.

Payments postponed

Austria.—The payments due from the Government of Austria on January 1, 1933, 1934, and 1935, aggregating $1,207,742 under the funding agreement of May 8, 1930, and $69,534.46 under the moratorium agreement of September 14, 1932, were postponed at the request of the loan trustees, as provided for in the funding and moratorium agreements. In further accord with the agreements, in exchange for the unpaid annuities during the fiscal year 1937 there were received from the Austrian Government bonds aggregating $3,480,482.75; evidencing annuities payable by that Government annually from January 1, 1944, to January 1, 1968.

Finland.—Under joint resolutions approved June 15, 1940 (Public Res. 84, 76th Cong.) and June 12, 1941 (Public Law 110, 77th Cong.), the Republic of Finland, at its option, could postpone the payment of amounts payable to the United States during the period from January 1, 1940, to December 31, 1942, inclusive. In such event, the Secretary of the Treasury was authorized to make agreements with Finland for the payment of the postponed amounts. Pursuant to the first of these resolutions, Finland postponed the payment of the sum of $235,298 which was payable on December 15, 1940. Under the terms of an agreement dated May 1, 1941, Finland is required to pay annually $27,390.12, beginning on June 15, 1941, each payment to be made in two installments. In accordance with the second of the joint resolutions, Finland postponed payment of a total of $845,287.24, which had been due over a period from June 15, 1941, to December 15, 1942. The amounts postponed under this resolution are payable under the terms of an agreement dated October 14, 1943, by which Finland is required to pay 20 annuities of $42,264.36 each, in semiannual installments, beginning January 1, 1945.

Present status of Allied debts.—Tables 4 and 8 show the status as of July 1, 1947, of the indebtedness of Allied governments (plus the Austrian debt referred to Germany) to the United States and total payments received as of July 1, 1947.

Table 9 shows total receipts by fiscal years on account of these debts from the time of funding to July 1, 1947.

TABLE 8.—*Total payments received on account of World War indebtedness of foreign governments to the United States as of July 1, 1947*

Country	Total payments received	On funded debts		On debts prior to funding [1]	
		Principal	Interest	Principal	Interest
Belgium	$52,191,273.24	$17,100,000.00	$14,490,000.00	$2,057,030.37	$18,543,642.87
Cuba	12,286,751.58	.....	.....	10,000,000.00	2,286,751.58
Czechoslovakia	20,134,092.26	19,829,914.17	.....	.....	304,178.09
Estonia	1,248,432.07	.....	1,246,990.19	.....	1,441.88
Finland	7,854,361.71	1,378,800.41	6,169,546.03	.....	306,015.27
France	486,075,891.00	161,350,000.00	38,630,000.00	64,689,588.18	221,396,302.82
Germany (Austrian indebtedness) [2]	862,608.00	862,608.00	.....	.....	.....
Great Britain	2,024,848,817.09	232,000,000.00	1,232,770,518.42	202,181,641.86	357,896,657.11
Greece	4,127,056.01	981,000.00	1,983,980.00	2,922.67	1,159,153.34
Hungary	556,919.76	73,995.50	482,171.22	.....	753.04
Italy	100,829,880.16	37,100,000.00	5,706,708.26	304,319.28	57,508,852.62
Latvia	761,549.07	9,200.00	621,520.12	.....	130,828.95
Liberia	36,471.56	.....	.....	26,000.00	10,471.56
Lithuania	1,237,956.58	234,783.00	1,001,626.61	.....	1,546.97
Nicaragua	168,575.84	.....	.....	141,950.36	26,625.48
Poland	22,646,297.55	1,287,297.37	19,310,775.90	.....	2,048,224.28

See footnotes at end of table, p. 13.

TABLE 8.—*Total payments received on account of World War indebtedness of foreign governments to the United States as of July 1, 1947*—Continued

Country	Total payments received	On funded debts		On debts prior to funding [1]	
		Principal	Interest	Principal	Interest
Rumania [3]	$4,791,007.22	$2,700,000.00	$29,061.46	$1,708,632.02	$263,313.74
Russia	8,750,311.88				8,750,311.88
Yugoslavia	2,588,771.69	1,225,000.00		727,712.55	636,059.14
Total	2,751,997,084.27	476,129,358.45	1,322,522,898.21	281,900,396.99	671,354,430.62

[1] Includes cash received upon execution of debt-funding agreements amounting to $4,708,006.14, of which amount $800,639.83 was applied on principal and $4,167,966.31 on interest.
[2] The German Government was notified that the Government of the United States would look to the German Government for the discharge of the indebtedness of the Government of Austria to the Government of the United States.
[3] Excludes token payment of $100,000 by Rumanian Government on June 15, 1940.

TABLE 9.—*Summary of receipts by fiscal years*

Fiscal year ending June 30—	Principal	Interest	Total
1933	$31,567,518.98	$67,190,207.22	$98,757,726.20
1934	396,755.15	20,033,594.10	20,430,349.25
1935	68,709.53	601,114.48	667,824.01
1936	69,897.91	[1] 477,414.59	547,312.50
1937	72,003.83	518,492.67	590,496.50
1938	74,297.58	513,773.24	588,070.82
1939	76,809.49	423,943.33	500,752.82
1940	79,729.87	334,017.45	[2] 413,747.32
1941	(3)	96,996.16	96,996.16
1942	(3)	19,656.32	19,656.32
1943	6,844.86	162,100.70	168,945.56
1944	91,353.05	291,007.07	382,360.12
1945	99,272.63	304,227.17	403,499.80
1946	107,198.84	317,335.64	424,534.48
1947	110,432.86	313,899.12	424,331.98
Total	32,818,614.58	91,597,779.26	124,416,393.84

[1] Includes $1,433.01 on unfunded indebtedness.
[2] Does not include token payment of $100,000 by Rumanian Government on June 15, 1940.
[3] Payments due Dec. 15, 1940, to Dec. 15, 1942, inclusive, postponed under joint resolutions approved June 15, 1940, and June 12, 1941.

THE GERMAN DEBT—WORLD WAR, 1917–21

The Government of Germany is indebted to the United States on account of the costs of the American Army of Occupation and the awards of the Mixed Claims Commission, United States and Germany.

Army costs.—The gross amount originally due the United States on account of Army costs was 292.7 million dollars. Various German credit items reduced this sum to 247.9 million dollars. Payments were received on account of this debt under several successive plans:

(*a*) The Wadsworth agreement of May 25, 1923, provided for the payment of American Army costs in 12 yearly installments beginning on December 31, 1923. About 14.7 million dollars was received from Germany under this plan before it was superseded by the Finance Ministers' agreement of January 14, 1925, which arranged the distribution of Dawes plan annuities.

(*b*) By the terms of the Finance Ministers' agreement of January 14, 1925, the United States was to receive the sum of 55,000,000 gold marks per year on account of Army costs (13.1 millon dollars at 1925 exchange value of 23.8 cents per mark). The total amount actually received under this arrangement was 39.2 million dollars.

(*c*) In 1929 the Dawes plan was superseded by the Young plan, which allocated to the United States an average annuity of 66,100,000 reichsmarks a year for 37 years and a flat annuity of 40,800,000 reichsmarks a year for a period of 15 years thereafter. Of the total allocated to the United States, an average annuity of 25,300,000 reichsmarks a year (about $6,000,000 at 1930 exchange value of 23.8 cents per mark) for 37 years was fixed by the United States as the amount applicable to the costs of the American Army of Occupation.

At the date (September 1, 1929) on which the Young plan became effective, the amount due the United States on account of Army costs had been reduced to 193.9 million dollars. A further reduction of 29.3 million dollars was effected by United States agreement to cancel 10 percent of the original sum, in accord with similar cancellations by France and Great Britain, leaving a balance of 164.7 million dollars.

(*d*) The funding agreement of June 23, 1930, between the United States and Germany required the payment of the sums set by the Young plan on account of Army costs. (The total of the payments called for, over the 37-year period, at the 1930 par of exchange, amounts to about 249.7 million dollars. The difference between this figure and the balance of 164.7 million dollars mentioned above represents, in part, compensation to the United States for the extension of the repayment period beyond that contemplated in the January 1925 agreement.)

The funding agreement also provided for delivery by the German Government to the United States of bonds in the principal amount of 997.5 million marks, as evidence of its indebtedness (see table 10). The payment of two of these, in the principal amount of 12.65 million marks each, due on September 30, 1931, and March 31, 1932, was postponed under the moratorium arrangements of 1932. Subsequent principal payments on account of Army costs, interest payments, and annuit[illegible]der the moratorium agreement have not been paid.

Germ[illegible]ebtedness as of July 1, 1947, under the funding agreement of [illegible] and the moratorium agreement of 1932, as well as total payments received on account of Army costs under these agreements, are shown in table 10.

Mixed claims

A Mixed Claims Commission was created by agreement of August 10, 1922, between the United States and Germany, with authority to determine and adjudicate the amount of all claims of the United States and its nationals against Germany based on the terms of existing treaties. This Commission entered and certified to the Treasury for payment awards in favor of American nationals in the approximate amount of $139,300,000. Under the provisions of the Finance Ministers' agreement above-mentioned, the United States was to receive out of the Dawes annuities for account of these awards 2½ percent of all receipts from Germany available for reparation payments (after deducting prior charges), provided that not more than 45,000,000 gold marks could be received in any one year. As indicated above, the Dawes plan was superseded in 1929 by the Young plan. Of the 66,100,000 reichsmarks allocated to the United States under the Young plan, a flat annuity of 40,800,000 reichsmarks for 52 years was fixed by the United States as the amount applicable to mixed claims

awards. The funding agreement entered into on June 23, 1930, between Germany and the United States also provides for the payment of this sum each year on account of these claims, in the same manner as it provides for payments on account of Army costs.

Under this agreement the United States also received bonds of the German Government as evidence of its indebtedness, including interest on all awards to the date of payment, in the principal amount of 2,121,600,000 reichsmarks ($505,365,120 on basis of par of exchange in 1930), of which it is estimated that 1,496,600,000 reichsmarks ($356,490,120) represent private awards and 625,000,000 reichsmarks ($148,875,000) represent awards entered in favor of the United States Government. Payments due from Germany on account of these bonds are to be made in semiannual installments of 20,400,000 reichsmarks each for a period of 52 years beginning March 31, 1930. The principal payments aggregating 102,000,000 reichsmarks due on account of mixed-claims awards from September 30, 1931, to September 30, 1933, inclusive, which were postponed to March 31, 1934, and principal and interest payments due from March 31, 1934, have not been paid by the German Government.

TABLE 10.—*Indebtedness of Germany under the funding and moratorium agreements of June 23, 1930, and May 26, 1932*

Class	Indebtedness as funded	Total indebtedness, July 1, 1947 [1]	Principal	Interest accrued and unpaid
Army costs [2]	1,048,100,000	1,084,990,551.50	997,500,000	[2] 87,490,551.50
Mixed claims [2]	2,121,600,000	2,287,350,000.00	2,040,000,000	247,350,000.00
Total [3]	3,169,700,000	3,372,340,551.50	3,037,500,000	334,840,551.50

	Payments received		
	Total payments received as of July 1, 1947	Payments of principal	Payments of interest
Army costs (reichsmarks)	51,456,406.25	50,600,000.00	856,406.25
Mixed claims (reichsmarks)	87,210,000.00	81,600,000.00	5,610,000.00
Total (reichsmarks)	138,666,406.25	132,200,000.00	6,466,406.25
Amounts received (in dollars)	$33,587,809.69	$31,539,595.84	$2,048,213.85

[1] Excludes amounts on account of Austrian indebtedness.
[2] Includes interest accrued under unpaid moratorium agreement annuities.
[3] Amounts expressed in reichsmarks.

Summary

Total payments by Germany to the United States on account of both Army costs and mixed claims, under the Dawes plan, amounted to 300.4 million dollars, and under the Young plan amounted to 77.0 million dollars.

Payments on account of both Army costs and mixed claims, up to July 31, 1947, under the funding agreement of June 23, 1930, and under the moratorium agreement of May 26, 1932, together with the status, as of July 31, 1947, of German indebtedness to the United States under these agreements, are summarized in table 4.

Germany (Austrian indebtedness).—In view of the incorporation of Austria in the German Reich in 1938, the German Government was

notified that the Government of the United States will look to it for the discharge of the relief indebtedness of the Government of Austria to the United States under the debt agreement of May 8, 1930, and the moratorium agreement of September 14, 1932. Figures and other information relating to this indebtedness are included in the preceding pages.

FOREIGN CREDITS: 1934 TO JULY 1, 1947

Data regarding loans, credits, and advances to foreign countries by the United States Government since the beginning of 1934 are presented in tables 11 to 15, inclusive. Table 11 supplies information relative primarily to activity in the postwar period with respect to loans and credits. Tables 12, 13, and 14 relate to data regarding loans, property, credits, and advances, respectively, cumulated from July 1, 1940. A detailed explanatory note follows the tables.

Information is also supplied relating to commitments to extend aid to foreign countries, the relation of the International Monetary Fund and Bank to the problem of the foreign needs for dollar financing, and United States Stabilization Fund agreements.

TABLE 11.—*Status of foreign credits of the U. S. Government—by agency, by type of credit, and by country; as of June 30, 1945; and as of June 30, 1947, and activity since July 1, 1945*

	As of June 30, 1945			Activity in postwar period, July 1, 1945, through June 30, 1947				As of June 30, 1947		
	Total	Outstanding	Unutilized commitments	Change in net commitments	Utilizations	Net change in unutilized commitments	Repayments	Total	Outstanding	Unutilized commitments
Total [1]	$1,110,662,768	$556,516,960	$554,145,808	$8,763,767,759	$6,190,505,908	$2,573,261,851	$286,095,847	$9,608,234,680	$6,489,927,621	$3,127,487,659
By agency:										
Agriculture Department				158,547,995	158,547,995		33,599,549	124,948,446	124,948,446	
Export-Import Bank	549,748,480	213,665,551	336,082,929	2,245,918,803	1,643,365,918	602,552,885	99,238,480	2,696,328,803	1,757,692,989	938,635,814
Maritime Commission				171,597,373	141,373,200	30,224,173	672,600	170,924,773	140,700,600	30,224,173
Reconstruction Finance Corporation, proper	311,887,470	276,887,470	35,000,000	70,000,000	70,000,000		87,404,916	294,482,554	259,482,554	35,000,000
Office Defense Supplies	18,118,201	18,118,201					16,402,854	1,715,447	1,715,447	
Office Rubber Reserve				1,964,773	1,964,773		1,855,619	109,154	109,154	
U. S. Commercial Company	2,358,790	2,358,790		19,408,582	10,931,060	8,477,522	9,698,728	12,068,644	3,591,122	8,477,522
State Department proper	115,727	115,727		29,975	29,975		101,637	44,065	44,065	
Office Foreign Liquidation Commission				1,153,459,067	844,500,193	308,958,874	3,869,045	1,149,590,022	840,631,148	308,958,874
Treasury Department proper				3,750,000,000	2,050,000,000	1,700,000,000		3,750,000,000	2,050,000,000	1,700,000,000
Lend-Lease fiscal operations	228,434,000	45,371,121	183,062,879	1,192,841,191	1,269,792,794	−76,951,603	13,152,419	1,408,122,772	1,302,011,496	106,111,276
By type of credit:										
Loans	882,228,708	511,145,839	371,082,929	6,066,020,242	3,763,487,357	2,302,582,885	204,106,933	6,744,082,077	4,070,446,263	2,673,635,814
Property credits	228,434,000	45,371,121	183,062,879	2,519,862,404	2,257,630,960	262,231,444	19,549,683	2,728,746,721	2,283,452,398	445,294,323
Surplus property				1,155,423,840	846,464,966	308,958,874	5,724,664	1,149,699,176	840,740,302	308,958,874
Lend-lease	228,434,000	45,371,121	183,062,879	1,192,841,191	1,269,792,794	76,951,603	13,152,419	1,408,122,772	1,302,011,496	106,111,276
Merchant ships				171,597,373	141,373,200	30,224,173	672,600	170,924,773	140,700,600	30,224,173
Commodity programs [2]				177,885,113	169,407,591	8,477,522	42,379,231	135,505,882	127,028,360	8,477,522
Cotton				169,135,113	169,135,113		42,379,231	126,755,882	126,755,882	
Material				158,547,995	158,547,995		33,599,549	124,948,446	124,948,446	
Operating expenses				10,587,118	10,587,118		8,779,682	1,807,436	1,807,436	
Raw material				8,750,000	272,478	8,477,522		8,750,000	272,478	8,477,522
By country:										
American Republics	493,705,415	182,868,707	310,836,708	180,751,417	202,694,223	−21,942,806	69,957,654	604,499,178	315,605,276	288,893,902
Argentina				210,000		210,000		210,000		210,000
Bolivia	17,563,373	2,063,373	15,500,000	2,022,165	8,587,165	−6,565,000	1,052,722	19,532,816	9,597,816	9,935,000
Brazil	84,879,749	56,478,070	28,401,679	79,006,610	56,670,205	22,336,405	9,157,853	154,728,506	103,990,422	50,738,084
Chile	26,891,477	13,641,477	13,250,000	47,047,300	12,759,006	34,288,294	8,236,012	65,702,765	18,164,471	47,538,294
Colombia	33,839,587	10,390,731	23,448,856	4,252,116	12,649,405	−8,397,289	3,414,721	24,676,982	19,625,415	15,051,567

For important qualifications affecting this table, see the explanatory note to this appendix.

Footnotes at end of table, p. 19.

TABLE 11.—*Status of foreign credits of the U. S. Government—by agency, by type of credit, and by country; as of June 30, 1945; and as of June 30, 1947, and activity since July 1, 1945*—Continued

	As of June 30, 1945			Activity in postwar period, July 1, 1945, through June 30, 1947				As of June 30, 1947		
	Total	Outstanding	Unutilized commitments	Change in net commitments	Utilizations	Net change in unutilized commitments	Repayments	Total	Outstanding	Unutilized commitments
By country—Continued										
American Republics—Continued										
Costa Rica	$7,000,000	$6,900,000	$100,000	−$15,000	$85,000	−$100,000	$182,625	$6,802,975	$6,802,975	
Cuba	20,518,000	2,718,000	17,800,000		10,490,000	−10,490,000	986,875	19,531,125	12,221,125	$7,310,000
Dominican Republic	2,636,834	2,636,834					1,006,781	1,630,053	1,630,053	
Ecuador	15,277,682	4,973,392	10,304,290	2,114,360	1,838,650	275,710	418,383	16,973,659	6,393,659	10,580,000
Haiti	8,972,650	8,512,650	460,000	−100,000	360,000	−460,000	1,632,650	7,240,000	7,240,000	
Honduras	2,565,000	760,000	1,805,000	−1,700,000	105,000	−1,805,000	287,750	577,250	577,250	
Mexico	60,464,654	11,151,205	49,313,449	82,761,401	82,372,227	389,388,174	9,324,154	133,901,901	54,200,278	79,701,623
Nicaragua	3,118,500	3,118,500					829,000	2,289,500	2,289,500	
Panama				121,000		121,000		121,000		121,000
Paraguay	5,662,800	4,867,800	795,000		795,000	−795,000	761,350	4,901,450	4,901,450	
Peru	25,000,000		25,000,000	−19,637,113	5,289,393	−24,926,506	28,238	5,334,649	5,261,155	73,494
Salvador	1,696,292	870,292	826,000	−250,000	576,000	−826,000	188,920	1,257,372	1,257,372	
Uruguay	32,070,303	7,077,277	24,993,026	−17,008,837	5,227,082	−22,235,919	219,154	14,842,312	12,085,205	2,757,107
Venezuela	3,080,167	3,080,167		600,000	600,000		1,651,667	2,028,500	2,028,500	
Unclassified	142,468,347	43,628,939	98,839,408	327,415	34,289,090	−33,961,675	30,579,399	112,216,363	47,338,630	64,877,733
Austria				10,750,000	1,304,715	9,445,285		10,750,000	1,304,715	9,445,285
Bahrein	16,145,611	16,145,611					15,936,406	209,205	209,205	
Belgium	55,000,000		55,000,000	94,000,000	149,000,000	−55,000,000	2,750,152	146,249,848	146,249,848	
British Commonwealth	314,061,413	279,061,413	35,000,000	4,425,213,497	2,716,331,458	1,708,882,039	77,725,915	4,661,548,995	2,917,666,956	1,743,882,039
United Kingdom	306,887,470	271,887,470	35,000,000	4,400,000,000	2,700,000,000	1,700,000,000	77,404,916	4,629,482,554	2,894,482,554	1,735,000,000
Australia				7,000,000	7,000,000			7,000,000	7,000,000	
British Honduras	466,991	466,991		13,497	13,497		36,587	443,901	443,901	
Burma				5,000,000	5,000,000			5,000,000	5,000,000	
Canada	5,000,000	5,000,000		5,700,000		5,700,000		10,700,000	5,000,000	5,700,000
Newfoundland and Labrador	1,706,952	1,706,952					284,412	1,422,540	1,422,540	
New Zealand				5,500,000	4,317,961	1,182,039		5,500,000	4,317,961	1,182,039
Union of South Africa				2,000,000		2,000,000		2,000,000		2,000,000
China	81,016,142	49,100,951	31,915,191	197,901,736	163,760,315	34,141,421	36,957,867	241,960,011	175,903,399	66,056,612
Czechoslovakia				72,000,000	29,588,577	42,411,423	3,511	71,996,489	29,585,066	42,411,423
Denmark				30,000,000	15,086,000	14,914,000		30,000,000	15,086,000	14,914,000
Egypt				9,337,691	9,337,691		413,331	8,924,360	8,924,360	
Ethiopia	250,000	250,000		4,000,000	646,762	3,353,238	250,000	4,000,000	646,762	3,353,238
Finland	32,658,575	23,869,905	8,788,670	97,720,591	71,358,050	26,362,541		130,379,166	95,227,955	35,151,211
France				1,907,162,936	1,698,061,884	209,101,052	14,270,500	1,892,892,436	1,683,791,384	209,101,052
Germany				44,755,252	36,277,730	8,477,522		44,755,252	36,277,730	8,477,522
Greece				121,298,000	54,774,748	66,523,252	124,600	121,173,400	54,650,148	66,523,252

Hungary				37,000,000	10,289,503	26,610,497	100,000	26,900,000	10,289,503	26,610,497
Iran				38,068,330	12,999,341	25,068,989	3,752,171	34,316,159	9,247,170	25,068,989
Iraq				889,350	889,350		381,842	507,508	507,508	
Italy				331,728,227	223,760,571	107,967,656	4,388,919	327,339,308	219,371,652	107,967,656
Japan				148,129,861	140,515,350	7,614,511	42,379,231	105,750,630	98,136,119	7,614,511
Korea				25,000,000	3,266,816	21,733,184		25,000,000	3,266,816	21,733,184
Lebanon				5,000,000	2,036,649	2,963,351	228,833	4,771,167	1,807,816	2,963,351
Liberia	12,500,000	1,801,259	10,698,741	6,775,000	8,848,699	−2,073,699		19,275,000	10,649,958	8,625,042
Netherlands and possessions:										
Netherlands	65,000,000		65,000,000	218,393,142	256,153,253	−37,760,111	2,223,235	281,159,907	253,920,018	27,239,889
Netherlands Indies				200,000,000	69,066,349	130,933,651	635,593	199,364,407	68,430,756	130,933,651
Norway	10,523,388		10,523,388	69,462,998	10,442,551	59,020,447	208,000	79,778,386	10,234,551	69,543,835
Philippines				75,983,384	75,983,384		10,983,384	65,000,000	65,000,000	
Poland	3,300,940	3,300,940		90,000,000	30,137,002	59,862,998	250,000	93,050,940	33,187,942	59,862,998
Portuguese possession: Angola	300,000	65,000	235,000	−235,000		−235,000	4,776	60,224	60,224	
Saudi Arabia				27,000,000	8,671,993	18,328,007		27,000,000	8,671,993	18,328,007
Thailand				10,000,000	5,009,915	4,990,085		10,000,000	5,009,915	4,990,085
Turkey				40,842,800	6,373,702	34,469,098	680,097	40,162,703	5,693,605	34,469,098
U. S. S. R.				241,560,000	196,191,602	45,368,398		241,560,000	196,191,602	45,368,398
Yemen				1,000,000		1,000,000		1,000,000		1,000,000
Unclassified areas	26,201,284	53,174	26,148,110	2,278,547	−18,452,275	20,730,822	−18,520,170	47,000,001	121,069	46,878,932
Europe—Special cotton credit				41,000,000		41,000,000		41,000,000		41,000,000
Special exporter-importer credits [3]	26,201,284	53,174	26,148,110	−42,721,453	−18,452,275	−25,269,178	−18,520,170	1,000,001	121,069	878,932
Various countries				5,000,000		5,000,000		5,000,000		5,000,000

[1] Exclusive of cash advances on procurement programs, which are predominantly short-term.
[2] Credits resulting from supplying commodities, largely raw cotton, by the U. S. Government to Germany and Japan.
[3] Negative figures for special exporter-importer credits result from reclassification of items principally assignable to unclassified American Republics.

Source: Clearing Office for Foreign Transactions, Department of Commerce.

TABLE 12.—*Loans to foreign governments and entities—by country, by agency, by status: July 1, 1940, through June 30, 1947*

	Commitments				Utilizations			Collections		Outstanding
	Gross	Cancellations and expirations	Net	Unutilized	Total	Direct	By agent banks [1]	Principal	Interest and commissions	
Total	$7,927,399,793	$581,367,312	$7,346,032,481	$2,673,635,814	$4,672,396,667	$4,353,403,188	$318,993,479	$601,950,404	$115,586,546	$4,070,446,263
Export-Import Bank (EIB)	3,650,930,749	577,375,015	3,073,555,734	938,635,814	2,134,919,920	1,815,926,441	318,993,479	377,226,931	66,216,362	1,757,692,989
Reconstruction Finance:										
Corporation: Proper (RFC)	500,000,000		500,000,000	35,000,000	465,000,000	465,000,000		205,517,446	48,343,238	259,482,554
Office Defense Supplies (ODS)	23,600,816	3,992,297	19,608,519		19,608,519	19,608,519		17,893,072	1,010,299	1,715,447
U. S. Commercial Company (USCC)	2,620,196		2,620,196		2,620,196	2,620,196		1,108,988	16,649	1,511,208
State Department (State)	248,032		248,032		248,032	248,032		203,967		44,065
Treasury Department (Treas.)	3,750,000,000		3,750,000,000	1,700,000,000	2,050,000,000	2,050,000,000				2,050,000,000
American Republics	1,085,411,260	409,222,418	676,188,842	245,071,874	431,116,968	247,234,087	183,882,881	183,039,948	27,186,149	248,077,020
EIB	1,082,100,160	408,758,735	673,341,425	245,071,874	428,269,551	244,386,670	183,882,881	181,387,605	27,168,722	246,881,946
ODS	924,627	463,683	460,944		460,944	460,944		377,242	17,427	83,702
USCC	2,138,441		2,138,441		2,138,441	2,138,441		1,071,134		1,067,307
State	248,032		248,032		248,032	248,032		203,967		44,065
Argentina (EIB)	93,690,000	93,090,000	600,000	210,000	390,000	390,000		390,000	28,376	
Bolivia [2]	23,080,643	48,250	23,032,393	9,935,000	13,097,393	13,097,393		3,499,577	201,116	9,597,816
EIB	20,678,004	48,250	20,629,754	9,935,000	10,694,754	10,694,754		2,129,754	201,116	8,565,000
ODS	300,000		300,000		300,000	300,000		300,000		
USCC	2,102,639		2,102,639		2,102,639	2,102,639		1,069,823		1,032,816
Brazil [3,4]	270,463,827	86,663,717	183,800,110	47,615,705	136,184,405	70,767,328	65,417,077	46,516,503	7,484,890	89,667,902
EIB	270,433,215	86,663,717	183,769,498	47,615,705	136,153,793	70,736,716	65,417,077	46,516,503	7,484,890	89,637,290
USCC	30,612		30,612		30,612	30,612				30,612
Chile (EIB)	89,756,008	6,991,378	82,764,630	47,538,294	35,226,336	7,525,228	27,701,108	17,061,865	2,021,823	18,164,471
Colombia (EIB)	50,243,456	907,154	49,336,302	14,864,714	34,471,588	10,947,974	23,523,614	15,459,320	2,462,611	19,012,268
Costa Rica (EIB)	8,723,000	1,463,393	7,259,607		7,259,607	7,035,878	223,729	456,632	1,178,482	6,802,975
Cuba (EIB)	90,366,535	26,888,062	63,478,473	7,310,000	56,168,473	30,130,973	26,037,500	43,947,348	1,044,467	12,221,125
Dominican Republic (EIB)	3,300,000	16,068	3,283,932		3,283,932	3,000,000	283,932	1,653,879	447,913	1,630,053
Ecuador	18,194,817	559,513	17,635,304	10,230,000	7,405,304	7,405,304		1,011,645	760,348	6,393,459
EIB	17,565,000	95,830	17,469,170	10,230,000	7,239,170	7,239,170		933,092	742,921	6,306,078
ODS	624,627	463,683	160,944		160,944	160,944		77,242	17,427	83,702
USCC	5,190		5,190		5,190	5,190		1,311		3,879

Haiti (EIB)	13,350,000	2,670,000	10,680,000		10,680,000	10,680,000		3,440,000	1,985,050	7,240,000
Honduras (EIB)	2,700,000	1,700,000	1,000,000		1,000,000		1,000,000	422,750	50,320	577,250
Mexico	154,287,315	5,993,309	148,294,006	79,701,623	68,592,383	48,714,046	19,878,337	14,392,105	2,468,919	54,200,278
EIB	154,069,446	5,993,309	148,076,137	79,701,623	68,374,514	48,496,177	19,878,337	14,205,117	2,468,919	54,169,397
State	217,869		217,869		217,869	217,869		186,988		30,881
Nicaragua (EIB)	5,235,000	585,000	4,650,000		4,650,000	4,000,000	650,000	2,360,500	701,857	2,289,500
Panama (EIB)	4,500,000	2,012,296	2,487,704		2,487,704	2,487,704		2,487,704	207,791	
Paraguay (EIB)	7,800,000	1,600,000	6,200,000		6,200,000	6,000,000	200,000	1,298,550	926,390	4,901,450
Peru (EIB)	37,450,000	37,000,000	450,000	73,494	376,506	376,506		28,238	7,231	348,268
Salvador (EIB)	1,726,000	250,000	1,476,000		1,476,000	1,476,000		218,628	167,285	1,257,372
Uruguay [5]	43,615,163	29,211,125	14,404,038	2,593,044	11,810,994	109,038	11,701,956	227,726	702,258	11,583,268
EIB	43,585,000	29,211,125	14,373,875	2,593,044	11,780,831	78,875	11,701,956	210,747	702,258	11,570,084
State	30,163		30,163		30,163	30,163		16,979		13,184
Venezuela (EIB)	42,551,000	36,806,922	5,744,078		5,744,078	3,045,900	2,698,178	3,715,578	581,236	2,028,500
Unclassified (EIB)	124,378,496	74,766,231	49,612,265	25,000,000	24,612,265	20,044,815	4,567,450	24,451,400	3,757,794	160,865
Austria (EIB)	750,000		750,000	750,000						
Bahrein (ODS)	17,047,575		17,047,575		17,047,575	17,047,575		16,838,370	820,865	209,205
Belgium (EIB)	100,000,000		100,000,000		100,000,000	100,000,000		2,750,152	2,537,483	97,249,848
British Commonwealth	4,268,500,349	54,533,614	4,213,966,755	1,740,700,000	2,473,266,755	2,473,266,755		221,917,760	49,482,190	2,251,348,995
United Kingdom [6]	4,175,000,000		4,175,000,000	1,735,000,000	2,440,000,000	2,440,000,000		195,517,446	47,510,143	2,244,482,554
RFC	425,000,000		425,000,000	35,000,000	390,000,000	390,000,000		195,517,446	47,510,143	194,482,554
Treas.	3,750,000,000		3,750,000,000	1,700,000,000	2,050,000,000	2,050,000,000				2,050,000,000
Australia (EIB)	1,400,000	1,400,000								
British Honduras (USCC)	481,755		481,755		481,755	481,755		37,854	16,649	443,901
Canada [6]	69,965,000	33,580,000	36,385,000	5,700,000	30,685,000	30,685,000		25,685,000	1,783,391	5,000,000
EIB	64,965,000	33,580,000	31,385,000	5,700,000	25,685,000	25,685,000		25,685,000	1,129,474	
RFC	5,000,000		5,000,000		5,000,000	5,000,000			653,917	5,000,000
India (EIB)	16,000,000	16,000,000								
Jamaica (EIB)	25,000	25,000								
Newfoundland and Labrador (ODS)	5,628,614	3,528,614	2,100,000		2,100,000	2,100,000		677,460	172,007	1,422,540
China (EIB)	221,737,080	4,526,800	217,210,280	38,376,360	178,833,920	146,373,459	32,460,461	106,355,694	18,633,759	72,478,226
Czechoslovakia (EIB)	23,741,917	947,473	22,794,444	198,971	22,595,473	56,009	22,539,464	797,955	4,380	21,797,518
Denmark (EIB)	30,000,000	10,000,000	20,000,000	5,000,000	15,000,000		15,000,000		222,949	15,000,000
Ethiopia (EIB)	3,500,000		3,500,000	2,700,000	800,000	300,000	500,000	500,000	12,724	300,000
Finland (EIB)	114,500,000	7,596,168	106,903,832	22,528,795	84,375,037	79,403,832	4,971,205	2,341,425	5,359,462	82,033,612
France (EIB)	1,200,000,000		1,200,000,000	202,000,000	998,000,000	998,000,000		13,930,500	6,544,047	984,069,500
Germany (EIB)	3,011,310	3,006,751	4,559		4,559		4,559	4,559	40	
Greece (EIB)	25,000,000		25,000,000	20,100,000	4,900,000	4,900,000			46,137	4,900,000
Hungary [7] (EIB)	9,375,000	2,375,000	7,000,000	7,000,000						
Iceland (EIB)	1,000,000	410,000	590,000		590,000		590,000	590,000	32,716	
Iran (EIB)	1,130,000	667,571	462,429		462,429	222,399	240,030	462,429	13,928	
Iraq (EIB)	100,000	100,000								

See footnotes at end of table, p. 22.

TABLE 12.—*Loans to foreign governments and entities—by country, by agency, by status: July 1, 1940, through June 30, 1947*—Continued

	Commitments				Utilizations			Collections		Outstanding
	Gross	Cancellations and expirations	Net	Unutilized	Total	Direct	By agent banks [1]	Principal	Interest and commissions	
Italy (EIB)	$146,917,386	$3,541,121	$143,376,265	$105,517,379	$37,858,886		$37,858,886	$17,765,184	$144,465	$20,093,702
Latvia (EIB)	1,903,000	1,892,218	10,782		10,782		10,782	10,782	57	
Netherlands and possessions	209,878,142	4,485,000	205,393,142	108,161,812	197,231,330	$197,231,330		2,223,235	2,904,935	194,998,695
Netherlands [6] (EIB)	209,878,142	4,485,000	205,393,142	8,161,812	197,231,330	197,231,330		2,223,235	2,904,935	194,998,695
Netherlands Indies (EIB)	100,000,000		100,000,000	100,000,000						
Norway (EIB)	60,750,000	10,523,388	50,226,612	50,000,000	226,612		226,612	226,612	18,927	
Philippines	95,600,000	25,600,000	70,000,000		70,000,000	70,000,000		10,000,000	179,178	60,000,000
EIB	25,600,000	25,600,000								
RFC	70,000,000		70,000,000		70,000,000	70,000,000		10,000,000	179,178	60,000,000
Poland [3] (EIB)	52,906,743	9,359,331	43,547,412	32,591,691	10,955,721	10,919,543	36,178	246,472	684,263	10,709,249
Portugal and possession	5,800,000	4,464,134	1,335,866		1,335,866	1,335,866		1,275,642	137,000	60,224
Portugal (EIB)	5,500,000	4,229,134	1,270,866		1,270,866	1,270,866		1,270,866	131,821	
Angola [3] (EIB)	300,000	235,000	65,000		65,000	65,000		4,776	5,179	60,224
Rumania (EIB)	50,000	50,000								
Saudi Arabia (EIB)	30,000,000	5,000,000	25,000,000	18,000,000	7,000,000	7,000,000				7,000,000
Spain (EIB)	15,072,872	1,391,798	13,681,074		13,681,074	112,333	13,568,741	13,681,074	530,851	
Sweden (EIB)	15,000,000	10,889,000	4,111,000		4,111,000		4,111,000	4,111,000	51,457	
Turkey (EIB)	38,327,860	10,267,860	28,060,000	28,060,000						
Yugoslavia (EIB)	517,667	517,667								
Miscellaneous (EIB)	49,871,612		49,871,612	46,878,932	2,992,680		2,992,680	2,871,611	28,446	121,069
Europe, special cotton credit	41,000,000		41,000,000	41,000,000						
Special exporter-importer credits	3,871,612		3,871,612	878,932	2,992,680		2,992,680	2,871,611	28,446	121,069
Various countries	5,000,000		5,000,000	5,000,000						

[1] Represents loans of agent banks fully guaranteed by Export-Import Bank.

[2] Collections on principal include a portion of 1 loan in Bolivia to an individual, amounting to $888,967, written off.

[3] Loans delinquent 90 days or more total $271,022 as follows: Brazil, $142,998; Uruguay, $64,227; Poland, $3,492; Angola, $60,224.

[4] Data include participation by another agency of $7,000,000 in loans of Export-Import Bank.

[5] The utilization of the loan by the Treasury Department has been increased to $3,250,000,000 and the unutilized commitments reduced to $400,000,000 through Sept. 30, 1947.

Collections on the Reconstruction Finance Corporation loan do not include $3,832,144 held as unapplied interest and $6,946,523 held in a sinking fund for payment of principal.

Source: Clearing Office for Foreign Transactions, Department of Commerce.

[6] An Export-Import Bank loan to Aluminum Co. of Canada, Ltd., of $11,730,000 is excluded, since this loan in effect was paid off as a result of a subsequent advance by Office of Metals Reserve, the latter transaction being reflected in advances.

[7] On July 31, 1947, the availability of this commitment was transferred to "Miscellaneous—Europe, special cotton credit."

[8] Commercial banks participated in a $300,000,000 short-term credit to the Netherlands in the aggregate amount of approximately $93,000,000 without recourse on or guaranty by the Export-Import Bank. As disbursements were made by the commercial banks, amount of Export-Import Bank commitment was reduced correspondingly. The $4,485,000 cancellation resulted from an equivalent amount of funds becoming available to the Netherlands from the proceeds of a bond issue after payment of expenses.

TABLE 13.—*Property credits to foreign governments and entities, by country, by agency, by status: July 1, 1940, through June 30, 1947*

	Commitments and agreements to extend credit				Credit utilized	Collections		Utilized credit outstanding [1]
	Gross	Cancellations and expirations	Net	Unutilized		Principal	Interest	
Total	$2,965,703,717	$169,911,313	$2,795,792,404	$445,294,323	$2,350,498,081	$67,045,683	$802,133	$2,283,452,398
Maritime Commission (MC)	190,918,686	19,221,313	171,697,373	30,324,173	141,373,200	672,600	127,417	140,700,600
Reconstruction Finance Corporation: Office Rubber Reserve (ORR)	1,964,773		1,964,773		1,964,773	1,855,619		109,154
State Department: Office Foreign Liquidation Commission (OFLC)	1,152,459,067		1,152,459,067	308,938,874	844,500,193	3,869,045	674,716	840,631,148
Treasury Department: Lend-lease fiscal operations (LLFO)	1,619,361,191	150,500,000	1,468,771,191	106,111,276	1,362,659,915	60,648,419		1,302,011,496
American Republics	170,301,980	6,405	170,295,555	43,822,028	126,473,527	58,945,271		67,528,256
MC	12,470,684	6,405	12,464,279	3,122,379	10,341,900			10,341,900
ORR	1,964,773		1,964,773		1,964,773	1,855,619		109,154
OFLC	10,721,353		10,721,353	821,916	9,899,437			9,899,437
LLFO	144,145,150		144,145,150	39,877,733	104,267,417	57,089,652		47,177,765
Brazil	19,302,876	2,358	19,300,518	3,122,379	16,178,139	1,855,619		14,322,520
MC	9,367,137	2,358	9,364,779	3,122,379	6,242,400			6,242,400
ORR	1,964,773		1,964,773		1,964,773	1,855,619		109,154
OFLC	7,970,966		7,970,966		7,970,966			7,970,966
Colombia (OFLC)	800,000		800,000	186,853	613,147			613,147
Ecuador (OFLC)	350,000		350,000	350,000				
Panama (OFLC)	121,000		121,000	121,000				
Peru	4,916,934	4,047	4,912,887		4,912,887			4,912,887
MC	4,103,547	4,047	4,099,500		4,099,500			4,099,500
OFLC	813,387		813,387		813,387			813,387
Uruguay (OFLC)	666,000		666,000	164,063	501,937			501,937
Unclassified (LLFO)	144,145,150		144,145,150	39,877,733	104,267,417	57,089,652		47,177,765
Austria (OFLC)	10,000,000		10,000,000	8,695,285	1,304,715			1,304,715
Belgium [3]	104,000,000	55,000,000	49,000,000		49,000,000		361,124	49,000,000
OFLC	49,000,000		49,000,000		49,000,000		361,124	49,000,000
LLFO	55,000,000	55,000,000						

See footnotes at end of table, p. 25.

TABLE 13.—*Property credits to foreign governments and entities, by country, by agency, by status: July 1, 1940, through June 30, 1947*—Cont.

	Commitments and agreements to extend credit				Credit utilized	Collections		Utilized credit outstanding [1]
	Gross	Cancellations and expirations	Net	Unutilized		Principal	Interest	
British Commonwealth	$669,500,000		$669,500,000	$3,182,039	$666,317,961			$666,317,961
United Kingdom	650,000,000		650,000,000		650,000,000			650,000,000
OFLC	60,000,000		60,000,000		60,000,000			60,000,000
LLFO	590,000,000		590,000,000		590,000,000			590,000,000
Australia	7,000,000		7,000,000		7,000,000			7,000,000
OFLC	6,500,000		6,500,000		6,500,000			6,500,000
LLFO	500,000		500,000		500,000			500,000
Burma (OFLC)	5,000,000		5,000,000		5,000,000			5,000,000
New Zealand (OFLC)	5,500,000		5,500,000	1,182,039	4,317,961			4,317,961
Union of South Africa (OFLC)	2,000,000		2,000,000	2,000,000				
China	138,257,986	$7,150,000	131,107,986	27,680,252	103,427,734	$2,561		103,425,173
MC	9,357,986		9,357,986	9,357,986				
OFLC	70,000,000		70,000,000	11,101,629	58,898,371	2,561		58,895,810
LLFO	58,900,000	7,150,000	51,750,000	7,220,637	44,529,363			44,529,363
Czechoslovakia (OFLC) [2]	50,000,000		50,000,000	42,212,452	7,787,548			7,787,548
Denmark (OFLC)	10,000,000		10,000,000	9,914,000	86,000		$1,097	86,000
Egypt (OFLC)	9,337,691		9,337,691		9,337,691	413,331		8,924,360
Ethiopia (OFLC)	1,000,000		1,000,000	653,238	346,762		6,503	346,762
Finland	25,816,759		25,816,759	12,622,416	13,194,343		299,946	13,194,343
MC	816,759		816,759	816,759				
OFLC	25,000,000		25,000,000	11,805,657	13,194,343		299,946	13,194,343
France	762,164,437	55,001,501	707,162,936	7,101,052	700,061,884	340,000		699,721,884
MC	42,164,437	1,501	42,162,936	2,081,586	40,081,350	340,000		39,741,350
OFLC	300,000,000		300,000,000		300,000,000			300,000,000
LLFO	420,000,000	55,000,000	365,000,000	5,019,466	359,980,534			359,980,534
Greece	96,299,139	1,139	96,298,000	46,423,252	49,874,748	124,600	29,426	49,750,148
MC	41,299,139	1,139	41,298,000		41,298,000	124,600	29,426	41,173,400
OFLC	55,000,000		55,000,000	46,423,252	8,576,748			8,576,748

Hungary (OFLC) [4]	20,000,000		20,000,000	19,610,497	10,388,503	100,000		10,288,503
Iran	38,668,330		38,668,330	25,668,989	12,999,341	3,752,171		9,247,170
OFLC	29,527,289		29,527,289	25,668,989	4,458,300	193,404		4,264,896
LLFO	8,541,041		8,541,041		8,541,041	3,558,767		4,982,274
Iraq (OFLC)	889,350		889,350		889,350	381,842		507,508
Italy	201,741,131	12,904	201,728,227	2,450,277	199,277,950		21,383	199,277,950
MC	41,741,131	12,904	41,728,227	2,450,277	39,277,950		21,383	39,277,950
OFLC	160,000,000		160,000,000		160,000,000			160,000,000
Japan (OFLC)	15,000,000		15,000,000	7,614,511	7,385,489			7,385,489
Korea (OFLC)	25,000,000		25,000,000	21,733,184	3,266,816			3,266,816
Lebanon (OFLC)	5,000,000		5,000,000	2,962,351	2,036,649	228,833		1,807,816
Liberia (LLFO)	19,275,000		19,275,000	8,625,042	10,649,958			10,649,958
Netherlands and possession	189,434,626	11,434,626	178,000,000	50,011,728	127,988,272	635,593		127,352,679
Netherlands	89,434,626	11,434,626	78,000,000	19,078,077	58,921,923			58,921,923
MC	11,434,626	11,434,626						
OFLC	30,000,000		30,000,000	19,078,077	10,921,923			10,921,923
LLFO	48,000,000		48,000,000		48,000,000			48,000,000
Netherlands Indies (OFLC)	100,000,000		100,000,000	30,933,651	69,066,349	635,593		68,430,756
Norway	37,849,112	7,862,726	29,986,386	19,543,835	10,442,551	208,000	76,708	10,234,551
MC	27,849,112	7,862,726	19,986,386	12,385,186	7,591,200	208,000	76,708	7,383,200
OFLC	10,000,000		10,000,000	7,148,649	2,851,351			2,851,351
Philippines (OFLC)	5,983,384		5,983,384		5,983,384	983,384	6,096	5,000,000
Poland (OFLC)	50,000,000		50,000,000	27,271,307	22,728,693	250,000		22,478,693
Saudi Arabia (OFLC)	2,000,000		2,000,000	328,007	1,671,993			1,671,993
Thailand (OFLC)	10,000,000		10,000,000	4,990,085	5,009,915			5,009,915
Turkey	12,784,812	2,012	12,782,800	6,409,098	6,373,702	698,097		5,693,605
MC	2,784,812	2,012	2,782,800		2,782,800			2,782,800
OFLC	10,000,000		10,000,000	6,409,098	3,590,902	698,097		2,910,805
U. S. S. R. (LLFO)	275,000,000	33,440,000	241,500,000	45,308,398	196,191,602			196,191,602
Yemen (OFLC)	1,000,000		1,000,000	1,000,000				

[1] Utilized credit outstanding represents credit utilized less collections on principal. Credit utilized represents (1) reported deliveries of surplus property, except for bulk sales where entire amount of commitment is used (Office of Foreign Liquidation Commissioner), (2) merchant ships delivered against executed mortgages (Maritime Commission), and (3) billings for goods delivered in the case of lend-lease credits (lend-lease fiscal operations). See explanatory note for a listing of the totals by country, representing the contracts for future delivery of surplus property.

[2] For Belgium, the OFLC commitment is based on estimates as to the amount of surplus property available for sale under the war-account settlement dated Sept. 24, 1946, and consists of a credit of $23,000,000 plus $36,000,000 representing the United States share which is half the estimated proceeds to be received by the Belgian Government from sale of United States surplus property.

[3] New sales under credit suspended Sept. 12, 1946.

[4] New sales under credit suspended June 3, 1947.

Source: Clearing Office for Foreign Transactions, Department of Commerce.

TABLE 14.—*Advances to foreign governments and entities—by country, by agency, by status: July 1, 1940, through June 30, 1947*

	Commitments				Utilizations	Credit for materials delivered		Outstanding [3]
	Gross	Cancellations and expirations	Net	Unutilized		Principal [1]	Interest	
Total	$1,017,828,513	$9,366,391	$1,008,462,122	$14,615,657	$993,846,435	$732,642,974	$8,554,126	$261,203,461
Agriculture Department (Agr)	715,209,556		715,209,556	12,394,317	702,715,239	456,334,118		246,381,121
Reconstruction Finance Corporation:								
Office Defense Supplies (ODS)	50,000,000	258,307	49,741,693		49,741,693	49,741,693	4,343,921	
Office Metals Reserve (OMR)	126,172,027	9,681,584	117,090,443		117,090,443	106,622,876	4,300,272	10,467,567
Office Rubber Reserve (ORR)	10,207,970	26,500	10,281,470	66,681	10,214,789	7,998,723	4,391	2,216,066
U. S. Commercial Company (USCC)	55,757,939		55,757,939	1,954,689	53,803,250	51,812,740	5,532	1,990,510
State Department (State)	281,021		281,021		281,021	132,824		148,197
Treasury Department (Treas)	60,000,000		60,000,000		60,000,000	60,000,000		
American Republics	765,469,316	221,957	765,247,359	77,674	765,169,685	506,675,919	34,848	258,493,766
Agr	690,178,840		690,178,840		690,178,840	446,203,402		243,975,438
OMR	31,165,027	195,457	30,969,570		30,969,570	20,796,281	24,968	10,172,289
ORR	10,201,560	26,500	10,275,060	66,681	10,208,409	7,992,343	4,348	2,216,066
USCC	33,542,838		33,542,838	10,993	33,531,845	31,551,009	5,532	1,980,776
State	281,021		281,021		281,021	132,824		148,197
Argentina (USCC)	3,990		3,990		3,990	3,990		
Bolivia	5,964,296		5,964,296		5,964,296	3,980,334	5,000	2,083,962
OMR	150,000		150,000		150,000	27,006	5,000	122,994
ORR	5,158,858		5,158,858		5,158,858	3,749,118		1,409,740
USCC	645,438		645,438		645,438	84,210		561,228
Brazil	2,045,385	26,300	2,018,885		2,018,885	1,267,921	7,675	750,964
OMR	25,000		25,000		25,000	25,000	26	
ORR	1,024,358	26,500	997,858		997,858	871,339	1,817	126,519
USCC	996,027		996,027		996,027	371,582	5,532	624,445
Chile (USCC)	27,655,862		27,655,862		27,655,862	27,272,140		383,722
Colombia	1,539,368	3,000	1,536,368	5,871	1,530,497	1,345,091	1,335	185,406
OMR	3,000	3,000						
ORR	1,408,100		1,408,100		1,408,100	1,249,201	1,335	158,899
USCC	128,268		128,268	5,871	122,397	95,890		26,507

Costa Rica	574,282		574,282		574,282	492,081	1,042	82,201
ORR	420,195		420,195		420,195	409,994	1,042	10,201
USCC	154,087		154,087		154,087	82,087		72,000
Cuba	690,202,551		690,202,551		690,202,551	446,205,307		243,997,244
Agr	690,128,840		690,128,840		690,128,840	446,153,402		243,975,438
USCC	73,711		73,711		73,711	51,905		21,806
Ecuador (ORR)	539,330		539,330		539,330	503,814	454	35,516
Guatemala	35,532		35,532		35,532	34,511		1,021
ORR	33,674		33,674		33,674	32,653		1,021
USCC	1,858		1,858		1,858	1,858		
Mexico	33,841,162	192,457	33,648,705		33,648,705	23,475,711		10,172,994
OMR	30,662,027	192,457	30,469,570		30,469,570	20,419,889		10,049,681
ORR	5,000		5,000		5,000	5,000		
USCC	3,174,135		3,174,135		3,174,135	3,050,822		123,313
Nicaragua (USCC)	276,383		276,383		276,383	126,097		150,286
Panama (ORR)	22,898		22,898		22,898	11,484		11,414
Peru	1,716,951		1,716,951	45,121	1,671,830	1,190,991	19,942	480,839
Agr	50,000		50,000		50,000	50,000		
OMR	325,000		325,000		325,000	324,386	19,942	614
ORR	925,900		925,900	30,999	885,901	423,145		462,756
USCC	416,051		416,051	5,122	410,929	393,460		17,469
Uruguay State	281,021		281,021		281,021	132,824		148,197
Venezuela	780,305		780,305	26,682	753,623	753,623		
ORR	763,277		763,277	26,682	736,595	736,595		
USCC	17,028		17,028		17,028	17,028		
British Commonwealth	101,180,392	8,886,127	92,294,265		92,294,265	91,990,253	4,026,473	304,012
Australia (USCC)	886		886		886	886		
British Guiana (ORR)	1,690		1,690		1,690	1,690	43	
British Honduras (USCC)	322,503		322,503		322,503	322,503		
Canada	92,176,380	8,734,127	83,442,253		83,442,253	83,442,253	4,001,215	
OMR	90,455,000	8,734,127	81,720,873		81,720,873	81,720,873	4,001,215	
USCC	1,721,380		1,721,380		1,721,380	1,721,380		
India (USCC)	2,015		2,015		2,015	2,015		
Newfoundland and Labrador (OMR)	120,000	120,000						
Nigeria (USCC)	68,117		68,117		68,117	58,383		9,734
Northern Rhodesia (USCC)	5,862,585		5,862,585		5,862,585	5,862,585		

See footnotes at end of table, p. 28.

TABLE 14.—*Advances to foreign governments and entities—by country, by agency, by status: July 1, 1940, through June 30, 1947.*—Continued

	Commitments				Utilizations	Credit for materials delivered		Outstanding [3]
	Gross	Cancellations and expirations	Net	Unutilized		Principal [4]	Interest	
British Commonwealth—Continued								
Sierra Leone (USCC)	$492,986		$492,986		$492,986	$492,986		
Southern Rhodesia	57,443	$32,000	25,443		25,443	25,443		
OMR	32,000	32,000						
USCC	25,443		25,443		25,443	25,443		
Trinidad and Tobago (ORR)	1,690		1,690		1,690	1,690		
Union of South Africa	2,674,117		2,674,117		2,674,117	1,779,830	$25,215	$294,278
OMR	1,400,000		1,400,000		1,400,000	1,105,722	25,215	294,278
USCC	674,117		674,117		674,117	674,117		
China (USCC)	9,400,000		9,400,000	$1,943,696	7,456,304	7,456,304		
French possession: Algeria (USCC)	2,023,188		2,023,188		2,023,188	2,023,188		
Netherlands possessions	18,000,000		18,000,000	12,594,317	5,405,683	3,000,000	148,874	2,406,683
Netherlands Indies (Agr)	12,000,000		15,000,000	12,594,317	2,405,683			2,406,683
Surinam (OMR)	3,000,000		3,000,000		3,000,000	3,000,000	148,874	
Philippines	10,123,716		10,123,716		10,123,716	10,123,716		
Agr	10,120,716		10,120,716		10,120,716	10,120,716		
ORR	3,000		3,000		3,000	3,000		
Portuguese possessions	1,517,905		1,517,905		1,517,905	1,517,905		
Angola (USCC)	764,405		764,405		764,405	764,405		
Mozambique (USCC)	753,500		753,500		753,500	753,500		
Spain (USCC)	103,996		103,996		103,996	103,996		
U. S. S. R.	110,000,000	258,307	109,741,693		109,741,693	109,741,693	4,343,931	
ODS	50,000,000	258,307	49,741,693		49,741,693	49,741,693	4,343,931	
Trans	60,000,000		60,000,000		60,000,000	60,000,000		

[1] Includes $2,320,672 reported as written off: Bolivia, $7,023; Brazil, $9,736; Colombia, $30,745; Cuba, $40,850; Ecuador, $11,208; Guatemala, $3,736; Mexico, $182,683; Peru, $30,000; Venezuela, $27,301; Southern Rhodesia, $23,928; and Surinam, $1,933,332.

[2] Includes $1,428,237 delinquent 90 days or more: Bolivia, $540,797; Brazil, $634,445; Colombia, $36,807; Costa Rica, $72,000; Cuba, $21,836; Mexico, $123,313; and Peru, $17,040.

Source: Clearing Office for Foreign Transactions, Department of Commerce.

Explanatory Note—Foreign Credits Tables 11-14

The majority of property credits were extended beginning in the latter part of 1945 under lend-lease pipe-line agreements, war-account settlements, and in connection with the sale of surplus property. The greater part of the loan activity also has occurred since July 1, 1945. In order to maintain uniformity of presentation, however, July 1, 1940, is cited as the beginning date for all cumulative tables presented.

In the case of the Export-Import Bank, data are reported on all loans made since February 12, 1934, when the bank was established. The EIB reported the following status of its loans as of June 30, 1940:

Gross commitments	$437, 581, 531
Cancellations and expirations	119, 103, 091
Net commitments	318, 478, 440
Undisbursed commitments	158, 435, 206
Total disbursements	160, 043, 234
Principal collections	61, 525, 058
Outstanding	98, 518, 176
Interest and commissions	(1)

[1] Not reported.

Another agency known to have extended foreign credits in the period between World Wars I and II is the Reconstruction Finance Corporation. Although not included in the tables of this appendix, the essential facts are as follows:

U. S. S. R.—On July 18, 1933, the RFC authorized a loan to the Cotton Export Finance Corporation of New York in the amount of $1,500,000, and an additional loan of $1,300,000 1 week later. These loans were secured by notes of the Amtorg Trading Corp., which were endorsed by the State Bank of U. S. S. R. Against these amounts $2,722,902 was disbursed and subsequently repaid. Two other loans to Amtorg of $51,247 and $29,295 were made on July 21 and August 14, 1933, respectively, and have been repaid.

China.—The RFC authorized a loan of $50,000,000 to China on July 10, 1933. This authorization was reduced on February 16, 1934, to $20,000,000, against which $17,100,000 was disbursed. Payments by China to the RFC reduced this amount to $13,500,000, and the outstanding notes were sold on April 8, 1936, to the EIB. Only the amount of the loan purchased by the EIB is included in this report.

Norway.—On January 12, 1940, the RFC authorized a loan of $10,000,000 to the Kingdom of Norway. The entire amount of this authorization was subsequently canceled.

Transactions covered.—The following types of United States Government transactions are included:

1. *Loans.*—These represent cash loans to foreign governments and private entities in foreign countries which result in a debtor-credit relationship, anticipating repayment in cash of principal plus interest. Commitments reported by the EIB represent authorizations resulting from approval of loans by the Board of Directors. As of June 30, 1947, certain loans had not been formalized by credit agreements or, in the case of exporter credits, by letter agreements, in the amounts shown for the following countries:

Argentina	$210, 000	China	$4, 243, 750
Brazil	27, 826, 521	Finland	2, 500, 000
Ecuador	1, 000, 000	Italy	100, 000, 000
Mexico	53, 800, 000	Netherlands Indies	100, 000, 000
Austria	750, 000		
Canada	5, 700, 000	Total	296, 030, 271

2. *Property credits.*—These represent credits, other than cash loans and advances, extended to a foreign government or private entities in a foreign country in connection with the disposal of surplus property, ships, or other property, the sale or disposition of or the settlement for lend-lease articles and services, the settlement for civilian supplies and relief and rehabilitation items, or any other transactions, the result of which is to create an obligation of such foreign government or entity to the United States Government, anticipating repayment of principal and interest in accordance with the credit terms.

3. *Advances.*—These represent cash advances to or for the account of foreign governments or private entities in foreign countries which give rise to an obligation to repay by deliveries of material or services or by repayment in cash. Cumu-

lative repayments data include $24,805,033 of principal repaid in cash, of which $14,154,504 was received from other countries for sugar delivered under the advance to Cuba by the Commodity Credit Corporation of the Agriculture Department. Data also include $578,340 of interest repaid in cash and $59,361,829 of principal paid in gold.

4. *Commodity programs for Germany and Japan.*—Credits resulting from commodity advances by the United States Government to Germany and Japan are included in table 11. Raw materials are being shipped to these countries for manufacture into finished goods, part of which is retained by the occupied area as a processing fee. The other part is exported to adjacent areas for dollar proceeds, which are used to reimburse the United States Government for the cost of the raw materials and the handling charges and administrative expenses incurred. Any balance of these proceeds will accrue to the respective military government for the procurement of civilian goods for shipment to the occupied area. The major commodity advanced to Germany and the only commodity advanced to Japan has been raw cotton made available by the Commodity Credit Corporation through the U. S. Commercial Company.

The total collections of principal and interest recorded for Japan represent funds realized by USCC from the sale of Japanese textiles. The collections recorded for CCC represent funds transferred from USCC to CCC through June 30, 1947, plus the funds available for transfer on that date.

Credits arising as the result of the following bulk sales of surplus property have been considered utilized as of the dates agreements were signed: Belgium, $49,000,000; China, $55,000,000; France, $300,000,000; Italy, $160,000,000; Philippines, $5,000,000; and United Kingdom, $60,000,000. This was done because ultimate deliveries under bulk sales are expected to approximate the amounts specified in the agreement. Commitments are treated as equivalent to utilizations.

In all cases other than bulk sales, utilization figures regularly have been based on actual deliveries of surplus property, including merchant-ship sales, or bills rendered for goods delivered under lend-lease credits. However, if unfilled contracts for the sale of surplus property were assumed to result in the immediate utilization of related credits, the figure for utilized surplus-property credits would be increased as follows:

Colombia	$184, 933	Japan	$3, 596, 906
Austria	156, 000	Korea	13, 127, 390
New Zealand	69, 938	Netherlands	5, 378, 464
China	3, 985, 859	Norway	27, 784
Ethiopia	80, 000	Poland	7, 598, 112
Finland	1, 349, 157	Turkey	2, 346, 393
Greece	21, 731, 878		
Hungary	6, 178, 372	Total	65, 811, 186

Credits utilized and outstanding under lend-lease fiscal operations for the United Kingdom are stated in the amount of $590,000,000, although billings to June 30, 1947, of $250,000,000 for post-VJ-day pipe-line transfers plus $472,000,000 lend-lease VJ-day inventories total $722,000,000. Under the lend-lease settlement of December 6, 1945, the post-VJ-day transfers estimated at $301,000,000 plus the lend-lease VJ-day inventories ($472,000,000) less an offset estimated at $183,000,000 for the reverse lend-lease pipe line and allowed claims are expected to approximate $590,000,000.

Commitments as of June 30, 1947, for China and France under lend-lease fiscal operations show a reduction as compared with March 31, 1947, of $7,150,000 and $55,000,000, respectively, bringing the net commitment figures for these two countries to $51,750,000 and $365,000,000. The revised figures represent the estimated value of lend-lease aid furnished and to be furnished under the reported credits. With the recording of additional data during the September quarter, it is presently estimated that the net commitment figure as of September 30,1947, will be reported in the amount of $385,000,000 for France.

DEFINITIONS

Because of the wide variety of transactions and differences in the accounting procedures of the lending agencies, it was impossible to prepare simple definitions applicable to all cases, but the classifications used are as consistent in principle as possible.

Sales of surplus property against foreign currencies and other property when the currencies have been paid to the account of the United States, or title to the

other property has been transferred, are considered as cash, not credit, transactions, even though there are quantitative limitations on the use of the foreign currencies which prevent their complete utilization for a year or more. On the other hand, sales against foreign currencies, services, or property which are to be paid, performed, or transferred upon demand are considered as credit transactions to the extent that demand has not been made.

"Net commitments" covers all loans and credits approved by the responsible officials of the lending agencies from available funds even if they have not in every case been signed or formalized by credit agreements. Cancellations and expirations up to June 30, 1947, have been deducted from the amounts authorized.

"Utilized" is defined as follows:

(a) Loans such as those by the Export-Import Bank and the Reconstruction Finance Corporation; also, the loan to the United Kingdom—disbursed under the terms of the agreements.

(b) Credits by the Office of the Foreign Liquidation Commissioner—amounts reported as actually delivered on normal sales plus the complete amount of bulk sales regardless of delivery.

(c) Settlements for lend-lease transfers—billings presented to foreign governments. Work completed, as reported to the Treasury Department, was the basis for determining utilization under the Liberian agreement.

(d) Ship sales by the Maritime Commission—principal amount of mortgages received by the Commission from foreign purchasers. The Ship Sales Act provides that vessels may be sold for 25 percent cash and the balance on credit terms. In all sales where credit is involved, mortgages are received when the ships are delivered to the purchaser.

"Repayments" are confined to repayments on principal account. They are exclusive of repayments on debts arising out of World War I.

"Outstanding indebtedness" is usually the net of utilization less repayments of principal.

International Monetary Fund and the International Bank for Reconstruction and Development

By the Bretton Woods Agreements Act, Public Law 171, Seventy-ninth Congress, first session, approved July 31, 1945, the United States was authorized to accept membership in the International Monetary Fund and the International Bank for Reconstruction and Development. Both of these institutions are now in operation.

The contribution of the United States to the capital of these institutions was largely made during 1946 and early 1947 in the following forms:

United States payments to the International Fund and Bank

[In millions of dollars]

Form	International Monetary Fund	International Bank for Reconstruction and Development
Gold	687.5	.....
Dollars	280.5	69.2
Demand notes (in place of dollars)	1,782.0	565.8
Total	2,750.0	635.0

The payments to the fund covered the full amount of the United States quota. The payments to the bank covered the 20 percent of the United States subscription which was subject to call when the bank was ready to start operations. The other 80 percent of the subscription—$2,540,000,000—is subject to call by the bank when and if required to meet obligations of the bank arising out of its direct issues or those guaranteed by it.

The capacity of the International Monetary Fund and the International Bank for Reconstruction and Development to assist in the task of financing the world's needs for United States dollars is restricted by the articles of agreement under which both organizations operate. These restrictions are of two types, first, actual limitations as to amounts available, and, second, qualitative requirements which must be met before currencies can be purchased from the Fund or loans can be made by the Bank.

International Monetary Fund.—The quantitative limitations on the right of member countries to acquire United States dollars from the Fund are stated in article V, section 3, of the Articles of Agreement. In general a member's aggregate purchases of currency from the fund are limited to the amount of its quota plus the amount of gold that the member has paid in. Also, members may ordinarily not borrow more than 25 percent of their quotas in any one year, unless special exception is made.

The total amount of United States dollars that the fund can furnish to all countries is limited by the amount of dollars and gold possessed by the fund. The balance sheet for June 30, 1947 showed gold holdings amounting to $1,344,000,000, and dollar deposits and dollar securities held amounting to $2,005,000,000, a total of $3,349,000,000.

The qualitative limitations on the rights of members to use the facilities of the fund are many. The principal ones are listed below:

(1) The member must be in good standing.

(2) The member must represent that the currency to be acquired is presently needed for making in that currency payments which are consistent with the fund agreement.

(3) The member must not be using the resources of the fund in a manner inconsistent with the purposes of the fund.

(4) The funds acquired may not be used to meet a large or sustained outflow of capital.

In general, the aim of these and other provisions is to limit the fund's resources to the financing of short-term balance-of-payments deficits.

The operations of the fund according to its report as of August 31, 1947, are shown below:

Currencies acquired by its members from the International Monetary Fund, as of August 31, 1947

Country acquiring currency	Amount of currency acquired	
	Millions of dollars	Other
France	100.0	
Netherlands	18.0	[1] 6.0
Mexico	13.5	

[1] In millions of pounds sterling.

According to public releases, the following countries have acquired currency from the fund between August 31, and November 30, 1947: Chile, $7,500,000, Denmark, $3,400,000, France, $25,000,000, Mexico, $9,000,000, Netherlands, $12,000,000, Turkey, $5,000,000, and United Kingdom, $240,000,000.

International Bank.—The bank's capacity to make loans of United States dollars is limited to its holdings of dollars plus its ability to sell its obligations for dollars. As shown by its balance sheet, on September 30, 1947, its holdings of dollar deposits and securities amounted to $741,000,000. The bank had yet to make dollar disbursements of $263,000,000 on loans already authorized. In July it sold $100,000,000 of a 10-year 2¼-percent issue and $150,000,000 of a 25-year 3-percent issue at 100.

Qualitative restrictions on the bank's ability to lend, as stated in its second annual report (pp. 15 ff.), are:

(1) Loans may not be made for relief or for political purposes;

(2) There must be reasonable prospects for repayment; and

(3) Specific projects or programs for development or reconstruction must be presented. General balance-of-payments deficits are not to be financed by the bank.

The loans authorized by the bank through November 1947 are as follows:

[In millions of dollars]

Borrowing country	Authorized amount	Amount utilized (through Sept. 30 only)
France	250.0	202.4
Netherlands	195.0	30.0
Denmark	40.0	.....
Luxemburg	[1] 12.0	.....
Total	[1] 497.0	232.4

[1] Including $2,000,000 to be disbursed in Belgian francs.

The bank has also received loan applications from Italy, Poland, Czechoslovakia, Iran, Mexico, and Chile.

Commitments to extend aid

Commitments by the United States Government to extend aid to foreign countries, requested in item 3, are shown in the preceding tables as unutilized balances. A few other commitments which are not susceptible to statistical treatment are discussed below.

Mexico.—Under Public Law 422, Seventy-ninth Congress, Congress authorized United States Government aid to Mexico in the campaign to eradicate the foot-and-mouth disease.

In consequence, the United States Government helped to form and is supporting the Joint Mexican-United States Commission for the Eradication of Foot and Mouth Disease.

United States expenditures under this program, out of funds advanced by the Department of Agriculture, average 5 to 8 million dollars per month.

The United States Government commitment in this matter is expressed in an exchange of notes with the Government of Mexico.

Panama.—The following are the outstanding commitments to Panama (see exchange of notes dated May 18, 1942, executive agreement series 452):

1. The transfer to the Republic of Panama of certain railroad lots in Panama and Colon.

2. The construction at Balboa by the United States of a tunnel or bridge to allow transit under or over the Canal.

3. The removal from their present site to some other suitable site in the Republic of Panama of the terminal facilities of the Panama Railroad in Panama including the station, yards, and other appurtenances.

4. Under paragraph 6 of point No. 5 of the above-mentioned note of May 18, 1942, the United States Government is committed to bear one-third of the current maintenance cost of the roads in Panama being used periodically or frequently by our armed forces. This commitment was made in view of wear or damage caused to such roads by movements related to defense activities.

Scientific and cultural cooperation.—The programs and projects conducted by the Department of State through the Interdepartmental Committee on Scientific and Cultural Cooperation provide for cultural, scientific, and technical cooperation and interchange with all the American Republics in accordance with the resolutions, conventions, and agreements entered into at the Inter-American Conference for the Maintenance of Peace held at Buenos Aires in 1936 and the Eighth International Conference of American States held at Lima in 1938. These programs are carried out pursuant to congressional authorization contained in Public Law 355, Seventy-sixth Congress, and Public Law 63, Seventy-sixth Congress. Inasmuch as these programs are carried out in agreement with and with financial cooperation of the government and people of the other American Republics, they are looked upon as actual and moral commitments within the limitations of the annual congressional appropriations and appropriation language.

These programs are administered by some 16 agencies of Government, including the Department of State through funds appropriated to the Department of State. None of them are direct financial-aid programs but they do constitute economic aid in the broad sense of that term. Although the program includes such varied activities as the exchange of students and professors, the establishment of cooperative agricultural field stations, the training of public administrators and public-health officers, and the translation of official United States publications into Spanish and Portuguese, they are all designed to render closer and more effective the relations between the American Republics and to foster economic and social well-being of the people of this hemisphere.

Commitments in fiscal 1948.—The Congress has made available to the Department of State a total of $4,000,000 for expenditure during the fiscal year 1948 and this total sum may be regarded, in light of the above, as a commitment to extend United States economic aid to the countries of Latin America.

United States Stabilization Fund agreements

United States Stabilization Fund now has three agreements which are still in effect, namely, agreements with Brazil, Mexico, and Cuba.

The period in which additional exchanges of cruzeiros and dollars can take place under the agreement with Brazil has now expired, but $80,000,000 of the $100,000,000 maximum provided for by the agreement was utilized before the expiration date. The agreement contains provisions for the repayment.

Several stabilization agreements with Mexico have been made since 1936. The new and enlarged form of the agreement now in effect

was announced in May 1947. Under it, the United States Stabilization Fund undertakes for a period of 4 years commencing July 1, 1947, to purchase Mexican pesos to an amount equivalent to $50,000,000 for the purpose of stabilizing the United States dollar-Mexican peso rate of exchange. The agreement fully provided for coordination of this agreement with the articles of agreement of the International Monetary Fund in which both Mexico and the United States are active members.

The stabilization agreement with Cuba was first announced in July 1942. Under it the Government of the United States undertakes to sell gold to the Government of the Republic of Cuba from time to time with payment to be made within 120 days after delivery of the gold. The unpaid-for amount of gold shall not at any time exceed $5,000,000. This agreement has been extended until June 30, 1949. Cuba has repeatedly purchased gold under this arrangement and made payment within the allowed 120-day period.

B. Other Financial Assistance to Foreign Countries

This section contains data covering grants and other forms of financial assistance other than loans and credits to foreign countries by the United States Government during World War II and through June 30, 1947. Table 15 is a summary of authorizations and utilizations through June 30, 1947. Amounts are shown separately for (1) lend-lease; (2) civilian supplies, relief, and rehabilitation; and (3) financial aid. Some of these items were outright grants, while others were subject to negotiations as to terms of repayment.

Unutilized balances as of July 1, 1947, as shown in table 2, and subject to the qualifications noted therein, amounted to $2,236,000,000.

Table 15.—*Financial assistance (other than loans and credits)*[1] *by country, by agency, by type of transaction: July 1, 1940, through June 30, 1947*

	Total	Lend-lease	Relief and rehabilitation	Financial aid
Total	$53,346,612,576	$47,805,800,000	$4,908,476,220	$632,336,356
Lend-lease	47,805,800,000	47,805,800,000		
Treasury Department: Lend-lease fiscal operations (LLFO)	47,805,800,000	47,805,800,000		
Civilian supplies, relief, and rehabilitation	4,908,476,220		4,908,476,220	
American Red Cross (ARC)	72,598,495		72,598,495	
Navy Department (Navy)	24,905,528		24,905,528	
State Department:				
Proper (State)	3,988,967		3,988,967	
UNRRA (United States share) (UNRRA)	2,527,635,054		2,527,635,054	
Treasury Department:				
Lend-lease fiscal operations (LLFO)	134,486,768		134,486,768	
War Refugee Board (WRB)	3,356,720		3,356,720	
War Department (War)	2,137,091,807		2,137,091,807	
Navy and War Departments (N&W)	4,412,881		4,412,881	
Financial aid	632,336,356			632,336,356
Commerce Department (Com)	196,360			196,360
Federal Security Agency (FSA)	869,750			869,750
Federal Works Agency (FWA)	242,363			242,363
Interior Department (Int)	442,812			442,812
Maritime Commission (MC)	40,163			40,163
Philippine War Damage Commission (PWDC)	2,655,281			2,655,281

See footnotes at end of table, p. 39.

TABLE 15.—*Financial assistance (other than loans and credits)*[1] *by country, by agency, by type of transaction: July 1, 1940, through June 30, 1947*—Continued

	Total	Lend-lease	Relief and rehabilitation	Financial aid
Financial aid—Continued				
Reconstruction Finance Corporation:				
Office of Defense Supplies (ODS)	$2,435,325			$2,435,325
State Department:				
Proper (State)	68,517,632			68,517,632
Office Foreign Liquidation Commission (OFLC)	53,959,000			53,959,000
Treasury Department (Treas)	500,000,000			500,000,000
War Department (War)	2,977,670			2,977,670
American Republics	444,156,751	$373,200,000	$3,794	70,952,957
ARC	3,794		3,794	
ODS	2,435,325			2,435,325
State	68,517,632			68,517,632
LLFO	373,200,000	373,200,000		
Argentina	1,319,371			1,319,371
ODS	4,876			4,876
State	1,314,495			1,314,495
Bolivia	2,794,333			2,794,333
ODS	25,000			25,000
State	2,769,333			2,769,333
Brazil	14,578,603			14,578,603
ODS	328,507			328,507
State	14,250,096			14,250,096
Chile (State)	5,586,499			5,586,499
Colombia	2,642,916			2,642,916
ODS	999			999
State	2,641,917			2,641,917
Costa Rica (State)	2,203,803			2,203,803
Cuba (State)	250,987			250,987
Dominican Republic (State)	686,029			686,029
Ecuador (State)	4,537,132			4,537,132
Guatemala (State)	1,782,051			1,782,051
Haiti	1,982,951		3,794	1,979,157
ARC	3,794		3,794	
State	1,979,157			1,979,157
Honduras (State)	2,898,127			2,898,127
Mexico (State)	11,202,247			11,202,247
Nicaragua (State)	1,211,139			1,211,139
Panama (State)	962,403			962,403
Paraguay (State)	3,171,322			3,171,322
Peru (State)	3,760,157			3,760,157
Salvador (State)	1,230,771			1,230,771
Uruguay	1,228,187			1,228,187
ODS	10,414			10,414
State	1,217,773			1,217,773
Venezuela (State)	3,225,469			3,225,469
Unclassified	376,842,254	373,200,000		3,642,254
ODS	2,065,529			2,065,529
State	1,576,725			1,576,725
LLFO	373,200,000	373,200,000		
Albania (UNRRA)	18,879,181		18,879,181	
Austria	151,626,959		151,626,959	
UNRRA	68,947,665		68,947,665	
War	82,679,294		82,679,294	

See footnotes at end of table, p. 39.

TABLE 15.—*Financial assistance (other than loans and credits)*[1] *by country, by agency, by type of transaction: July 1, 1940, through June 30, 1947*—Continued

	Total	Lend-lease	Relief and rehabilitation	Financial aid
Belgium	$133,732,228	$132,700,000	$1,032,228	
ARC	17,153		17,153	
UNRRA	1,015,075		1,015,075	
LLFO	132,700,000	132,700,000		
British Commonwealth	30,145,959,176	[2]30,120,100,000	25,859,176	
United Kingdom	30,144,615,364	[2]30,120,100,000	24,515,364	
ARC	16,206,589		16,206,589	
UNRRA	8,308,775		8,308,775	
LLFO	30,120,100,000	[2]30,120,100,000		
Australia	200,810		200,810	
ARC	108,433		108,433	
UNRRA	152,377		152,377	
Bermuda (ARC)	990		990	
British East Africa (ARC)	300,803		300,803	
Eire (ARC)	329,856		329,856	
Hong Kong (ARC)	368,223		368,223	
India (ARC)	77,088		77,088	
Jamaica (ARC)	3,490		3,490	
Trinidad and Tobago (ARC)	2,552		2,552	
China	2,308,546,085	1,504,900,000	303,646,085	$500,000,000
ARC	6,451,630		6,451,630	
UNRRA	297,194,455		297,194,455	
Treas	500,000,000			500,000,000
LLFO	1,504,900,000	1,504,900,000		
Czechoslovakia	186,094,652	600,000	185,494,652	
ARC	75,363		75,363	
UNRRA	185,419,289		185,419,289	
LLFO	600,000	600,000		
Egypt	Cr 10,765,764	Cr 13,500,000	2,734,236	
ARC	1,545,433		1,545,433	
UNRRA	1,188,803		1,188,803	
LLFO	Cr 13,500,000	Cr 13,500,000		
Ethiopia	5,531,937	5,200,000	331,937	
UNRRA	331,937		331,937	
LLFO	5,200,000	5,200,000		
Finland	3,138,066		3,138,066	
ARC	1,652,206		1,652,206	
UNRRA	1,485,860		1,485,860	
France and possessions	2,569,413,419	2,540,800,000	28,613,419	
France	2,553,178,012	2,540,800,000	12,378,012	
ARC	9,594,726		9,594,726	
UNRRA	2,783,286		2,783,286	
LLFO	2,540,800,000	2,540,800,000		
Algeria	16,048,411		16,048,411	
ARC	283,490		283,490	
UNRRA	747,389		747,389	
War	15,017,532		15,017,532	
French Equatorial Africa (ARC)	118,448		118,448	
French Indochina (UNRRA)	457		457	
French Morocco (ARC)	68,091		68,091	
Germany	510,591,131		510,591,131	
UNRRA	7,998,683		7,998,683	
War	502,592,448		502,592,448	

See footnotes at end of table, p. 39.

TABLE 15.—*Financial assistance (other than loans and credits)*[1] *by country, by agency, by type of transaction: July 1, 1940, through June 30, 1947*—Continued

	Total	Lend-lease	Relief and rehabilitation	Financial aid
Greece	$358,968,679	$81,400,000	$277,568,679	
ARC	1,420,567		1,420,567	
UNRRA	276,148,112		276,148,112	
LLFO	81,400,000	81,400,000		
Hungary (UNRRA)	2,352,983		2,352,983	
Iceland	Cr 100,500	Cr 200,000	99,440	
ARC	99,440		99,440	
LLFO	Cr 200,000	Cr 200,000		
Iran	Cr 8,446,791	Cr 8,800,000	353,209	
ARC	353,209		353,209	
LLFO	Cr 8,800,000	Cr 8,800,000		
Iraq (LLFO)	Cr 4,000,000	Cr 4,000,000		
Italy and possessions:				
Italy	955,982,358		955,982,358	
ARC	3,183,112		3,183,112	
UNRRA	408,206,057		408,206,057	
LLFO	134,486,768		134,486,768	
War	410,106,421		410,106,421	
Eastern Mediterranean islands (UNRRA)	1,580,961		1,580,961	
Eritrea (ARC)	14,625		14,625	
Japan and related areas:				
Japan (War)	388,415,153		388,415,153	
Former mandates:				
Caroline Islands (Navy)	815,179		815,179	
Marianas Islands (Navy)	5,109,043		5,109,043	
Marshall Islands (Navy)	446,951		446,951	
Korea	45,411,069		45,411,069	
UNRRA	308,786		308,786	
War	45,102,283		45,102,283	
Ryukyu Islands	29,157,781		29,157,781	
ARC	12,558		12,558	
Navy	18,447,932		18,447,932	
War	6,284,410		6,284,410	
Navy & War	4,412,881		4,412,881	
Miscellaneous islands (Navy)	86,423		86,423	
Luxemburg (UNRRA)	32,744		32,744	
Netherlands and possession	182,720,267	173,000,000	9,720,267	
Netherlands	174,989,895	173,000,000	1,989,895	
ARC	121,889		121,889	
UNRRA	1,868,006		1,868,006	
LLFO	173,000,000	173,000,000		
Netherlands Indies (War)	7,730,372		7,730,372	
Norway	37,981,490	37,100,000	881,490	
ARC	241,045		241,045	
UNRRA	640,445		640,445	
LLFO	37,100,000	37,100,000		
Philippines	151,154,834		89,771,435	$61,383,399
ARC	458,384		458,384	
Com	196,360			196,360
FSA	869,750			869,750
FWA	242,363			242,363
INT	442,812			442,812
MC	40,163			40,163
PWDC	2,655,281			2,655,281
OFLC	53,959,000			53,959,000

See footnotes at end of table, p. 39.

TABLE 15.—*Financial assistance (other than loans and credits)*[1] *by country, by agency, by type of transaction: July 1, 1940, through June 30, 1947*—Continued

	Total	Lend-lease	Relief and rehabilitation	Financial aid
Philippines—Continued				
UNRRA	$8,900,349		$8,900,349	
War	83,390,372		80,412,702	$2,977,670
Poland	383,452,841	$16,300,000	367,152,841	
ARC	912,494		912,494	
UNRRA	366,239,347		366,239,347	
LLFO	16,300,000	16,300,000		
Portuguese possession: Cape Verde Islands (ARC)	971		971	
Saudi Arabia (LLFO)	17,800,000	17,800,000		
Spain (ARC)	1,759,204		1,759,204	
Sweden	1,585,629		1,585,629	
ARC	815,355		815,355	
UNRRA	770,274		770,274	
Switzerland (UNRRA)	1,802,644		1,802,644	
Turkey (LLFO)	34,900,000	34,900,000		
U. S. S. R.	11,137,902,893	10,940,000,000	197,902,893	
ARC	17,005,388		17,005,388	
UNRRA	180,957,505		180,957,505	
LLFO	10,940,000,000	10,940,000,000		
Yugoslavia	320,834,296	32,100,000	288,734,296	
ARC	719,122		719,122	
UNRRA	288,015,174		288,015,174	
LLFO	32,100,000	32,100,000		
International organizations:				
Intergovernmental Committee on Refugees	6,006,841		6,006,841	
State	3,988,967		3,988,967	
WRB	2,017,874		2,017,874	
UNRRA (UNRRA)	308,859,151		308,859,151	
Unclassified areas:				
Europe	508,751,192		508,751,192	
British zone (War)	231,518,718		231,518,718	
United States zone (War)	277,229,029		277,229,029	
Balkans (War)	90,003,445		90,003,445	
Other	1,918,309,904	1,822,200,000	96,109,904	
ARC	8,271,774		8,271,774	
UNRRA	86,499,284		86,499,284	
LLFO	1,822,200,000	1,822,200,000		
WRB	1,338,846		1,338,846	

[1] Some of these items were outright grants, while others were subject to negotiations as to terms of repayment. The amounts of credits extended or cash received as a result of negotiations has been deducted from these amounts.

[2] See explanatory note which follows.

Source: Clearing Office for Foreign Transactions, Department of Commerce.

EXPLANATORY NOTE—OTHER FINANCIAL ASSISTANCE

The aid to Greece and Turkey, and the post-UNRRA programs were initiated before June 30, 1947. However, reporting procedures were not established and these programs are not included in the data in this appendix. Some small activity had taken place with the funds advanced to the State Department by the Reconstruction Finance Corporation under Public Laws 75 and 84, Eightieth Congress, respectively; appropriations for the programs were not made until after June 30, 1947.

Lend-lease

Lend-lease-aid figures presented in table 15 reflect the estimated value of such aid furnished on a grant basis (often referred to as straight lend-lease). This

estimate is derived by reduction of the gross lend-lease-aid totals by the amount of (1) lend-lease aid furnished on a credit basis, including the amount of credit retroactively determined in settlements; (2) the amount of cash received in lend-lease settlements; (3) lend-lease aid originally furnished on a cash basis; and (4) the military civilian supplies program for Italy (so-called YB program), made available from lend-lease appropriated funds, which is excluded because of its inclusion in the relief and rehabilitation total. The grants totals include approximately $300,000,000 in silver and ships and other goods of undetermined value which are to be returned to the United States Government. Due to the fact that data on retransfers (mainly by the United Kingdom) of lend-lease goods to third countries are not available and therefore have never been included in the lend-lease records, the total cash and credit lend-lease for certain smaller countries exceeds the aid recorded. The original lend-lease data are derived from the official fiscal records maintained by lend-lease fiscal operations, Treasury Department.

Lend-lease estimates are broken down by requisitioning governments and are shown only for major areas. Thus grants appear against the United Kingdom for the British Commonwealth, against France for all French areas, etc., and for the American Republics, in total against the entry "Unclassified American Republics." Hence, the other financial assistance grants-data totals in table 15 and particularly the figures for individual countries, are arithmetic sums including an estimate and must be interpreted in the light of these qualifications.

Relief and rehabilitation

Transactions covered.—This table covers data on relief and rehabilitation financed and furnished by the United States Government to foreign governments or other foreign entities abroad, directly or through international organizations. Specifically, relief and rehabilitation covers:

1. Military civilian supplies, including (a) sales and issues of civilian supplies by the Navy Department on the Pacific islands; (b) supplies furnished by the United States Army for civilian use abroad; and (c) supplies financed from lend-lease appropriations and furnished to the War Department for the Italian relief program.

2. Other than military civilian supplies, including supplies, services, and funds furnished by the United States Government to international or national agencies for relief abroad, in particular to UNRRA, the Intergovernmental Committee on Refugees, and the American Red Cross.

The War Department reports do not reflect the diversion of the stock pile in the Balkans to UNRRA, although the UNRRA data include $28,000,000 representing the estimate of the value of the United States share of this stock pile remaining from the combined supply operation in the Balkans, to which the United States Government originally contributed $90,000,000 in supplies. The relief and rehabilitation totals in this report are therefore overstated, in the cumulatives, by approximately $28,000,000.

The United States Army has individual responsibility for furnishing civilian supplies necessary to prevent disease and unrest that would endanger the occupying forces in Japan, the Ryukyu Islands, and the United States zones of Korea and Austria. Since January 1, 1947, when the United States and British zones were economically integrated, expenses for civilian supplies in the German bizone were to be split on a 50–50 basis with the United Kingdom. For operating purposes, all shipments which arrived in Germany after January 1, 1947, were considered bizonal; however, some shipments are still being made to the bizone on an individual-responsibility basis. The shipments on the basis of individual responsibility and some shipments procured by the War Department with United Kingdom funds are included in this report in the data presented for Germany.

The data on relief and rehabilitation provided through UNRRA cover only those goods, services, and funds provided by the United States Government. The data shown on United States contributions to UNRRA through June 30, 1947, include $94,000,000 in supplies transferred to UNRRA by the War Department and the Office of Foreign Liquidation Commissioner, without reimbursement, under the authority of section 202, of the first UNRRA appropriation act. Of this, $13,000,000 represented part of the Balkan stock-pile transfer by the War Department.

In most cases UNRRA shipments are destined for the country where they are to be used, and data are reported accordingly. In some instances, however (for example, in the case of certain shipments to Egypt that were actually used in Balkan refugee camps), goods were later transshipped and the reported country of destination was not the country actually utilizing the supplies. The dollar value of supplies so transshipped is small relative to the total. The shipments to

Norway, Switzerland, and (mostly) to the United Kingdom represent replacement from the United States, of commodity advances made by these countries to the actual recipient area. Food packages procured from the War Refugee Board in Switzerland are included in the UNRRA unclassified items since no country breakdown as to distribution is available. UNRRA supplies unclassified by country also include (July 1, 1944, through June 30, 1947) $35,927,378 representing supplies transferred to UNRRA but reported to be in warehouses in the United States, and $28,718,722 representing surplus procurement overseas for which complete information is not available.

Cumulative transfers to UNRRA reported through June 30, 1947, are short by about $175,000,000 from the total available funds of $2,700,000,000. This represents mostly recording lag as of June 30, 1947.

Financial aid

Transactions covered.—This table covers data on financial-aid transactions including direct expenditures or expenditures through controlled or affiliated agencies for the benefit of foreign countries; grants of cash, materials, equipment, or services which do not create an obligation to repay on the part of the recipient; and cash advances to foreign governments with the definitive terms upon which they are made available left to future determination. Excluded from the data on financial aid are transactions which create an obligation of a foreign government or entity to the United States Government and grants of cash, materials, equipment, or services under lend-lease or relief programs. Specifically, financial aid covers:

1. Aid in cultural and economic programs for the American Republics, as reported by the former Office of Inter-American Affairs (transferred to the State Department by Executive Order 9710), except for $2,434,729 committed and disbursed by the Reconstruction Finance Corporation, Office of Defense Supplies.
2. Aid to China, reported by Treasury Department.
3. Financial aid under the first three titles of the Philippine Rehabilitation Act of 1946, as follows: (a) Title I, disbursements for compensation for war-damage claims and related administrative expenses, $923,653 reported by the PWDC; (b) title II, fair value of surplus property transferred, $53,959,000 (as of May 31, 1947) reported by the OFLC; and (c) title III, disbursements for the restoration and improvement of public property and essential public services, $6,500,746 reported by the agencies to which the State Department has allocated funds for executing the programs.

C. Installations and Surplus Property Abroad

Information, as called for in item 8, is available regarding properties held by the State Department for use as embassies and legations in connection with its normal operations. Data with respect to installations of a military nature have been presented to the Committee on Finance as a restricted document.

Installations of both types held abroad by the United States Government amounted to $1,600,000,000 on June 30, 1947, of which $1,573,000,000 was the cost of military installations and $22,000,000 the cost of State Department property. This compares with a high of $4,200,000,000, representing the total United States cost of all installations held or acquired abroad at any time during the war or postwar periods.

The cost of State Department property is shown in table 16. The value of these properties has increased in recent years, largely as a result of activities under Public Law 547, Seventy-ninth Congress, which provided for an appropriation not to exceed $125,000,000, of which $110,000,000 shall be available exclusively for payments representing the value of property or credits acquired through lend-lease settlements, the disposal of surplus property abroad, or otherwise. The State Department has reported acquisitions at cost, through December 31, 1946, of approximately $6,500,000 as a result of this program.

TABLE 16.—*Cost of State Department property in foreign countries, to which title was acquired before Dec. 31, 1946*

[In thousands of dollars]

Country	Property acquired— Out of appropriated funds	Under lend-lease and surplus property agreements[1]	Total
Africa:			
Belgian Congo			(*)
British Africa	52		52
Egypt		614	614
Ethiopia			(*)
Liberia	91		91
Morocco	15		15
Total, Africa	158	614	772
Asia:			
Arabia	16		16
China	523		523
India	81		81
Iran	72		72
Iraq		382	382
Japan	1,197		1,197
Korea	4		4
Malaya	24		24
Philippine Republic		2,272	2,272
Penang, Straits Settlements	25		25
Siam	27		27
Turkey	183		183
Total, Asia	2,152	2,654	4,806
Europe:			
Albania	84		84
Austria	59		59
Czechoslovakia	120		120
Denmark		75	75
Finland	240		240
France	2,742	1,866	4,608
Germany	1,763		1,763
Italy	1,105	1,250	2,355
Norway	125		125
Spain	276		276
Sweden	240		240
United Kingdom	131		131
Total, Europe	6,885	3,191	10,076
Latin America:			
Argentina	1,360		1,360
British Honduras	15		15
Brazil	1,031		1,031
Chile	158		158
Colombia	33		33
Costa Rica	60		60
Cuba	455		455
Dominican Republic	201		201
Ecuador	26		26
Haiti	129		129
Mexico	214		214
Netherlands West Indies			(*)
Nicaragua	197		197
Panama	356		356
Paraguay	32		32
Peru	185		185
El Salvador	116		116
Uruguay	206		206
Venezuela	35		35
Total, Latin America	4,789		4,789
North America:			
Canada	986		986
Greenland			(*)
Newfoundland		20	20
Total, North America	986	20	1,006

See footnotes at end of table, p. 43.

TABLE 16.—*Cost of State Department property in foreign countries, to which title was acquired before Dec. 31, 1946*—Continued

[In thousands of dollars]

Country	Property acquired— Out of appropriated funds	Under lend-lease and surplus property agreements[1]	Total
Oceania:			
Australia	171		171
New Caledonia		40	40
Society Islands	5		5
Total, Oceania	176	40	216
Total, all areas	15,146	6,519	21,665

[1] Value is the dollar equivalent of local currency cost at official rate.
[2] Properties held were given to the United States.

Source: Department of State.

SURPLUS PROPERTY INVENTORY

Detailed statements by standard commodity classification and countries of location as of December 31, 1946, as requested in item 8, are available in the report of the Clearing Office for Foreign Transactions. In view of the fact that this information is now out of date and would be practically meaningless, it is not included in this report.

Except for certain minor amounts of movable goods and some aircraft and maritime equipment, almost all of the surplus property located overseas outside Europe has been committed for sale. The inventory of surplus property in the European areas as of September 30, at original cost, is shown by countries in table 17. Strenuous efforts are being made to dispose of the property represented by this inventory, and sales are taking place every day, with the result that much of the property outside Germany represented by this inventory is not, in fact, available today.

TABLE 17.—*Property in Europe, declared surplus by United States agencies remaining for disposal as of Sept. 30, 1947*

[Cost to Government, in thousands of dollars]

COUNTRY	
Austria	485
Belgium and Luxemburg	3
Czechoslovakia	84
Denmark	61
France (and African possessions)	44
Germany	637,204
Greece	3
Libya	6,053
Liberia	93
Netherlands	107
Norway	3,711
Portugal	206
Azores	1,244
Spain	146
Sweden	5
Switzerland	5
United Kingdom	1,201
Gold Coast	112
COUNTRY—continued	
Gibraltar	46
Malta	4,856
Union of Soviet Socialist Republics	15
Yugoslavia	21
Subtotal	656,395
RETURNED LEND-LEASE	
Ireland	1
Italy	294
Malta	2,015
United Kingdom	25,287
Subtotal	27,597
Grand total	683,992

CHAPTER II. INTERNATIONAL INVESTMENT POSITION OF THE UNITED STATES AND GOLD RESERVES OF FOREIGN COUNTRIES

The first eight items in Senate Resolution 103 are concerned with American investments abroad, foreign investments in the United States, and gold reserves of foreign countries. Items 2, 3, and 8 deal with foreign assets of the United States Government itself and are considered in chapter I. This chapter will consider items 1, 4, 5, 6, and 16, while item 7—which, unlike the others, is not of a statistical nature—is reserved for separate treatment in chapter III.

Item 1. The grand total of indebtedness on loans, investments, commitments, or other obligations outstanding as of December 31, 1946, of all foreign governments, their agencies, and their private citizens to the United States Government, its agencies, and its private citizens; and the same shown separately for public indebtedness and for private indebtedness.

Item 4. The amounts of American portfolio and direct investments abroad, by country, as of the end of 1914, 1932, 1939, and 1946.

Item 5. The amount of foreign portfolio and direct investments in the United States, by country, at the end of 1914, 1932, 1939, and 1946.

Item 6. Gold reserves, dollar balances, and other hard-money assets, as of the end of 1946, of countries whose governments are now in debt to the United States Government or with whom loan and investment discussions have been held by any American official since 1937.

Item 16. Assuming the ultimate necessity of gold settlements under estimated total economic transactions (exclusive of extensions of American loans and credits) between foreign countries and the United States within the next 5 years, what gold is available for such settlements and how is it distributed so that nations likely to be liable for gold settlements to the United States will have the gold to make them?

This chapter is divided into four sections. Section A contains data regarding American-owned assets in foreign countries. Section B relates to foreign-owned United States assets. Sections C and D relate to special phases of foreign-owned gold and dollar assets, particularly action in foreign countries with respect to the mobilization of their dollar assets and to the need for some reserves and working balances.

The data presented in the accompanying tables include direct investments (mainly branches and subsidiaries of American companies), portfolio investments (stocks and bonds, including government bonds) and other investments, such as real estate and interests in estates and trusts. Short-term refers to claims payable on demand or with an original maturity of less than 1 year; all other assets are classed as long-term. The following assets are not included in any of the tables, unless otherwise clearly indicated:

1. Government property held for governmental use, such as embassies and military installations.
2. Personal property and other movable goods.
3. Property of religious and charitable organizations.

In general, the tables on American investments abroad include the assets of all residents of the United States, regardless of citizenship, while table 26, on foreign investments in the United States, includes the assets of Americans permanently residing abroad. Most of the

data on international investments have been collected in connection with balance-of-payments analysis, where residence rather than citizenship is the criterion employed.

The United States includes not only continental United States but Alaska, Hawaii, Puerto Rico, the Canal Zone, the Virgin Islands, and certain other island possessions of the Unite States.

The bases of valuation differ somewhat from table to table, and are indicated, together with sources, at the foot of each table. The term "government," as it applies to foreign countries, includes local and provincial, as well as national governmental entities. The intergovernmental debts arising out of World War I have been omitted from all tables, but have been discussed in detail in chapter I.

Table 18, showing the estimated value of foreign assets owned in the United States, by government and private categories, is submitted in answer to item 1 in Senate Resolution 103:

TABLE 18.—*Estimated value of American-owned assets in foreign countries, by Government and private categories, end of 1946*

[In millions of dollars]

Foreign "debtor"	United States owner				Total
	Government		Private		
	Long-term	Short-term	Long-term	Short-term	
Government	4,680	510	2,025	.....	7,215
Private	35	55	12,355	1,225	13,670
Total	4,715	565	14,380	1,225	20,885

NOTE.—U. S. Government assets at stated value; private assets estimated on the following bases: Direct investments, book value; securities, market value; deposits, stated value; and other assets, estimated value.

Source: Based on calculations made in the Department of Commerce and the Treasury Department.

A. AMERICAN-OWNED ASSETS IN FOREIGN COUNTRIES

Data by country are not available for the exact dates specified in item 4 of Senate Resolution 103, although the following global estimates have been made (in billions of dollars):

July 1, 1914	3.5	Dec. 31, 1939	12.5
Dec. 31, 1931	15.9	Dec. 31, 1946	20.9

Tables 19, 20, 21, and 22 show details by country for the years nearest the specified ones for which data are available. Table 22 differs from the others in that it includes the property of American citizens residing abroad. A break-down of the 1946 total by types of assets is presented in table 23.

Estimates for 1939, 1943, and 1946 are based on the most complete coverage of American assets ever obtained: All known forms of investment are included and for 1939 and 1946 omission estimates were included for assets not reported for 1943. However, the figures for American investments abroad on May 31, 1943 (table 22), also include the property of American citizens residing abroad, personal property, and other movable goods, and the property of religious and charitable organizations, which are not included in the data for other years. Moreover, the data for 1943 include about half a billion dollars of securities which are classified as direct investments in 1939 and 1946. The data for 1914, 1933, and 1946 are less complete in

almost every category of investment and in general exclude the assets in foreign countries of American citizens residing abroad.

TABLE 19.—*Estimated value of American-owned assets in foreign countries, July 1, 1914*

[In millions of dollars]

Area	Portfolio	Direct	Total
Africa	0.2	13.0	13.2
Asia	126.4	119.5	245.9
Europe	118.5	573.3	691.8
Latin America:			
West Indies	55.0	281.3	336.3
Mexico	266.4	587.1	853.5
Central America	3.6	89.6	93.2
South America	42.6	323.1	365.7
Total, Latin America	367.6	1,281.1	1,648.7
North America: Canada	248.8	618.4	867.2
Oceania	.....	17.0	17.0
International (banking)	.....	30.0	30.0
Total, all areas	861.5	2,652.3	3,513.8

NOTE.—Value of short-term assets believed to be negligible. Portfolio investments generally at par. Direct investments at book values.

Source: Lewis, Cleona, America's Stake in International Investments, The Brookings Institution Washington, D. C., 1938, p. 606.

TABLE 20.—*Estimated value of American-owned assets in foreign countries, 1933*

[In millions of dollars]

Country	Long-term			Short-term [1]	Total long- and short-term [1]
	Direct	Portfolio	Total long term		
Africa:					
Algeria	3	.....	3	(*)	3
British Africa	98	.....	98	(*)	98
Egypt	7	.....	7	(*)	7
French Africa	1	.....	1	(*)	1
Portuguese Africa	9	.....	9	(*)	9
Other Africa	11	2	13	(*)	13
Total, Africa	129	2	131	(*)	131
Asia:					
British Malaya	20	.....	20	(*)	20
China	125	7	132	(*)	132
India	31	.....	31	(*)	31
Iraq	20	.....	20	(*)	20
Japan	60	358	418	(*)	418
Netherlands Indies	68	123	191	(*)	191
Palestine, Cyprus, Syria	8	.....	8	(*)	8
Iran	1	.....	1	(*)	1
Philippine Islands	92	65	157	(*)	157
Total, Asia	425	553	978	(*)	978
Europe:					
Austria	16	85	101	19	120
Belgium	60	160	220	(*)	220
Bulgaria	1	14	15	(*)	15
Czechoslovakia	5	28	33	(*)	33
Danzig	4	3	7	(*)	7
Denmark	17	131	148	(*)	148
Eire	2	3	5	(*)	5
Estonia	2	4	6	(*)	6
Finland	1	63	64	(*)	64
France	155	193	348	67	415
Germany	264	977	1,241	261	1,502
Greece	6	42	48	(*)	48
Hungary	13	100	113	30	143

See footnotes at end of table, p. 47.

TABLE 20.—*Estimated value of American-owned assets in foreign countries, 1933*—Continued

[In millions of dollars]

Country	Long-term			Short-term [1]	Total long- and short-term [1]
	Direct	Portfolio	Total long term		
Europe—Continued					
Italy	116	247	363	17	380
Latvia	2	6	8	(*)	8
Lithuania	2	2	4	(*)	4
Luxemburg	1	6	7	(*)	7
Netherlands	44	67	111	18	129
Norway	22	170	192	(*)	192
Poland	50	103	153	(*)	153
Portugal	13	.....	13	(*)	13
Rumania	34	15	49	(*)	49
Saar Territory	.....	3	3	(*)	3
Spain	67	3	70	(*)	70
Sweden	21	30	51	(*)	51
Switzerland	18	15	33	12	45
Turkey	10	14	24	(*)	24
Union of Soviet Socialist Republics	.....	12	12	(*)	12
United Kingdom	531	81	612	193	805
Yugoslavia	8	70	78	(*)	78
Total, Europe	1,485	2,647	4,132	651	4,783
Latin America:					
West Indies:					
Cuba	840	111	951	(*)	951
Dominican Republic	70	15	85	(*)	85
Haiti	14	11	25	(*)	25
Jamaica	21	.....	21	(*)	21
Other West Indies	30	.....	30	(*)	30
Total, West Indies	975	137	1,112	(*)	1,112
Central America and Mexico:					
Costa Rica	20	12	32	(*)	32
Guatemala	68	4	72	(*)	72
Honduras	66	.....	66	(*)	66
Nicaragua	13	.....	13	(*)	13
Panama	25	17	42	(*)	42
Salvador	29	4	33	(*)	33
Mexico	632	3	635	(*)	635
Total, Central America and Mexico	853	40	893	(*)	893
South America:					
Argentina	345	408	753	(*)	753
Bolivia	62	56	118	(*)	118
Brazil	197	355	552	(*)	552
Chile	411	271	682	(*)	682
Colombia	124	148	272	(*)	272
Ecuador	12	3	15	(*)	15
Guianas	6	.....	6	(*)	6
Paraguay	13	.....	13	(*)	13
Peru	116	73	189	(*)	189
Uruguay	29	57	86	(*)	86
Venezuela	234	.....	234	(*)	234
Total, South America	1,549	1,371	2,920	(*)	2,920
Total, Latin America	3,377	1,548	4,925	160	5,085
North America: Canada and Newfoundland	2,070	1,880	3,950	32	3,982
Oceania: Australia and New Zealand	156	257	413	(*)	413
Total, all areas	7,642	6,887	14,529	899	15,428
Add: Bank capital [3]	125	.....	125	.....	125
Deduct: Estimated net purchases by foreigners [3]	.....	855	855	.....	855
Net total	7,767	6,032	13,799	899	14,698

*Not shown separately.

[1] Area totals may include short-term data that are not available for specific countries. The sums of country data are therefore less than the totals shown for Europe and Latin America.

[2] Asia, Africa, and Oceania total $56,000,000," added to "Total, all areas."

[3] Not readily allocable by specific countries.

NOTE.—Direct investments, book value; portfolio, par value; short-term, stated value.

Source: Department of Commerce, Trade Information Bulletin No. 819, The Balance of International Payments of the United States in 1933, pp. 53-62, Government Printing Office, 1934.

TABLE 21.—*Estimated value of American-owned assets in foreign countries, 1940*

[In millions of dollars]

Country	Long-term			Short-term [1]	Total long- and short-term [1]
	Direct	Portfolio	Total long-term		
Africa:					
British Africa	78	.....	78	(*)	78
Other Africa	53	2	55	(*)	55
Total, Africa	131	2	133	(*)	133
Asia:					
China	46	[2] 13	[2] 59	(*)	59
Japan	38	106	144	[3] 56	200
Netherlands Indies	71	.....	71	(*)	71
Philippine Islands	91	37	128	(*)	128
Other Asia	176	.....	176	.....	176
Total, Asia	422	156	578	120	698
Europe:					
Belgium	17	15	32	2	34
France	117	8	125	6	131
Germany	[4] 349	[4] 103	[4] 452	40	492
Italy	75	74	149	2	151
Netherlands	18	.....	18	2	20
Sweden	26	.....	26	1	27
United Kingdom	541	.....	541	25	566
Other Europe	277	[2] 305	[2] 582	31	613
Total, Europe	1,420	505	1,925	109	2,034
Latin America:					
West Indies:					
Cuba	560	61	621	(*)	621
Other West Indies	114	13	127	(*)	127
Total, West Indies	674	74	748	(*)	748
Central America and Mexico:					
Guatemala	68	3	71	(*)	71
Mexico	358	(2)	[2] 358	(*)	358
Other Central America	120	23	143	(*)	143
Total, Central America and Mexico	546	26	572	(*)	572
South America:					
Argentina	388	191	579	(*)	579
Brazil	240	255	495	(*)	495
Chile	414	184	598	(*)	598
Columbia	112	122	234	(*)	234
Venezuela	262	.....	262	(*)	262
Other South America	135	141	276	(*)	276
Total, South America	1,551	893	2,444	(*)	2,44
Total, Latin America	2,771	993	3,764	129	3,893
North America, Canada and Newfoundland	2,103	1,390	3,493	46	3,539
Oceania:					
Australia	98	95	193	(*)	193
New Zealand	22	.....	22	(*)	22
Total, Oceania	120	95	215	(*)	215
International	[5] 33	[5] 1,000	1,033	[5] 6	1,039
Total, all areas	7,000	4,141	11,141	410	11,551

*Not shown separately.

[1] Area totals may include short-term data that are not available for specific countries. The sums of the country data are therefore less than the totals shown for Asia and Latin America.

[2] Certain bond issues of China, Mexico, and Russia, long in default, are omitted.

[3] Includes Chosen and Manchuria.

[4] Includes Austria.

[5] Holdings not readily allocable by countries.

NOTE.—Direct investments, at book value; portofolio investments at par value; short-term, stated value. Data not comparable with global totals for 1939 and 1946 presented in text, which were based on more complete data from the Treasury Department census.

Source: Long-term data: Hearings before the Committee on Banking and Currency, House of Representatives, 79th Cong., 1st sess. on Bretton Woods Agreements Act. vol. 1, pp. 299-307.

Short-term data: Treasury Bulletin, March 1941.

TABLE 22.—*Value of American-owned assets in foreign countries, May 31, 1943*

[In millions of dollars]

Country	Property classes						
	Interests in controlled enterprises [1]	Securities	Bullion, currency, and deposits	Real property	Interests in estates and trusts	Miscellaneous	Total
North America:							
Canada	1,707.0	2,349.5	76.1	76.5	23.7	186.3	4,419.2
Newfoundland	20.5	5.4	.1	.1	.2	.9	27.2
French North America	.2	.....	.....	.....	.....	(2)	.2
Total, North America	1,727.7	2,354.9	76.2	76.7	23.9	187.1	4,446.5
Central America and Mexico:							
British Honduras	.7	(2)	(2)	(2)	(2)	.9	1.6
Costa Rica	30.9	1.1	.6	.4	(2)	3.7	36.7
Guatemala	87.3	1.4	.3	1.6	(2)	2.4	93.0
Honduras	37.2	.9	.4	.4	(2)	(2)	42.2
Nicaragua	4.2	1.0	(2)	5.9	(2)	2.4	13.5
Panama	110.8	20.1	2.9	3.6	.9	16.1	154.4
El Salvador	15.1	1.7	.2	1.0	(2)	(2)	20.4
Mexico	287.3	21.4	13.0	21.7	2.7	76.1	422.2
Total, Central America and Mexico	573.6	47.6	17.4	34.6	4.9	106.0	784.0
West Indies and Bermuda:							
Bahamas	17.6	.5	.3	3.3	.....	1.3	23.0
Bermuda	1.8	3.9	1.3	5.7	.5	2.4	15.6
British West Indies, n. e. s.	7.7	.5	.5	1.2	.1	1.7	11.7
Cuba	529.0	24.1	2.3	11.8	1.7	21.5	590.5
Dominican Republic	71.5	3.2	.3	1.8	.5	3.2	80.5
French West Indies	.1	(2)	.3	(2)	.....	.1	.5
Haiti	14.2	2.1	.2	.5	.....	.8	17.7
Jamaica	6.2	.6	.5	.7	(2)	.5	8.5
Netherlands West Indies	32.6	1.4	.3	.5	.2	3.0	38.0
Total, West Indies and Bermuda	680.7	36.3	6.0	25.5	3.0	34.4	785.9
South America:							
Argentina	381.9	84.1	4.8	2.9	1.5	22.5	497.5
Bolivia	(2)	6.0	(2)	.5	(2)	(2)	24.0
Brazil	236.1	52.6	2.6	4.5	.6	38.2	334.7
British Guiana	2.6	.1	(2)	.2	.....	.4	3.3
Chile	329.3	39.1	.3	2.7	.1	16.6	388.1
Colombia	117.6	31.4	1.0	3.0	.1	25.8	178.9
Ecuador	(2)	.3	.1	.5	(2)	(2)	13.3
French Guiana	(2)	.....	.....	.....	.....	(2)	.3
Paraguay	9.4	(2)	(2)	.2	.....	.4	10.0
Peru	71.2	11.8	.7	1.0	(2)	4.1	88.8
Surinam	7.8	(2)	(2)	.3	.1	.3	8.6
Uruguay	5.8	8.8	.2	.2	(2)	4.3	19.3
Venezuela	372.9	7.8	.8	6.4	.3	10.4	398.6
Total, South America	1,559.5	242.0	10.5	22.4	2.7	128.3	1,965.6
Europe:							
Albania	(2)	.....	(2)	1.2	(2)	.1	1.3
Austria	40.4	8.3	8.2	46.1	5.9	29.2	138.1
Belgium	63.2	25.3	1.3	16.7	1.2	15.6	123.3
British Mediterranean possessions	6.1	(2)	(2)	(2)	(2)	(2)	6.1
Bulgaria	6.6	1.4	1.1	1.4	.2	1.1	11.8
Czechoslovakia	67.1	11.7	13.7	28.4	6.2	20.9	148.0
Danzig	1.1	.2	.1	.5	(2)	.3	2.2
Denmark	22.1	23.2	1.0	2.3	1.2	2.7	52.5
Eire	4.7	.6	.3	.5	.3	.4	6.8
Estonia	.6	.3	(2)	.3	.....	.2	1.4
Finland	6.1	1.8	1.2	.3	(2)	.6	10.2
France	171.2	40.8	8.3	74.5	14.2	88.0	397.0
Germany	513.6	125.4	56.6	189.4	50.7	144.0	1,079.8
Greece	11.6	4.3	6.1	37.1	1.9	6.0	67.0
Hungary	21.7	13.0	1.7	14.2	1.3	10.4	62.3
Iceland	.2	(2)	.1	(2)	.....	.8	.9
Italy	90.0	51.4	34.3	71.1	3.6	22.2	272.7
Latvia	3.8	.3	.4	2.5	.1	1.2	8.3
Lichtenstein	1.7	.2	(2)	.1	.3	.2	2.5
Lithuania	2.8	.1	(2)	1.8	(2)	.2	4.9
Luxemburg	2.7	2.5	.2	1.5	.8	.8	8.4
Netherlands	59.7	84.6	5.6	37.0	8.4	43.0	238.2
Norway	30.2	16.5	1.0	2.2	.3	6.1	56.3
Poland	108.8	20.0	4.6	56.4	13.0	17.4	220.2
Portugal	14.1	1.8	.5	.6	.2	2.2	19.4
Rumania	52.4	1.9	.7	4.7	1.1	5.4	66.1
Spain	124.3	35.7	4.5	5.4	.6	6.2	176.7
Sweden	32.9	6.6	1.7	1.7	.5	2.6	46.0

See footnotes at end of table, p. 50.

TABLE 22.—*Value of American-owned assets in foreign countries, May 31, 1943*—Continued

[In millions of dollars]

Country	Property classes						
	Interests in controlled enterprises [1]	Securities	Bullion, currency, and deposits	Real property	Interests in estates and trusts	Miscellaneous	Total
Europe—Continued							
Switzerland	45.1	19.2	5.2	9.6	4.6	15.0	98.7
Union of Soviet Socialist Republics	(2)	.6	8.5	.5	.....	3.6	13.2
United Kingdom	520.2	312.4	54.5	17.8	33.6	88.9	1,027.6
Yugoslavia	22.0	3.9	.7	9.1	11.4	3.2	50.3
Total, Europe	2,047.0	814.1	222.1	634.9	161.6	538.4	4,418.3
Africa:							
Algeria	4.9	(2)	(2)	.2	.....	.1	5.2
Belgian Africa	5.0	.8	.1	.3	.....	.3	6.5
British East Africa	4.2	.4	.2	.3	.....	.2	5.3
British South Africa	19.1	1.0	.1	.3	(2)	.3	20.8
British West Africa	6.0	.6	.3	(2)	.1	.7	7.7
Egypt	21.0	5.1	.6	1.8	.2	1.6	30.3
Ethiopia	.2	.....	(2)	(2)	(2)	(2)	.2
French Africa	.5	(2)	.....	.1	.....	.1	.7
French Morocco	3.0	.5	.1	1.7	(2)	.7	6.0
French West Africa	3.2	.1	(2)	.1	.....	(2)	3.4
Italian Africa	.3	(2)	.2	.1	.....	.1	.7
Liberia	18.1	1.1	(2)	.....	.....	.1	19.3
Portuguese Africa	2.2	(2)	.....	(2)	.....	.1	2.3
Spanish Africa	.2	.2	(2)	(2)	(2)	.2	.6
Tangier	.8	.2	(2)	.5	(2)	.1	1.6
Tunisia	.8	(2)	(2)	.5	(2)	.3	1.6
Union of South Africa	50.7	22.8	1.7	4.0	.5	6.9	86.6
Total, Africa	140.2	32.9	3.3	9.9	.8	11.8	198.9
Asia:							
Afghanistan	.....	.....	.....	.....	.....	(2)	(2)
Arabia (autonomous)	(2)	.5	.....	.....	.....	(2)	37.6
British Arabia	(2)	.....	(2)	(2)	.....	(2)	13.0
British Malaya	27.0	1.8	.2	1.4	.1	1.9	32.4
Burma	2.8	(2)	(2)	.1	.....	.2	3.1
China	87.1	2.9	1.1	11.0	.1	20.0	122.2
French Asia	1.0	.4	(2)	(2)	.2	.3	1.8
Hong Kong	−0.2	1.2	.5	.5	(2)	3.0	5.0
India	65.3	3.5	1.6	1.7	8.5	4.2	84.8
Iran	1.8	(2)	(2)	.2	(2)	1.0	3.0
Iraq	2.5	(2)	.2	.3	.....	.5	3.5
Japan	43.7	43.7	16.7	1.8	.2	13.3	119.4
Netherlands East Indies	80.3	3.2	.7	.3	.....	1.7	86.3
Palestine and Transjordan	8.0	1.9	2.0	13.1	.3	2.0	27.3
Philippine Republic	99.3	36.4	2.7	7.2	.7	20.8	167.1
Portuguese Asia	(2)	.....	(2)	(2)	.....	(2)	.4
Syria	6.3	(2)	.1	1.4	(2)	.4	8.2
Thailand	3.3	.1	(2)	(2)	.....	.5	3.9
Turkey	29.4	1.7	.1	.8	.....	4.9	36.9
Other Asia (autonomous)	.....	.....	.....	(2)	.....	.....	(2)
Total, Asia	507.0	97.4	25.9	40.4	10.0	75.3	755.9
Oceania:							
Australia	114.7	41.2	2.1	1.2	3.1	6.5	168.8
British Oceania	.3	.....	.....	.....	.....	(2)	.3
French Oceania	.4	(2)	(2)	.3	.....	.1	.8
New Zealand	13.8	1.2	.6	.2	.1	1.4	17.3
Total, Oceania	129.2	42.4	2.7	1.7	3.2	8.0	187.1
Total, all areas	7,365.0	3,667.7	364.2	846.1	210.1	1,089.2	[4] 13,542.2

[1] For statistical purposes only, control was determined on the basis of the ownership by one person or by an affiliated group of persons of 25 percent or more of the voting stock of corporations, and analogous interests in partnerships and other organizations.

[2] Less than $50,000.

[3] Included in the totals.

[4] It is estimated that less than $600,000,000 of foreign assets which should have been reported on Form TFR-500 according to the regulations were actually not reported, a margin of error of less than 5 percent. In addition, it is possible that property exempted from the reporting because of its small value may have aggregated as much as $300,000,000.

All amounts given in this table are gross assets, without deduction for liabilities. Property reported herein was collateral for indebtedness amounting to approximately $100,000,000.

NOTE.—The figures are rounded and will not necessarily add to the totals.

Source: Treasury Department, based on Census of American-Owned Assets in Foreign Countries (TFR-500) Government Printing Office, 1947. Values as follows: Interests in controlled enterprise, book value; securities, market value; deposits, principal amount; other assets, estimated value.

TABLE 23.—*Estimated value of American-owned assets in foreign countries, end of 1946*

[In millions of dollars]

United States investments abroad	20,885
Private United States investments	15,605
Long-term	14,380
Direct investments	8,500
Portfolio investments	5,880
Dollar bonds	1,535
Foreign currency securities	2,900
Estates and trusts	210
Other	1,235
Short-term	1,225
Deposits	440
Other	785
United States Government investments	5,280
Long-term	4,715
Short-term	565

NOTE.—Direct investments, book value; private securities, market value; government loans and short-term assets, stated value.

Source: Based on Treasury Department, TFR-500 data, adjusted by the Department of Commerce and Treasury Department on the basis of current information.

B. FOREIGN-OWNED UNITED STATES ASSETS

In the absence of by-country data for the dates specified in item 5 of Senate Resolution 103, the following global estimates are supplied (in billions of dollars):

July 1, 1914	7.2	Dec. 31, 1939	12.8
Dec. 31, 1931	3.8	Dec. 31, 1946 (see table 27)	16.1

Again, details by country are shown only for certain years, namely, 1914, 1937, and 1941. See tables 24, 25, and 26.

Of the data presented in this section, the figures for 1939, 1941, and 1946 represent the most comprehensive coverage ever attained in this field. All known forms of investment are included and for 1939 and 1946 omission estimates were included for assets not reported in 1941. However, the figures of foreign assets in the United States on June 14, 1941 (table 26), include personal property and other movable goods, and the property of religious and charitable institutions, which are not included in the data for other years. The data for 1914 and 1937 are less complete in almost every category of investment. Unlike the estimates for other years, the 1937 figures exclude the assets in the United States of Americans residing abroad. The 1914 data partly include the value of such assets.

TABLE 24.—*Estimated value of foreign-owned United States assets, July 1, 1914*

[Par values, in millions of dollars]

Country	Type of security		Direct investments	Total
	Railroad	Other		
Austria-Hungary, Turkey, and Bulgaria	70	50	30	150
France	290	75	45	410
Germany	300	350	300	950
Netherlands	300	200	135	635
United Kingdom	2,500	850	600	4,250
Canada	[1] 130	95	50	275
All others	[2] 280	90	50	420
Total (par value)	4,170	1,710	1,210	[3] 7,540
Total (with common stock at market value)	3,933	1,607	1,210	[3] 7,200

[1] Includes $82,000,000 of direct investments.
[2] Includes $3,200,000 of direct investments.
[3] Includes an estimated $450,000,000 of short-term credits for which a geographic break-down is not available.

Source: Lewis, Cleona, America's Stake in International Investments, Brookings Institution, Washington, D. C., 1938, p. 546.

TABLE 25.—*Value of foreign-owned United States assets, middle of 1937*

[In millions of dollars]

Country	Long-term					Short-term [3]	Total long- and short-term [1] [2]
	Direct	Portfolio			Total long-term [1]		
		Common and preferred shares	Corporate bonds	Miscellaneous investments [1]			
Africa:							
British Africa	(5)	2		1	3	(6)	3
Egypt	(5)	6	1	2	9	(6)	9
Ethiopia		(5)			(5)	(6)	(5)
French Africa		1		1	2	(6)	2
Liberia		(5)			(5)	(6)	(5)
Spanish Africa		1		(5)	1	(6)	1
Other Africa		(5)		(5)	(5)	(6)	(5)
Total, Africa		10	1	4	15	(6)	15
Asia:							
Arabia						(6)	
British Malaya		1			1	(6)	1
China	5	43	10	(5)	58	(6)	58
French Indochina		(5)			(5)	(6)	(5)
India	1	6	5	(5)	12	(6)	12
Iran		(5)			(5)	(6)	(5)
Iraq	(5)	(5)			(5)	(6)	(5)
Japan	41	4	2	1	48	(6)	48
Netherlands Indies	(5)	1	6		7	(6)	7
Palestine	(5)	3	1	1	5	(6)	5
Philippine Islands	10	12	5	1	28	(6)	28
Thailand (Siam)		(5)			(5)	(6)	(5)
Syria		(5)		(5)	(5)	(6)	(5)
Turkey	(5)	(5)		1	1	(6)	1
Total, Asia	57	70	29	4	160	(6)	[4] 160
Europe:							
Albania		(5)		(5)	(5)	(6)	(5)
Austria	(5)	6		3	9	(6)	9
Belgium	71	[4] 48	12	11	[4] 142	(6)	142
Bulgaria		(5)			(5)	(6)	(5)
Czechoslovakia	2	2		1	5	(6)	5
Danzig		(5)			(5)	(6)	(5)
Denmark	8	5		4	17	(6)	17
Estonia		1			1	(6)	1
Finland		1		(5)	1	(6)	1
France	57	[4] 237	50	64	[4] 408	217	625
Germany	55	25	15	29	124	41	165
Greece	1	3		1	5	(6)	5
Hungary		(5)		(5)	(5)	(6)	(5)
Iceland		(5)			(5)	(6)	(5)
Ireland (Eire)	1	8		5	14	(6)	14
Italy	12	8	6	22	48	23	71
Latvia		(5)			(5)	(6)	(5)
Lichtenstein	8	12			20	(6)	20
Lithuania	(5)	(5)		(5)	(5)	(6)	(5)
Luxembourg	3	10		1	14	(6)	14
Monaco	(5)	11		2	13	(6)	13
Netherlands	179	[4] 564	215	12	[4] 970	152	1,122
Norway	2	6		2	10	(6)	10
Poland	(5)	1		1	2	(6)	2
Portugal	(5)	1		1	2	(6)	2
Rumania		(5)		(5)	(5)	(6)	(5)
Spain	1	7	10	3	21	(6)	21
Sweden	30	16	2	3	51	(6)	51
Switzerland	74	[4] 588	67	34	[4] 763	336	1,099
Union of Soviet Socialist Republics	(5)	(5)		(5)	(5)	(6)	(5)
United Kingdom	833	[4] 1,482	93	335	[4] 2,743	392	3,135
Yugoslavia		1		(5)	1	(6)	1
Total, Europe	1,337	[4] 3,043	470	534	[4] 5,384	1,346	6,730
Latin America:							
West Indies:							
British West Indies	1	19	3	7	30	(6)	30
Cuba	5	12	5	4	26	(6)	26
Dominican Republic	(5)	(5)			(5)	(6)	(5)
Haiti		(5)		(5)	(5)	(6)	(5)
Netherlands West Indies		2			2	(6)	2
Total, West Indies	6	33	8	11	58	(6)	58

See footnotes at end of table, p. 53.

TABLE 25.—*Value of foreign-owned United States assets, middle of 1937*—Continued

[In millions of dollars]

Country	Long-term					Short-term [2]	Total long- and short-term [1] [2]
	Direct	Portfolio			Total long-term [1]		
		Common and preferred shares	Corporate bonds	Miscellaneous investments [1]			
Latin America—Continued							
Central America and Mexico:							
British Honduras		1		1	2	(*)	2
Costa Rica		1			1	(*)	1
Guatemala	(3)	1		(3)	1	(*)	1
Honduras	(3)	1		(3)	1	(*)	1
Nicaragua		(3)			(3)	(*)	(3)
Panama	(3)	3		(3)	3	(*)	3
Panama Canal Zone		(3)			(3)	(*)	(3)
Salvador	(3)	2			2	(*)	2
Mexico	2	10	2	5	19	(*)	19
Total, Central America and Mexico	2	19	2	6	29	(*)	29
South America:							
Argentina	1	6		2	9	(*)	9
Bolivia	(3)	(3)			(3)	(*)	(3)
Brazil	2	2		1	5	(*)	5
British Guiana		(3)			(3)	(*)	(3)
Chile	8	8		2	18	(*)	18
Colombia		2			2	(*)	2
Ecuador		1			1	(*)	1
French Guiana		(3)			(3)	(*)	(3)
Paraguay		(3)			(3)	(*)	(3)
Peru	(3)	2		(3)	2	(*)	2
Surinam		1			1	(*)	1
Uruguay		(3)		(3)	(3)	(*)	(3)
Venezuela		2			2	(*)	2
Total, South America	11	24		5	40	(*)	40
Total, Latin America	19	76	10	22	127	459	586
North America:							
Canada	463	[5] 556	53	78	[5] 1,180	224	1,404
Newfoundland		13		2	15	(*)	15
Total, North America	463	[5] 569	53	80	[5] 1,195	224	1,419
Oceania:							
Australia	1	9	2	6	18	(*)	18
New Zealand	2	1		1	4	(*)	4
Total, Oceania	3	10	2	7	22	(4)	[4] 22
Unknown	4				4	(4)	[4] 4
Total, all areas	1,883	[6] 3,808	565	[1] 651	[1] 6,907	[2] 2,426	[1] [2] 9,333

[1] Exclusive of $100,000,000 of estimated foreign holdings of United States National, State, and municipal Government bonds. These holdings were estimated in total because of a lack of data for a by-country distribution.

[2] Area totals include short-term data that are not available for specific countries.

[3] Less than $1,000,000.

[4] Short-term investments of Africa, Asia, Oceania, and unknown totalled $397,000,000. This figure is not shown in the total for any specific area but is included in the totals for all areas combined.

[5] After deducting $148,000,000 from Canada and adding $3,000,000 to Belgium, $50,000,000 to France, $20,000,000 to Netherlands, $30,000,000 to Switzerland, and $45,000,000 to United Kingdom. That amount represents the estimated investment held by Canadian nominees for non-Canadian owners. No data were available on which to estimate similar holdings in other foreign countries.

[6] To put the preferred stock in this figure on a market-value basis, it would be necessary to deduct $117,000,000 from this total.

(*) Not shown separately.

NOTE.—Direct investments, book value; bonds and preferred stocks, par value; common stocks, market value.

Source:

Long-term data: Department of Commerce, Economic Series No. 11, Foreign Long-Term Investments in the United States, 1937-39, Government Printing Office, 1940.

Short-term data: Treasury Department, Statistics of Capital Movements Between the United States and Foreign Countries, etc., Report No. 4, Washington, D. C., 1937, adjusted.

TABLE 26.—*Value of foreign-owned United States assets, June 14, 1941*

[In millions of dollars]

Country (of reported address)	Bullion, currency, and deposits[1]	Domestic securities	Real property	Interests in estates and trusts	Foreign-controlled enterprises[2]	Other assets	Total
North America:							
Canada	424.2	530.9	16.5	34.5	18.5	184.5	1,709.2
French North America	(3)	(3)	.....	.....	(3)	(3)	(3)
Newfoundland	5.7	11.9	.....	.....	11.3	4.7	33.6
Total, North America	429.9	542.9	16.5	34.5	529.8	189.2	1,742.8
South America:							
Argentina	119.7	51.4	.5	3.1	19.7	39.0	233.4
Bolivia	8.9	2.4	(3)	(3)	14.2	3.3	28.8
Brazil	60.6	13.6	.2	2.8	1.3	55.6	134.1
British Guiana	.2	.1	(3)	(3)	.....	.4	.7
Chile	35.6	10.2	.1	1.3	8.0	20.8	76.0
Colombia	26.2	2.9	.2	.2	.5	14.1	44.1
Ecuador	2.9	.6	.1	(3)	.2	1.4	5.2
French Guiana	.1	.....	.....	.....	.....	.1	.2
Paraguay	.3	.1	.....	(3)	.....	2.1	2.5
Peru	12.9	7.9	.1	.7	.8	12.6	35.0
Surinam (Netherlands Guiana)	1.6	.1	.....	.....	(3)	2.3	4.0
Uruguay	7.2	3.8	.....	.2	14.7	3.5	29.4
Venezuela	28.7	7.0	.1	.6	1.9	41.0	79.3
Total, South America	304.7	100.1	1.3	9.2	61.4	196.2	672.9
Central America and Mexico:							
British Honduras	.2	1.2	.....	.....	.....	.1	1.5
Costa Rica	4.1	1.0	.5	.1	(3)	.9	6.6
Guatemala	10.7	2.0	(3)	1.0	.4	1.5	15.6
Honduras	3.2	2.8	(3)	.1	(3)	9.1	15.2
Nicaragua	3.9	.2	.1	(3)	.1	3.3	7.6
Panama	52.0	53.3	5.6	.1	28.6	30.5	170.1
El Salvador	5.5	1.7	(3)	.....	.4	1.1	8.7
Mexico	73.9	27.6	1.8	8.0	9.4	39.1	159.8
Total, Central America and Mexico	153.4	89.9	8.1	9.4	39.1	85.4	385.3
West Indies and Bermuda:							
Bahamas	1.2	12.5	.6	5.2	3.4	9.4	32.3
Bermuda	2.3	9.5	.2	6.2	2.4	4.2	24.8
British West Indies, n. e. s	.7	3.9	.2	2.3	.2	2.4	9.7
Cuba	52.9	66.2	.9	7.4	15.9	28.5	171.8
Dominican Republic	8.4	4.6	.1	.1	.3	10.4	23.9
French West Indies	2.4	.2	.....	.....	(3)	.3	2.9
Haiti	4.0	1.2	(3)	.4	.1	1.0	6.7
Netherlands West Indies	21.1	4.5	(3)	.1	.....	8.6	34.3
Total, West Indies and Bermuda	93.0	102.5	2.0	21.6	22.3	65.0	306.4
Europe:							
Albania	.2	(3)	.....	(3)	.....	.1	.3
Austria	.9	1.8	.1	1.3	1.2	.7	6.0
Belgium	128.1	34.9	.5	6.2	82.9	60.1	312.7
British Mediterranean Possessions	.2	.8	(3)	.1	(3)	(3)	1.9
Bulgaria	.8	.1	(3)	.2	(3)	.5	1.6
Czechoslovakia	3.2	.8	.3	.9	2.2	2.0	9.4
Danzig	.2	.....	.....	(3)	.....	(3)	.2
Denmark	16.0	5.3	.3	3.8	6.7	16.0	48.1
Eire	14.7	9.3	1.1	13.1	3.8	3.0	45.0
Estonia	4.3	(3)	.1	(3)	(3)	(3)	10.6
Finland	8.6	.6	(3)	.3	3.8	7.0	20.3
France	516.4	186.4	10.0	122.2	99.6	105.9	1,040.5
Germany	7.5	12.4	4.8	50.1	105.1	18.1	198.0
Greece	34.3	3.9	.8	2.1	4.5	24.1	69.7
Hungary	4.1	1.4	.1	1.3	.1	2.9	9.9
Iceland	1.4	.....	.....	.....	(3)	(3)	2.0
Italy	23.9	33.0	4.7	47.9	10.0	10.0	129.6
Latvia	7.0	.1	(3)	(3)	(3)	.2	7.3
Lichtenstein	.3	.8	.....	.2	.8	.2	2.3
Lithuania	1.5	.2	(3)	.3	.....	.2	2.2
Luxemburg	23.0	3.5	(3)	.1	5.1	1.7	33.4
Monaco	2.9	4.7	.9	5.4	.1	1.5	15.5
Netherlands	205.4	319.8	1.2	13.1	336.0	101.3	976.7
Norway	104.5	11.3	.3	3.0	5.0	30.6	154.7
Poland	4.0	.8	.1	2.1	.7	1.9	9.3
Portugal	43.7	7.4	.4	2.5	.3	5.4	59.7
Rumania	12.7	1.0	.1	.4	.1	5.2	19.5
Spain	14.8	15.4	8.7	5.5	6.4	9.0	59.8
Sweden	238.0	35.9	.6	7.1	34.4	50.2	366.2

See footnotes at end of table, p. 55.

TABLE 26.—*Value of foreign-owned United States assets, June 14, 1941*—Continued

[In millions of dollars]

Country (of reported address)	Bullion, currency, and deposits[1]	Domestic securities	Real property	Interests in estates and trusts	Foreign-controlled enterprises[2]	Other assets	Total
Europe—Continued							
Switzerland	494.8	417.2	10.0	62.4	137.8	88.3	1,210.5
Union of Soviet Socialist Republics	12.8	.2	(3)	.7	9.4	5.0	28.1
United Kingdom	384.0	887.5	42.2	404.3	711.5	1,109.5	3,538.9
Yugoslavia	28.4	1.0	.4	.7	.9	5.7	37.1
Total, Europe	2,342.8	1,697.1	87.8	757.6	1,569.4	1,672.9	8,127.6
Africa:							
Algeria	.4	.2	(3)	.2	(3)	.6	1.4
Belgian Africa	20.9	.4	.1	(3)	.8	27.6	49.8
British East Africa	.3	.8	.1	.6	.4	1.0	3.2
British South Africa (excl. of Union of South Africa)	.3	.5	(3)	.5	.6	.1	2.0
British West Africa	.1	.1	.....	.4	(3)	(3)	.9
Egypt	8.4	5.8	.5	4.7	2.1	5.1	26.6
Ethiopia	(3)	.....	.....	(3)	.....	(3)	(3)
French Africa, n. e. s.	.9	(3)	(3)	(3)	(3)	.2	1.1
French Morocco	4.1	.5	(3)	.4	.3	.6	5.9
French West Africa	1.2	(3)	(3)	.....	.....	.1	1.3
Italian Africa	(3)	.....	.....	.....	.....	.....	(3)
Liberia	.3	(3)	(3)	(3)	(3)	(3)	.5
Portuguese Africa	.7	.2	.1	(3)	.....	.5	1.5
Spanish Africa	.4	.1	(3)	.1	(3)	.2	.8
Tangier	6.0	1.4	.3	.7	.3	1.0	9.7
Tunisia	.5	.1	(3)	.2	(3)	.2	1.0
Union of South Africa	20.7	6.2	.6	2.1	4.7	22.3	56.6
Total, Africa	65.4	16.3	1.7	10.0	9.4	59.8	162.5
Asia:							
Afghanistan	1.1	.1	.....	.....	(3)	(3)	6.4
Arabia (autonomous)	.1	.1	(3)	.1	.....	.1	.4
British Arabia	.1	(3)	.....	.....	.....	.2	.3
British Arabia, n. e. s.	.9	.2	(3)	.1	(3)	.3	1.5
British Malaya	19.4	1.8	(3)	.4	1.6	13.3	36.5
Ceylon	1.8	.1	.....	(3)	(3)	1.4	3.3
China	238.6	53.7	.7	1.5	16.7	45.2	356.4
French Indochina	22.6	.2	.....	(3)	(3)	(3)	25.0
Hong Kong	52.8	19.9	.3	.7	3.9	6.7	84.3
India	11.3	4.8	.5	2.2	3.1	26.2	48.1
Iran	14.1	.1	(3)	.1	.8	3.4	18.5
Iraq	2.3	.4	(3)	.1	(3)	(3)	4.6
Japan	94.1	11.7	1.8	.7	35.1	17.1	160.5
Netherlands East Indies	95.7	9.9	(3)	.4	3.6	49.1	158.7
Palestine and Transjordan	4.4	6.1	.6	1.8	.6	2.0	15.5
Philippine Islands	[4] 227.8	18.4	.8	1.9	8.0	19.9	[4] 276.8
Portuguese Asia	.....	(3)	.....	.....	(3)	(3)	(3)
Syria	2.4	7.1	.5	.3	(3)	(3)	11.9
Thailand	7.0	.1	.....	(3)	.....	1.1	8.2
Turkey	28.0	6.1	.4	2.3	.2	3.0	40.0
Other Asia (autonomous)	.....	.....	.....	.....	.2	.....	.2
Total, Asia	824.5	140.8	5.8	12.6	74.2	199.5	1,257.3
Oceania:							
Australia	27.2	6.7	.4	2.2	2.9	15.1	54.5
British Oceania	.1	(3)	(3)	(3)	.....	(3)	.1
French Oceania	1.4	.5	(3)	.7	.....	.2	2.8
New Zealand	5.3	.5	(3)	.6	2.4	1.8	10.6
Total, Oceania	34.0	7.8	.5	3.5	5.3	17.1	68.2
Unknown	1.1	1.8	1.2	8.9	1.7	1.0	15.7
Grand total	4,248.8	2,699.1	124.5	867.3	2,312.6	2,486.1	12,738.7

[1] Excluding gold held under earmark for foreign account by the Federal Reserve Bank of New York, which amounted to $1,916,000,000.

[2] For statistical purposes only, control was determined on the basis of the ownership of 25 percent or more of the voting stock of corporations and analogous interests in partnerships and other organizations.

[3] Less than $50,000.

[4] Included in the totals.

[5] Taxes, amounting to about $37,850,000, collected under Sec. 503 of the Sugar Act of 1937, to be made available for public relief and civilian defense in the Philippine Islands, are not included in this figure.

NOTE.—The figures are rounded and will not necessarily add to the totals.

Foreign-controlled enterprises, book value; securities, market value; deposits, stated value; other assets, estimated value.

Source.—Treasury Department, Census of Foreign-owned Assets in the United States, pp. 61-73, Government Printing Office, 1944.

TABLE 27.—*Estimated value of foreign-owned United States assets, end of 1946*

[In millions of dollars]

Foreign investments in the United States	16,145
Private United States "obligations"	12,805
Long-term	7,670
Direct investments	2,560
Portfolio investments	3,515
Corporate shares	2,990
Corporate, State, and municipal bonds	525
Estates and trusts	665
Other	930
Short-term	5,135
Deposits	[1] 4,670
Brokerage balances	135
Other short-term	330
U. S. Government obligations	3,340
Long-term	315
Short-term	[2] 3,025

[1] Includes $78,000,000 of deposits for international organizations.
[2] Includes $396,000,000 held for international organizations.

Notes.—Direct investments, book value; securities, market value; short-term assets and U. S. Government obligations, stated value.

Source: Based on Treasury Department, TFR-300 data, adjusted by the Department of Commerce and Treasury Department on the basis of current information.

C. UNITED STATES SECURITIES AND OTHER LONG-TERM ASSETS OF COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

Because of the special interest in the subject, estimates of long-term foreign investments in the United States of the 16 countries participating in the European recovery program have been prepared for the information of the committee. (See table 28.) The total long-term assets of these countries as of the middle of 1947 amounted to $4,930,000,000. About $2,200,000,000 consisted of stocks and bonds, the bulk of which are probably of a readily marketable character. Direct investments accounted for an additional $1,700,000,000; these consist of the American branches and subsidiaries of foreign corporations and other United States companies 25 percent of whose voting stock is held abroad. Interests in estates and trusts and other miscellaneous assets, including real estate, account for the remaining $1,000,000,000.

The character of these assets and the measures taken by the principal countries with respect to them are discussed by countries below:

TABLE 28.—*Estimated foreign-owned gold reserves and United States assets June 30, 1947* [1]

[In millions of dollars]

Country or area	Gold	United States assets				Total United States assets	Total gold and United States assets
		Short-term assets	Long-term assets				
			Securities	Other	Total		
Countries participating in European recovery program:							
Austria	10	.....	3	3	6	6	16
Belgium [2]	659	172	55	130	185	357	1,016
Denmark	32	52	10	24	34	86	118
Eire	11	18	14	26	40	58	69
France [3]	700	316	225	240	465	781	1,481
Germany	320	27	.....	.....	.....	27	347
Greece	20	32	5	27	32	64	84
Iceland	1	7	.....	.....	.....	7	8
Italy	60	187	14	49	63	250	310
Luxemburg	.....	22	5	8	13	35	35
Netherlands [4]	214	220	580	415	995	1,215	1,429
Norway	77	91	20	30	50	141	218
Portugal	390	44	12	9	21	65	455
Sweden	168	133	50	65	115	248	416
Switzerland	1,355	396	645	225	870	1,266	2,621
Turkey	191	51	10	6	16	67	258
United Kingdom [5]	2,360	396	600	1,425	2,025	2,422	4,781
Total, participating countries	6,568	2,164	2,248	2,682	4,930	7,094	13,662
Canada and Newfoundland	310	588	680	730	1,410	1,998	2,308
Other areas	7,122	2,574	700	745	1,505	4,079	11,201
Undistributed [6]	.....	1,510	.....	.....	.....	1,410	1,510
Total, all areas	14,000	6,836	3,688	4,157	7,845	14,681	28,681

[1] Holdings of International Monetary Fund and International Bank for Reconstruction and Development excluded. The United States assets of these and other international organizations on this date, amounted to $2,714,000,000.

[2] Including Belgian Congo.

[3] Including dependencies.

[4] Including Netherlands West Indies.

[5] Short-term foreign assets not broken down by countries include $110,000,000 of brokerage balances, $900,000,000 of estimated holdings of United States currency and claims against the United States Government and an omission estimate of $500,000,000.

NOTE

Gold: Data represent total holdings of governments and central banks without regard to location.

Short-term assets: Composed principally of deposits in American banks and holdings of U. S. Government Treasury bills and certificates.

Long-term assets: Securities item is composed of holdings of stocks and bonds of United States corporations and bonds of the U. S. Government. The "Other" item is composed of controlling interests in United States corporations, interests in estates and trusts, and other types of property holdings. These assets vary widely as to availability and liquidity.

The differences between this table and table 27 are explained as follows: (1) Table 27 includes $474,000,000 of assets of international organizations. Such assets were excluded from table 28. (2) Between Dec. 31, 1946, and June 30, 1947, the liabilities of United States banks to foreigners decreased by $680,000,000, principally a reduction in U. S. Government bills and certificates held for foreign account. (3) Various changes in other items including a reduction in the market value of United States common stocks and net sales of United States securities by foreigners.

Source: Based on Treasury Department, TFR-300 data, adjusted by the Department of Commerce and Treasury Department on the basis of current information.

UNITED KINGDOM

Among the countries participating in the European recovery program the United Kingdom held by far the largest amount of long-term assets in the United States. The holdings of the United Kingdom were estimated to have a value over $2,000,000,000 as of the middle of 1947. The United Kingdom and its nationals hold substantial amounts of stocks and bonds issued by United States corporations. It is estimated that the current market value of these securities is about $600,000,000.

British subjects also have substantial interests in foreign-controlled United States enterprises. These interests, called direct investments, have a current book value in excess of $1,000,000,000.

Insurance companies account for about half of the direct-investment total. These consist of 87 fire, marine, and casualty companies, of which 43 are incorporated in the United States and 44 are branches of British companies. Investments in these companies are carried in table 28 at $450,000,000, which is their estimated net worth. The companies' assets consist largely of high-grade stocks and bonds together with real estate and mortgages which in 1946 produced a net investment income of 20.3 million dollars, in addition to the earnings from their underwriting business.

Similarly, all other direct investments—British and other—shown in table 28 have been entered at book values, i. e., the equity of the foreign owners in the capital stock, surplus, and liabilities of the American company or branch. There is no adequate method of determining a fair market value for most of these investments. There is no public market for their stock, and the price that could be secured either from public offering or private sale of their securities would depend on a large number of variables. Among these might be mentioned (1) the condition of the capital markets, (2) the degree of political pressure placed on the owning countries to liquidate, and (3) the position of any particular company to be sold in the American industry of which it is a part, including the past earnings, history, character of the management, value of patents owned, value of good will, condition and location of the physical equipment, and many other factors.

The only instance in which a British direct investment was liquidated was the sale in the early days of the war of about 90 percent of the stock of American Viscose Corp., the largest producer of rayon yarn in the United States. The stock of this company was vested by the British Government in 1941 and publicly offered in the United States through a banking syndicate. The British Treasury realized only about $54,000,000 net on this sale, after paying commissions and other expenses, in spite of the fact that the company had a net worth of more than $100,000,000. It was largely because of the failure to secure what was considered a fair value on this investment that no further steps were taken toward vesting and liquidating other direct investments. Instead, the unsold marketable securities still available to the British Government and most of the direct investments that had any sizeable value were pledged against a loan from the Reconstruction Finance Corporation of $425,000,000. Only $390,000,000 was ever drawn, and by the end of August 1947 about half of it had been repaid out of the proceeds of income received on

the pledged securities. The estimated value of the collateral held is about $900,000,000; the balance of the loan outstanding is about $186,000,000.

However, before securing the RFC loan, the British Government had vested and sold in the United States about $700,000,000 of American securities previously owned by its nationals. The private holders were paid in sterling at the equivalent of the dollar value of the securities at the time they were vested.

Except for securities already vested or loaned to the British Government, British holders since October 1, 1947, are no longer required to sell their American securities to the Government on its request. Under the new Foreign Exchange Control Act which went into force on that date, holders of such securities may sell them and reinvest the proceeds in other American securities or may transfer their American securities freely against payment in sterling.

According to estimates of the Department of Commerce, income paid on United Kingdom investments in the United States in 1945 amounted to about $86,000,000, of which $43,000,000 was earned by the insurance companies. The earnings of the latter, due to large underwriting losses, dropped to about $11,000,000 in 1946, thus reducing the total to about $59,000,000 in the latter year. Most of this income, of course, went to service the RFC loan. In any event, in view of the effective administration of British exchange control, it is probable that substantially all the dollars received as a result of this income do become available to the British Government.

NETHERLANDS

Of the countries participating in the European recovery program, the Netherlands is the second largest holder of United States investments. A much larger proportion of the Dutch holdings consists of marketable securities than is the case for British holdings. There have been no vestings by the Netherlands Government of American securities. Dutch holdings of American stocks, estimated at about $400,000,000, represent chiefly interests in large United States corporations and are therefore securities of a high degree of liquidity. They have been traditionally held in Holland in the form of bearer certificates issued by the Dutch administration offices, who in turn hold the original American stock certificates. In addition, the Dutch for many years have held substantial amounts of American corporate bonds, particularly railroad. The estimate for Dutch holdings of direct investments includes the full value of the Shell Union Oil Corp. stock owned by the Batavian Petroleum Co. Batavian in turn is owned partly by the Royal Dutch Co. and the British Shell Co., and partly in other countries. As a matter of fact, the estimates presented in table 28 are based in all instances on recorded addresses, and it may well be that in some cases the actual owners are residents of third countries.

Under the foreign-exchange-control decree of 1945 and the Netherlands banking regulation of July 1946, the Netherlands Government has been granted authority to take over the foreign exchange and foreign securities held by its nationals. Pursuant to this authority the Netherlands Bank has taken control of all privately held gold and foreign currency. The Government has required registration of the

securities and other investments of its nationals, but it has not vested them. The Government has attempted to induce private holders of dollar investments voluntarily to liquidate them. It has attempted to stimulate such liquidation by offering a Netherlands bond in dollar denominations and payable in guilders at the rate of exchange at the due date, which may be purchased with the proceeds of sales of United States dollar securities. According to reports received from the Netherlands only nominal amounts of this offering have been taken up. It appears that net sales of these United States securities for Netherlands accounts have been at the rate of less than $100,000,000 a year. It is understood that the Netherlands Government has agreed with the Export-Import Bank to liquidate United States dollar securities or other obligations owned by its nationals in such amounts as shall be necessary to liquidate outstanding advances under the credit of $200,000,000 which was granted to that Government on January 1, 1946.

It is felt that results of the census taken by the Dutch authorities, which correspond closely to the results obtained by the United States census, are reliable. Also the Dutch foreign-exchange controls are effective and, therefore, the $28,000,000 annual income which the Department of Commerce estimates is earned on these assets is available to the Dutch Government as well as the dollar proceeds from sales of these assets.

OTHER EUROPEAN COUNTRIES

Switzerland

The third largest holder in this group of countries is Switzerland, with total United States assets of $870,000,000. It is believed, however, that a substantial portion of these assets is beneficially owned by nationals of other countries. In particular, it has been frequently alleged that French citizens have invested capital in the United States through the intermediary of Swiss banks. The French Government has made efforts to secure information on this matter, but because of the strictness of banking secrecy code in Switzerland, no progress has been made. Most of the investments held in Swiss names are in stocks and bonds which are listed on one or more United States securities exchanges and enjoy an active market.

All Swiss dollar investments are privately owned. The Swiss Government has not taken a census of these assets or any other steps to utilize them. An agreement has been reached with United States authorities whereby the Swiss Government through accredited banks certify to the nonenemy ownership of United States securities as a condition to their being unblocked for transfer and withdrawal of the proceeds. The Swiss exchange controls permit the free transfer of these securities by its nationals. The Department of Commerce estimates the annual income received by Swiss nationals on these investments is about $21,000,000.

France

Of the $465,000,000 of long-term assets estimated for France, a study of available data indicates that perhaps half may be assets which were reported to the United States Treasury but have not been declared to the French authorities.

The French Government authorized a census and mobilization of foreign assets held by its citizens in January 1945. The census was

taken shortly thereafter and in July 1947 an order was issued vesting in the Government the dollar securities of French citizens. French citizens were compensated in francs for their property on the basis of July 1947 prices. As it was indicated above, it is generally believed that the results of this census and vesting order were incomplete due to the failure of some French citizens, in reliance upon the protection of Swiss and United States authorities, to disclose their holdings, particularly those held outside of France.

The French Government has in discussion with the United States on several occasions indicated its intention of utilizing the vested United States securities by sales in the open market. According to the Department of Commerce estimates, France receives income of about $6,000,000 per year on these investments. It may be that even this small amount of dollar income is not altogether available to the French Government.

Italy

Italian holdings of United States assets are relatively unimportant. As of the middle of 1947 they are estimated to have a total value of $63,000,000. Of this amount $40,000,000 is estimated to represent utilizable forms. Holdings of stocks are estimated about $12,000,000 and bonds at $2,000,000. It is not known that the Italian Government has made any efforts to mobilize or utilize these assets of its nationals. According to the Department of Commerce estimate, the income received on these investments is about a half million dollars per year and even this amount may not be available to the Italian Government.

Sweden

In October 1947 the Swedish Government took steps to mobilize all private holdings of short-term foreign assets held by its nationals. According to available data, Swedish nationals own about $115,000,000 of United States assets in the form of stocks, bonds, and direct investments. The Swedish Government has taken a census of these long-term assets but has not taken steps to vest or mobilize them.

Belgium

Of the remaining countries participating in the European recovery program, only Belgium holds United States assets of an appreciable amount. The holdings of this country in the form of stocks, bonds, direct and miscellaneous investments had an estimated value as of the middle of 1947 of $185,000,000. A census of foreign assets was taken shortly after the liberation, but the Government has not sought authority to acquire the assets.

D. Foreign Countries' Gold and Short-Term Dollar Resources

At the end of June 1947, the gold and short-term dollar resources of all foreign countries totaled around 19 billion dollars. Out of this total, sterling-area countries held 4.2 billion dollars. Among the other countries that participated in the Paris European recovery program discussions, Switzerland, Portugal, and Turkey held about 2.4 billion dollars and the remaining participants 3.1 billion dollars. Other European countries (including the U. S. S. R.) are estimated to have held somewhat less than 4 billion dollars, Asiatic countries about 1.7 billion dollars, Latin America about 3.3 billion dollars, and

Canada 0.9 billion dollars. Table 29 gives the available figures for individual countries.[1]

Most of these resources constituted reserves needed by their holders to finance the current flow of international trade or to back their currencies. Holdings not so required may be estimated roughly as follows: (*a*) About 1.5 billion dollars held by Switzerland, Portugal, and Turkey and about 1 billion dollars held by some Latin-American countries constituted reserves which might be judged to be over the holders' minimum needs; (*b*) if there were applied to the Philippine Republic the same general standards applied to other countries, its dollar holdings would seem to be about 250 million dollars over minimum requirements; (*c*) the holdings of South Africa as of June 30 may have been over that country's minimum needs by 300 million dollars or more, but there has since been announced a loan by South Africa of 325 million dollars of gold to the United Kingdom.

Foreign countries' total resources included about 14 billion dollars in gold stocks held abroad or earmarked in the United States and 5.3 billion dollars in short-term dollar assets held on the books of banks and bankers in the United States. Of these resources, the entire gold stocks and 2,160 million dollars in dollar balances were held officially (by foreign governments, their agencies and central banks), while the remaining dollar balances—3,170 million dollars—were held privately (by commercial banks, business firms, individuals, and others).

It may be noted that private dollar balances are considerably larger than official dollar balances. This represents a change from the situation which prevailed before February 1946, and is the result of an accelerated contraction of official balances and a gradual expansion of private balances. In large part these private balances actually represent the working funds of foreign commercial banks and business firms engaged in international finance and trade activities, and their increase reflects the expansion of the volume and value of their transactions after the war. The remainder (probably a small part only) consists of "refugee" funds held in the United States for safety and stability by private individuals, and their use in financing foreign needs will depend on the degree of control which foreign governments can exercise, or the willingness of private holders to repatriate them.

Net sales of gold to the United States and drawings on official dollar balances by foreign governments amounted during 1946 to 1,835 million dollars, and during the first half of 1947 they amounted to 2,275 million dollars. For the 1½-year period as a whole, the liquidation of gold and dollar balances proceeded at approximately equal rates: Net gold sales came to 2,085 million dollars and net drawings on official balances to 2,020 million dollars. The net decline in gold stocks and official balances during the period was 4,000 million dollars (inclusive of addition from gold production and deduction for contribution to the International Monetary Fund). A further loss of gold and dollars of around 650 million dollars has occurred in the third

[1] These figures cover all official gold stocks (using available estimates where figures are not officially published) and both official and private dollar balances as reported by bankers in the United States to Federal authorities. The figures do not, however, include gold and United States dollar notes that may be privately hoarded in foreign countries or short-term liabilities of brokers, commercial concerns, and the Commodity Credit Corporation. Thus they do not include $1,510 million carried as "undistributed" short-term assets in table 28. No deduction has been made for foreign countries' gold and dollar liabilities.

quarter of 1947. This contraction of gold and dollar resources has been unevenly distributed, with the result that a number of foreign countries have already reduced their reserves below the levels that prudence would require them to keep, although a few countries, as noted above, continue to hold resources which might be regarded as over their minimum needs. Even these latter countries, with but a few exceptions, have recently been losing reserves, and they could hardly be expected to supply any great amount of loans of gold or dollars of the type needed to overcome other countries' dollar shortages.

The amount of reserves that a country needs depends upon a complex set of considerations including not only financial and economic but also psychological factors involving confidence in the country's currency, as well as political and historical factors. When a country's reserves are reduced below the amount that a prudent man would consider safe, the country may be fortunate and be able to maintain its financial stability; however, it subjects itself to the risks of economic and possible political dislocation arising from external and internal doubts and lack of confidence. A country may have to weigh the question of maintaining a safe level of reserves against the immediate need of imports vital to its economy, and in such a case may decide to hold a lower level of reserves than prudence at other times would dictate. For all these reasons, it is not possible to devise any simple general formula for determining the needs of different countries.

Neither can the amount of reserves needed be judged by a simple comparison with levels prevailing before the war. The erratic price rises since then and the shifts in composition of foreign trade would alone nullify the usefulness of such comparisons. More important, however, is the fact that throughout the thirties most countries already suffered from reserve deficiencies, and it was these deficiencies that led to their imposing restrictions on foreign trade and exchange. The longer-term objective of the United States—freer multilateral world trade—requires the avoidance of such restrictions.

Hence in the last analysis, the amount of reserves needed by a given country at a given time is a matter that requires determination on the basis of the most expert and responsible judgment.

For purposes of the present discussion, the needs of each country have been estimated very roughly by taking a figure based on the country's volume of current payments to other countries for goods and services, to represent the amount of working balances needed, and adding a second figure based on its volume of currency in circulation, to represent the amount needed for domestic monetary reserves. Even though such approximations cannot represent any real judgment as to the need of any particular country, it is quite apparent that, even allowing for a considerable margin of error, there are few if any countries, outside of the groups previously listed as having surplus holdings, that are in a position to make further drafts on their gold and dollar resources without serious danger to their future financial stability.

The implicit assumption that each country needs to hold working balances proportional to its volume of current payments to other countries arises from normal business practice and procedures. The particular figure used in the present calculations—3 months' payments to other countries—is an arbitrary figure which is undoubtedly too high for some countries and too low for others. Most working balances

for trading purposes have in the past been privately held separately from monetary reserves; government participation in foreign trade and monopoly of exchange resources has tended to shift trade working balances from private to official accounts and to add them to the monetary reserves of central banks or exchange authorities. In normal times such working balances would be distributed among the various currencies of the major trading countries. Nowadays, however, for most imports of foreign countries, settlement is ultimately made in gold or dollars.[2]

The particular figure used for monetary reserve requirements—25 percent of the notes and other demand liabilities of the central bank (or other issuing institution)—corresponds to the level to which the legal requirement in the United States (for Federal Reserve notes and deposits) was lowered in June 1946. This figure is considerably lower than the 40 percent ratio which was required as a standard for purposes of currency stabilization in the period after World War I. The monetary laws of most countries still provide for reserve requirements in gold and exchange at levels between 25 and 50 percent, or even higher. However, because of the decline in their reserves and the expansion of their currencies, many countries have been forced to suspend legal-reserve requirements and currency convertibility, and to introduce rigorous exchange controls.

In view of the general abandonment of the gold standard and the adoption of managed currency systems, a gold reserve is no longer technically required to meet demands for gold payments within any country. In these circumstances monetary reserves may logically be considered not as internal reserves, but as funds (supplemented, to a limited extent, by the possibility of drawing upon the International Monetary Fund) for meeting contingencies in international payments and for the stabilization of exchange rates. It is clear that the amount of international currency a country needs is not directly related to the volume of its central bank's sight liabilities, or even to the amount of its domestic money supply (currency plus demand deposits). While the traditional reserve ratios of central banks are open to this technical criticism, they nonetheless command the attention and respect of the general public in the countries concerned. Hence, governments continue to regard seriously any decline in the reserve ratio and to impose increasingly stringent restrictions on foreign payments whenever this ratio tends to fall below what is customarily regarded in the country concerned as a safe or minimum level.

While, in the present crisis, many foreign countries have already drawn their reserves below what would ordinarily be regarded as a prudent level, it is clear that such use of monetary reserves for meeting current deficits must in the long run delay and jeopardize the restoration of international convertibility of currencies. The depletion of reserves of foreign countries makes it impossible for them to relax import and exchange controls, and thus ultimately runs counter to the United States objective of expanded multilateral trade.

[2] For purposes of this discussion, trade between countries within the same monetary area (such as the sterling area) is regarded as internal trade, not foreign trade.

TABLE 29.—*Gold and short-term dollar resources of foreign countries as of June 30, 1947*

[In millions of dollars]

Country	Gold [1]	Dollar balances [2]		Total resources
		Official	Private	
Europe:				
Austria	10	.....	.....	10
Belgian monetary area (including Luxemburg and Belgian Congo)	659	28	166	853
Bulgaria	25	1	.....	26
Czechoslovakia	11	9	17	37
Denmark	32	17	35	84
Finland	.....	15	8	23
French monetary area	700	106	210	1,016
France	(680)	(88)	(182)	(950)
Dependencies included in International Monetary Fund, quota of France	(20)	(18)	(28)	(66)
Germany	320	11	16	347
Greece	20	15	17	52
Hungary	37	1	3	41
Italy	60	79	108	247
Netherlands and Netherlands West Indies	214	65	155	434
Norway	77	29	62	168
Poland	60	5	12	77
Portugal and dependencies	390	12	32	434
Rumania	268	3	5	276
Spain and dependencies	111	4	8	123
Sweden	168	24	109	301
Switzerland	1,355	67	329	1,751
Turkey	191	16	35	242
U. S. S. R.	2,500	49	1	2,550
Yugoslavia	76	9	3	88
Other Europe (except sterling area)	100	16	17	133
Total, Europe (except sterling area)	7,384	581	1,348	9,313
British Commonwealth (and other sterling area countries):				
United Kingdom	2,360	48	281	2,689
Dependencies included in International Monetary Fund quota of United Kingdom	.....	1	66	67
Australia	95	17	31	143
Egypt	53	3	20	76
Eire	11	3	15	29
Iceland	1	3	4	8
India	274	13	28	315
Iraq	.....	.....	3	3
New Zealand	23	1	7	31
Union of South Africa	757	34	5	796
Total, sterling area, as of June 30, 1947	3,574	123	460	[3] 4,157
Canada and Newfoundland	310	299	289	898
Total	3,884	422	749	5,055
Asia:				
China	95	260	79	434
French Indochina	.....	27	10	37
Iran	127	7	12	146
Japan	206	.....	16	222
Netherlands Indies	181	78	16	275
Philippines	1	395	54	450
Siam	35	14	1	50
Syria and Lebanon	3	4	10	17
Other Asia, etc	33	.....	[4] 16	49
Total, Asia	681	785	214	1,680
Latin America:				
Argentina	630	118	147	895
Bolivia	22	8	9	39
Brazil	354	38	47	439
Chile	45	15	35	95
Colombia	93	28	14	135

See footnotes at end of table, p. 66.

TABLE 29.—*Gold and short-term dollar resources of foreign countries as of June 30, 1947*—Continued

[In millions of dollars]

Country	Gold [1]	Dollar balances [2]		Total resources
		Official	Private	
Latin America—Continued				
Costa Rica	2	3	5	10
Cuba	259	27	263	549
Dominican Republic	2	8	12	22
Ecuador	20	13	4	37
Guatemala	27	12	16	55
Haiti	2	10	6	18
Honduras		1	3	4
Mexico	131	13	113	257
Nicaragua	4	2	3	9
Panama		3	67	70
Paraguay	1	1	1	3
Peru	20	11	29	60
Salvador	15	14	6	35
Uruguay	189	4	12	205
Venezuela	235	20	34	289
Unidentified		20	32	52
Total, Latin America	2,051	369	858	3,278
Grand total	14,000	2,157	3,169	19,326

[1] Official gold holdings; for countries whose holdings have not been published, available estimates have been used.

[2] Deposits and other short-term dollar resources, as reported by banks and bankers in the United States to the Federal Reserve banks and the U. S. Treasury.

[3] Includes $10,000,000 held by Ethiopia, Liberia, Greenland, and unidentified countries.

CHAPTER III. STATUS OF AMERICAN INVESTMENTS IN FOREIGN COUNTRIES

This chapter is based on a survey of available data regarding the status of American investments in foreign countries in response to item 7 of Senate Resolution 103. It is nonstatistical and primarily legal.

Item 7. The legal and actual status of American direct investments under the laws and current practices of the respective foreign countries in which such investments have been made.

The discussion has been divided into three parts. First is a discussion of the provisions of treaties between the United States and foreign countries to the extent that they affect American direct investments abroad. Second is a brief survey of foreign laws and decrees that affect American-owned property, together with available data regarding the administration of such laws and decrees if it is in any manner discriminatory against this country. In addition to this material on direct investments, there is appended, as the third part of this chapter, a note on the status of defaults on foreign bonds publicly offered in the United States.

A. TREATY PROVISIONS

So far as the legal status of American direct investments abroad is concerned, the laws of the respective foreign countries are affected by applicable treaty provisions in force between the United States and such foreign countries. Such provisions may be classified, in general, as follows: (1) those which expressly accord rights to nationals or corporations to engage in commercial activity, enterprise, or business; (2) those which, while not expressly according such rights, do extend (*a*) most-favored-nation treatment, either conditional or unconditional, so that for all practical purposes American nationals or corporations would be entitled to the rights in question if the nationals or corporations of any third country were accorded such rights, or (*b*) national treatment, according the same rights as the rights of nationals or corporations of the country in which the activity is carried on; and (3) those which modify or implement the local law in connection with the exercise of an expressed or implied right.

ESTABLISHMENT OF AND PARTICIPATION IN CORPORATIONS

Under the first heading in the attached tabulation, those countries are identified with which treaty provisions deal specifically with rights concerning the establishment of, and participation in, corporations. The earliest of the 11 treaties indicated in that column is the one with Germany concluded on December 8, 1923. Articles XII and XIII of that treaty are typical. Article XII relates to the recognition of the juridical status of corporations of one country which have central offices in the other country, it being provided, nevertheless, that the

right of such corporations to establish themselves within such other country and to establish branch offices and fulfill their functions therein shall depend upon, and be governed solely by, the consent of the government of such other country as expressed in its national, state, or provincial laws. Article XIII relates to the rights of the nationals of one of the countries, reciprocally and upon a most-favored-nation basis and upon certain conditions, with respect to the organization of and participation in corporations.

These specific provisions are in addition to provisions of the customary type relating to entry, residence, and establishment (covered under heading II). In earlier treaties it was not customary to refer to corporations specifically. In fact, many of the existing treaties of the United States were made at times when corporations were virtually unknown in international commercial relations. The position has been taken that treaty provisions which accord certain rights to nationals or citizens of foreign countries with respect to establishment or the carrying on of trade or business do not apply, in general, to corporate bodies. The general principle applicable in this country to a corporation doing business beyond the limits of the sovereign authority under which it was created has always been that the corporation, being the mere creation of local law, can have no legal existence beyond those limits. (See, e. g., *Paul* v. *Virginia*, 8 Wall. 168, 181.) It is an accepted doctrine in this and in other countries that foreign corporations may be subjected to conditions and restrictions not imposed upon domestic corporations and are forbidden to engage in some activities permitted to domestic corporations. It is true that there has been an evolution in American public law away from the extreme or harshly restrictive theory in regard to foreign corporations, with a tendency toward adoption of the doctrine of compulsory recognition.

Treaty provisions dealing specifically with this matter are, as indicated above, of comparatively recent origin, and corporations as such are not in a tenable position in claiming rights under treaty provisions which accord rights to nationals or citizens without specifying that corporations shall be accorded similar rights. This is true despite the fact that where the treaty provisions are readily capable of a liberal interpretation, so as to cover corporate activity, there is an increasing tendency to extend to corporations privileges which are not inconsistent with local law. Apart from the 11 treaties mentioned above, the provisions in force between the United States and foreign countries respecting the legal status of corporations and their right to carry on business are comparatively few.

RECIPROCAL TRADE AGREEMENTS

The third heading in the tabulation refers to "Provisions otherwise modifying or implementing law." This is in the nature of a catch-all column to cover provisions, not otherwise covered in other columns, which might have some bearing, directly or indirectly upon the status of American direct investments abroad by requiring or facilitating the modification or implementation of local law. For the most part, the provisions which are referred to in the fifth column are those which are contained in reciprocal trade agreements and have relation (1) to the establishment or maintenance by either

contracting party of a monopoly for the importation, production, or sale of a particular commodity; or (2) to the establishment or maintenance by either contracting party of any form of exchange controls (control of the means of international payment); for example, articles VIII and IX, respectively, of the trade agreement of 1939 with Venezuela (Executive Agreement Series 180).

It would be impossible in the case of most of the provisions to undertake any authoritative statements as to how the provisions would apply under specific circumstances, inasmuch as this involves interpretations, sometimes by the courts. Nevertheless, it appeared advisable to include some reference to them because of their possible application.

DOUBLE TAXATION CONVENTIONS AND AGREEMENTS

For over a quarter century section 131 of the United States Internal Revenue Code has provided that income and profits taxes paid to foreign governments may be credited against income tax otherwise due to the United States Government. This provision is most helpful to American foreign investment. However, it has been found desirable to supplement it with bilateral treaties for the avoidance of double taxation and for administrative cooperation for the prevention of tax evasion.

Conventions relating to taxes on income are in force between the United States and four countries, namely, the United Kingdom, Canada, France, and Sweden. Conventions relating to taxes on the estates of deceased persons—commonly referred to as estate taxes or death duties—are in force between the United States and two countries, namely, the United Kingdom and Canada.

The imposition and collection of taxes upon the same income or upon the same estate by both the United States and a foreign country may, and often does, result in double taxation of a severe character. The conventions above mentioned have been concluded and brought into force for the purpose of avoiding such double taxation, so far as practicable, modifying certain conflicting principles of taxation for this purpose, and establishing certain procedures for the exchange of information in relation to taxation. It is considered (1) that provisions of income-tax conventions constitute a definite step toward the removal of undesirable impediments to international trade and stabilize to a considerable degree the conditions under which nationals and corporations of one of the countries carry on their business and investment operations in the other country, and (2) that the provisions of estate-tax conventions go far toward eliminating double taxation in connection with the settlement in either country of estates in which nationals and corporations of the other country have interests.

The avoidance of double taxation is achieved, in general, by either of two methods, namely, (1) by the specific exemption of certain types of income or property from taxation in one of the countries, or (2) by the allowance of a credit by one of the countries for taxes paid to the other country upon certain types of income or property. The double taxation conventions are somewhat unique in comparison with other international agreements. While not diminishing in any respect any right, deduction, or credit which taxpayers may have under existing legislation, the conventions have for their primary object the modification

of existing law so as to extend additional benefits to taxpayers or the "freezing" of existing law in order that taxpayers may be relieved of unnecessary apprehension regarding their tax status abroad.

The income-tax conventions with Sweden, France, and the United Kingdom contain national-treatment provisions whereby nationals (citizens or subjects) of one of the countries residing within the other country are accorded treatment, in regard to taxes, no less favorable than the treatment accorded the nationals (citizens or subjects) of such other country. In the case of the convention with France these provisions are extended to apply to corporations, but are restricted expressly to the taxes which are the specific subject of the convention. In the case of the convention with the United Kingdom, the latest to enter into force, the national-treatment provisions are broad, covering taxes of every kind or description whether National, Federal, State, Provincial, or municipal, and extending not only to nationals in the sense of United States citizens and British subjects but also to all legal persons, including corporations, partnerships, and associations. In the more recent discussions with representatives of foreign governments with a view to determining the possible bases for double taxation conventions, it has been the established policy of the United States representatives to propose the inclusion of a broad national-treatment provision along the following lines:

> The nationals of one of the contracting states shall not, while resident within the other contracting state, be subjected therein to other or more burdensome taxes than are the nationals of such other contracting state residing in the territory of such other state. The term "nationals" as used in this article includes citizens and likewise all corporations, partnerships, and other legal entities created or organized in, or under the laws in force in the territory of, the respective contracting states. The term "taxes" as used in this article means taxes of every kind or description, whether national, state, provincial, or municipal.

As indicated in the last column of the tabulation, the United States has agreements with 13 countries relating solely to relief from double taxation on shipping profits. It has been customary for these agreements to be effected by exchanges of diplomatic notes. So far as the United States is concerned, the agreements are made under existing law, as expressed in section 212 (b) of the Revenue Act of 1928 (45 Stat. 791), as follows:

> The income of a nonresident alien individual which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of a foreign country which grants an equivalent exemption to citizens of the United States and to corporations organized in the United States, shall not be included in gross income and shall be exempt from taxation under this title.

The agreements made with other countries under this provision of law have the character, in each case, of a joint declaration by the two countries that under their respective laws the profits derived by nonresident aliens, nationals of the other country, and by corporations of the other country from the operation of ships documented under the laws of such other country are exempt from taxation.

AVIATION AGREEMENTS

Agreements regarding air transportation, commercial aviation, and air navigation were not included in the attached tabulation. However, in order to complete the record it should be pointed out that such agreements, which contain provisions affecting the rights and obliga-

tions of American air lines with respect to the operation of aircraft within or over the territory of foreign countries, may have a bearing upon the legal or actual status of American direct investments abroad. It appears that any determination regarding the application of such agreements would depend upon the particular circumstances.

The following bilateral agreements are in force between the United States and foreign countries:

(1) Air transport agreements with Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Czechoslovakia, Denmark, Ecuador, Egypt, France, Greece, Iceland, India, Ireland, Lebanon, New Zealand, Norway, Paraguay, Peru, Philippine Republic, Portugal, Siam, Spain, Sweden, Switzerland, Syria, Turkey, Union of South Africa, United Kingdom, and Uruguay.

(2) Commercial aviation agreement with Colombia.

(3) Air navigation agreements with Canada, Denmark, France, Germany, Ireland, Italy, Liberia, Norway, Sweden, Union of South Africa, and United Kingdom.

(4) Agreements regarding recognition of certificates of airworthiness for imported aircraft with Belgium, Canada, Denmark, Germany, New Zealand, Norway, Sweden, Union of South Africa, and United Kingdom.

(5) Agreements relating to issuance of pilots' licenses with Canada, Denmark, Norway, Sweden, Union of South Africa, and United Kingdom.

(6) Air facilities service agreements with Australia, Burma, Ceylon, Czechoslovakia, Denmark, France, Italy, Netherlands, Norway, Siam, Spain, Sweden, Switzerland, and United Kingdom.

(7) Provisional arrangements with Finland, Iran, Italy, and Saudi Arabia granting unilateral rights to United States air lines.

The following multilateral agreements are in force between the United States and numerous foreign countries:

(1) Inter-American convention concerning commercial aviation, adopted at Habana February 28, 1928, effective for the United States August 26, 1931 (Treaty Series 840). Denounced by the United States, effective November 29, 1947.

(2) International convention for the unification of certain rules relating to international transportation by air, and additional protocol, signed at Warsaw October 12, 1929, effective for the United States October 29, 1934 (Treaty Series 876).

(3) International sanitary convention for aerial navigation, signed at The Hague April 12, 1933, effective for the United States, November 22, 1935 (Treaty Series 901).

(4) International sanitary convention for aerial navigation, 1944, signed at Washington for the United States January 5, 1945, effective for the United States May 29, 1945, modifying the convention (above) of April 12, 1933 (Treaty Series 992).

(5) Protocol, signed at Washington for the United States April 30, 1946, effective for the United States August 6, 1946, prolonging the international sanitary convention for aerial navigation, 1944 (Treaties and Other International Acts Series 1552.)

(6) International Civil Aviation Conference documents, signed at Chicago December 7, 1944:

(*a*) Convention on international civil aviation, effective for the United States April 4, 1947 (Treaties and Other International Acts Series 1591.)

(*b*) Interim agreement on international civil aviation, effective for the United States, June 6, 1945 (Executive Agreement Series 469).

(*c*) International air services transit agreement, effective for the United States February 8, 1945 (Executive Agreement Series 487).

Countries with which the United States has treaties or other agreements containing provisions which appear to have a bearing on the legal status of American direct investments in foreign countries are marked with an X

Country	I	II			III	IV	
	Rights of establishment of and participation in corporations	Right of nationals to engage in commercial activity, enterprise, or business			Provisions otherwise modifying or implementing law [1]	Relief from double taxation	
		Granted expressly	MFN treatment	National treatment		Convention of broad scope	Separate agreement on shipping profits
Argentina		X	X		X		
Belgium		X		X			X
Belgo-Luxemburg Economic Union			X				
Bolivia		X	X	X			
Borneo		X	X				
Brazil			X				X
Canada						X	X
Chile					X		
China		X	X	X	X		
Colombia		X	X	X			
Costa Rica		X	X		X		
Cuba			X		X		
Denmark		X	X	X			
Ecuador			X		X		
El Salvador	X	X	X	X	X		
Estonia	X	X	X	X	X		
Ethiopia			X				
Finland	X	X	X	X	X		X
France						X	X
Germany [2]	X	X	X	X			
Greece			X		X		
Guatemala			X		X		
Haiti			X				
Honduras	X	X	X	X	X		
Hungary:							
Bilateral [2]	X	X	X	X			
Peace treaty			X		X		
Iceland			X		X		X
Iran			X		X		
Iraq					X		
Ireland							X
Italy:							
Bilateral [2]			X		X		
Peace treaty			X		X		
Latvia	X	X	X	X			
Liberia	X	X	X	X	X		
Mexico			X		X		
Morocco			X				
Netherlands							X
Nicaragua					X		
Norway	X	X	X	X			X
Panama							X
Paraguay		X	X				
Peru			X		X		
Poland	X	X	X	X			
Portugal			X				
Rumania:							
Bilateral [2]			X				
Peace Treaty			X		X		
Siam	X	X	X		X		
Spain		X	X	X			X
Sweden					X	X	X
Switzerland		X	X	X			
Tonga			X				
Turkey			X				
United Kingdom		X	X			X	X
Uruguay			X		X		
Venezuela			X		X		
Yugoslavia		X	X				

[1] E. g., exchange controls, etc.
[2] The possible effect of the war upon the operation of the treaties with these countries is not dealt with.

B. Legal Status of Direct Investments in Foreign Countries

The statements concerning conditions in individual countries should be evaluated bearing in mind the following:

(1) Under present conditions in Europe the value of the statutory rights of foreign investors depends entirely on administrative procedure. This is particularly true of all laws concerning rights to do business, since the ability to do business depends on administrative action in allocation of foreign exchange, raw materials, etc.

(2) In many important instances, for example, in the matter of foreign exchange control, the statutes and regulations only contain the authority for administrative action, while the actual decisions and practices affecting American business undergo frequent changes on which up-to-date information is often not available.

(3) Statutes concerning the taxation of businesses are lengthy, complicated, and subject to changes. The matter of taxation therefore has been gone into only where taxes on foreign business materially differ from those applicable to domestic businesses.

(4) Statutes concerning the right of foreigners to do business and the formalities to be complied with by foreign businesses are frequently voluminous and complicated, but are usually similar to each other in that they concern the proof of the legal status in the country of domicile, the appointment of a fully authorized representative in the foreign country, proof that the bylaws do not interfere with the public interest, an undertaking to abide by local laws and certain regulations concerning publication of financial statements, changes in the bylaws of capitalization, and sometimes a prohibition to acquire land in frontier districts. For this reason the matter has been gone into only where there is special evidence of discrimination or other subjects of particular interest. In many cases the formalities applicable to the establishment of a foreign business can be minimized by incorporating a local subsidiary.

THE UNITED KINGDOM AND THE BRITISH DOMINIONS

Right to do business.—The British Companies Act of 1939, as amended, contains no provisions designed to discriminate between nationals and foreigners in the formation and operation of British companies. Furthermore, an American corporation or other person in establishing a British subsidiary encounters no special nationality requirements such as with respect to directors and shareholders.

When a foreign corporation establishes a place of business within the United Kingdom, it must, within 1 month, register as a branch of the foreign corporation with the Registrar of Companies. This involves the filing of certified copies of its charter, articles of association, etc., the payment of registration fees, and the submission of the annual statement of the company. Such an organization is accorded under the law substantially the same privileges and is subject to the same requirements as a British enterprise.

In all of the Dominions of the British Commonwealth the company laws are adaptations of the 1939 British Act (a consolidating and amending act) or earlier British legislation on this subject. Consequently, the company laws of the Dominions are to a large extent similar to the United Kingdom act and contain no discriminatory provisions against foreigners.

Many of the controls over industrial activities exercised during the war in the United Kingdom continue in effect in modified form, such as the allocation of certain raw materials in short supply, control of industrial construction, and the location of new industries. Many products, especially consumer goods remain subject to price controls. In the administration of these controls American branch plants are apparently being treated on the same basis as national enterprises.

The Borrowing Control and Guarantees Act, 1946, applying both to residents and citizens of the United Kingdom and to resident foreigners in the United Kingdom provides that the borrowing of money or the issuance of securities in excess of £50,000 in any year requires the prior consent of the British Treasury. In addition, under the Exchange Control Act, 1947, all loans of any kind made by United Kingdom residents to any corporation or branch business resident in the scheduled territories which is by any means controlled by residents outside the scheduled territories are subject to the permission of the British Treasury. (Scheduled territories are roughly equivalent to those formerly comprising the sterling area.) Consequently, American subsidiaries and branches operating in the United Kingdom and scheduled territories cannot borrow money in the British money market, whether in the form of bank loans or of securities, without the consent of the British Treasury and subject to such conditions as may be imposed.

There is no Commonwealth companies law in Australia so that foreign companies desiring to establish a place of business in Australia are, as in the United States, subject to the licensing requirements of the individual States, or they may incorporate a subsidiary under the Companies Act of one of the States. The latter type of company is subject to licensing requirements when establishing a place of business in other Australian States to the same extent as an ex-Australian company. There are no discriminatory provisions in the companies acts of any of the Australian States.

Three methods are available for an American corporation intending to operate in Canada: (1) Registration of a branch as an extra-Provincial company in a Canadian Province; (2) formation of a Provincial company as a subsidiary; and (3) formation of a Dominion company as a subsidiary. As among the States of the United States, a foreign corporation (whether incorporated in a foreign country or in another Province) is required to take out a license in each Province in which it carries on business through a branch establishment. There are no nationality restrictions in the several Canadian company laws.

As of August 15, 1947, two separate Dominions were established, designated as India and Pakistan, which, by June 30, 1948, will decide whether they desire to continue as Dominions of the British Commonwealth, or to sever this tie completely. The existing Indian Companies Act, based on British company law principles, does not contain nationality restrictions. It may be stated that there exists in both India and Pakistan considerable sentiment for the imposition of requirements for local participation in industrial enterprises operated by foreign nationals, but this is counterbalanced to some extent by the recognition of a need to encourage foreign technical assistance in the development of the industrialization programs.

Taxation.—United States tax conventions with the United Kingdom for the avoidance of double taxation with respect to income taxes

and estate taxes have removed most of the tax difficulties encountered by American investments and business interests in the United Kingdom. The United States also has conventions similar in scope and purpose with Canada with respect to Dominion income and estate taxes. Conventions for the avoidance of double income and estate tax conventions were signed on December 13, 1946, and April 10, 1947, respectively, by the United States and the Union of South Africa, but the ratification procedures have not as yet been accomplished.

The income tax laws of both Australia and New Zealand have broad definitions of what constitutes doing business in their jurisdictions so as to render nonresident firms liable to income tax on the profits made from sales. When an American firm makes sales in Australia or New Zealand through traveling salesmen, commission agents, or other intermediaries who are "instrumental" in obtaining orders, whether or not concluding contracts on its behalf, such firm is liable to tax on the profits therefrom. Consequently, only direct sales through mail or cable orders or to distributors who buy and sell in their own name are exempt from tax.

Section 19A of the Indian Income Tax Act stipulates that the principal officer of every company shall furnish the names and addresses of its shareholders, and section 3, explanation 3, provides that "a dividend paid without British India shall be deemed to be income accruing and arising in British India to the extent to which it has been paid out of profits subjected to income tax in British India." Although this provision has apparently not been heretofore enforced against American companies operating in India only through registered branches, one American company, at least, was requested to supply the list of its shareholders as a condition to the registration of a branch it sought to establish in India. After representations were made, the finance member issued instructions that this requirement should not be applied, and indicated that an amendment to the tax law would be recommended.

While a nonresident is made liable to Indian income tax only on income derived from sources in India, the total world income of such taxpayer is made the basis for determining the rates of tax to be applied to that Indian income. As a result a nonresident may be subject to a substantially higher rate on his Indian income than would be indicated by the tax rate schedules.

Labor.—Directors and employees of managerial status of branches or British subsidiaries of American firms have in general encountered little difficulty in obtaining permission to enter and remain in the United Kingdom. In the case of technical employees it is necessary to establish that British subjects with the necessary qualifications are not available, and when permission to enter is granted it is usually stipulated that they may remain only so long as it may be necessary for these employees to train local employees to do the work. The bringing in of unskilled labor is generally not permitted. The Dominions have, in general, applied similar regulations.

The Canadian contract labor regulations of 1929 established practices similar to those described in the preceding paragraph, but due to the current scarcity of numerous classes of labor in Canada an order in council dated April 11, 1947, has suspended the 1929 regulations.

Foreign exchange controls.—Exchange controls are in effect in the United Kingdom and all the Dominions. Excluding the Dominion of Canada, the regulations and policies governing exchange transactions are similar in all these countries, subject only to minor variations resulting from particular local conditions. In order to transfer funds for the purchase of goods or services it is necessary for the resident remitter to obtain a permit from the local exchange control authorities, unless the recipient is also a resident in a sterling area country. This requirement extends as a general rule to payments of interest, profits and dividends, whether by individuals or firms. The customary policy which has been followed for some time is to permit transfers of this type to be made on application, subject only to the possible submission of reasonable proof that the transfer represents a bona fide transaction and the funds involved accrue from current operations. Transfers of capital, on the other hand, are permitted under very special circumstances as determined by the merits of each case presented to the authorities. Sums realized from the sale of capital assets are, therefore, ordinarily "blocked," but it is the policy of the authorities to permit reinvestment of these sums and to allow returns to be transferred as they accrue. By following a prescribed form nonresidents purchasing securities in London with newly remitted funds may sell these securities subsequently and transfer the proceeds in the same currency as the original funds were transmitted. Although royalty and rental payments are permitted under prewar agreements, new licensing or leasing arrangements between foreign and domestic companies must be approved in order that transfer of payments arising therefrom may be made without difficulty.

Although the Union of South Africa is a member of the sterling area and has an exchange control system similar to those of the United Kingdom, Australia, New Zealand, and other parts of the area, it has in practice been able by virtue of its large gold production to apply the controls without as rigid supervision.

The Canadian exchange control mechanism differs in several respects from that of the United Kingdom or its sister Dominions. Canada has not, of course, been a member of the sterling area, and has not shared in the freedom of monetary transfer in transactions with that area as have the other Commonwealth countries. The movement of funds between Canada and the United States is controlled, but all current transactions not otherwise prohibited are eligible for payment in official exchange, that is, United States dollars are supplied at the established rate of exchange by the Canadian authorities. Thus, interest, profits and dividends may be remitted at the official rate. The control over capital transfers is more complex, but under present regulations new capital investments other than in bonds and debentures by nonresidents may subsequently be liquidated and transferred if originally registered with the authorities at the time the investment was made. The authorization to liquidate given by the authorities does not carry with it access to official exchange and the proceeds may be transferred only in Canadian dollars. This situation has given rise to a "free" market in the United States where Canadian dollars are sold at a varying discount against United States dollars. Since the Canadian dollars so acquired cannot be used to purchase Canadian goods for export, the chief sources of demand for them are tourists and investors wishing to purchase Canadian securities or real estate.

Nationalization.—The nationalization program in the United Kingdom has been applied to the Bank of England, the coal mines, inland transportation systems, air services, and cable services. Foreign investments in the nationalized industries were apparently negligible, and equitable compensation to private investors, whether British nationals or foreigners, has been provided for in the pertinent legislation. The nationalization of the electric and gas industries is programed for consideration by the current session of Parliament, and public ownership of the iron and steel industry is on the agenda for future action.

The Cabinet of the Commonwealth has submitted to the Australian Parliament a proposal to nationalize all private trading banks. Since considerable controversy has resulted over this issue, the ultimate outcome of the proposal is uncertain.

Eire

Right to do business.—The British Companies Act in effect on December 6, 1921, was by section 73 of the Constitution of the Irish Free State, and by the Adaptation of Enactments Act of December 20, 1922, applied in the then Irish Free State. There have been no subsequent enactments to change the company law then in effect, so that there are no discriminatory provisions in the Companies Act with respect to the incorporation or registration of companies in Eire.

Under the Control of Manufactures Act, 1932, as amended, a foreign controlled manufacturing business may not be established in Eire without a license from the Minister of Industry and Commerce; if it was established before 1932, it cannot extend the scope of its manufacturing activities without such license. The Minister may, at his absolute discretion, grant a license to do all the things specified in the application or to do some or only one of the things specified or refuse to grant a license.

Since July 2, 1934, it has not been lawful for any company to engage in manufacturing in Eire without this special license unless 51 percent of its issued shares are owned by a national of Eire or by a qualified body corporate. A qualified body corporate (or holding company) must have at least 51 percent of its shares held by qualified persons (i. e., nationals of Eire or ordinary residents of Eire for 5 years before July 2, 1934), at least two-thirds of any class of shares carrying voting rights must be similarly held and a majority of the directors (other than a full-time managing director) must be nationals of Eire. Individuals cannot engage in manufacturing without a special license unless they are qualified persons.

The same act empowers the executive council to declare the manufacture of a particular commodity to be a reserved commodity which no one shall be permitted to engage in without a license, subject to such conditions as the Minister may attach to it. The purpose of this part of the act is apparently to encourage industries hitherto nonexistent in Eire by granting a monopoly position or assurance of limited competition.

EUROPE

Belgium

Right to do business.—No known law exists in Belgium to prohibit the right of foreigners to establish and operate business concerns or to prohibit the manufacture of merchandise, but decree laws have been

instituted to restrict the activities of foreign corporations and the employment of foreigners.

A decree law was passed in 1923 limiting the acquisition of realty and the conclusion of leases by foreigners (except those governed by Belgian law) to 9 years without special authorization of the Ministry of the Interior.

In order to own or lease property for a period greater than 9 years, the foreign company is required to have a Belgian president, Belgian manager, Belgian managing directors and more than 50 percent of its board of directors of Belgian nationals, and its principal place of business in Belgium.

The Belgian Government furthermore reserves the right to reject or prohibit the establishment of foreign branch factories, subsidiaries, and the like, if such establishment meets with the disapproval of Belgian trade associations. This was exemplified by the objections of the Belgian glass industry on the grounds that "There is no room for a competitor," when the Pittsburgh Plate Glass Co. in 1947 applied for the establishment of a branch factory.

By a decree of 1935 the Belgian Government reserves the right to oppose the operation of a foreign company or the extension of an already existing foreign company, if the Belgian Government deems it inexpedient for the country's economy.

The Belgian Government reserves the right to request that a certain percentage of locally manufactured goods be used by a foreign company. For example, by a gentlemen's agreement the United States automotive assembling plants have agreed to utilize at least 40 percent of locally made automotive parts and accessories in the assembling of all automotive vehicles.

Taxation.—A 1938 law gave the Belgian Government the right to assess a local company on any profits realized directly or indirectly through it by a foreign controlling company of the local concern. Furthermore, the company is required to deposit with the Belgian tax authorities guarantee for payment of taxes, and is required to file with its tax declaration the latest balance sheet and profit-and-loss account not only for the local branch company or subsidiary but for the parent or controlling company.

Because of the difficulty inherent in determining the profits of foreign firms operating branches in Belgium, the tax authorities assessed these firms on an arbitrary basis if their profits fell below the average earnings of local firms of a similar nature.

Labor regulations.—A 1930 decree requires foreigners entering the country for employment to obtain an authorization from the Ministry of Justice, an identity card, and to submit an employment contract from an employer established in Belgium. By a 1939 decree all foreigners who apply for employment in Belgium must pay 500 francs upon application for their identity card which in addition is subject to a stamp tax.

Foreign exchange controls.—Foreign exchange is under strict control. Present indications are that current earnings are being transferred but no export of capital seems possible.

Competition with Government-owned companies.—The merchant marine is Government-owned. Railroads and communications are semiprivate monopolies.

Nationalization.—Belgium has not followed a postwar policy of nationalization.

Czechoslovakia

Right to do business.—Before World War II foreign corporations doing business in Czechoslovakia were restricted by requirements for special licensing (particularly as far as acquisition or lease of real estate in frontier zones was concerned), for special reports, requirements for the employment of citizens in key positions, certain regulations referring to the employment of foreigners and restrictions on residents in frontier zones. There were also special provisions restricting the operations of foreign insurance companies in Czechoslovakia. Although all these regulations are probably still in effect, their importance is minimized through the nationalization legislation passed after the war, which is dealt with below.

Taxation.—There appears to be no evidence of discriminatory taxes against foreign enterprises.

Labor regulations.—According to 1936 legislation, the employment of foreigners in industry was subject to license.

Foreign exchange control.—Tight foreign exchange control is maintained. Since all major industrial investments have been nationalized as outlined below, the question of transfer of capital and earnings does not arise except in minor instances.

Nationalization and competition with Government-owned companies.—The law provides for nationalization of key industries, notably power, mining, iron and steel, chemical, banks and insurance, and of all industries if the number of employees exceeds 150 to 500, depending on the industry. Railroads, communications, motion-picture, tobacco, and salt industries are Government monopolies.

In an exchange of notes with the United States Government in November 1946 the Czech Government pledged itself to make adequate compensation for nationalized American-owned property. Negotiations for the implementation of this undertaking have been carried on, but so far have not been brought to a conclusion. According to press reports it has been an obstacle to the negotiations that no agreement could be reached concerning the treatment of claims held by recently naturalized American citizens who had been Czechs.

Denmark

Right to do business.—A foreign stock company which in the opinion of the Minister of Commerce is lawfully organized in its own country may do business in Denmark, but may not conduct a retail business. The fact that the company is foreign and its nationality must be indicated in its name. The usual formalities have to be complied with.

As far as companies organized under Danish law are concerned, members of the board of directors who reside abroad and who are not Danish citizens can sign in the name of the company only collectively with persons residing in Denmark. Except in the case of companies which bore their present name before January 1, 1918, a Danish company may incorporate in its name the name of a Danish locality or of Danish nationality only if all the members of the board are either citizens or have resided in the country for the last 5 years.

Taxation.—The Danish tax law treats a foreign corporation as an individual. The consequent difficulties make it advisable for a foreign corporation to operate in Denmark through a Danish subsidiary.

Labor regulations.—With the exception of the restrictions on foreign directors of corporations, there is no evidence of labor regulations

discriminating against foreigners. However, since the employment of foreigners is subject to license in practically all European countries, it must be assumed that corresponding regulations exist also in Denmark.

Foreign exchange control.—Foreign exchange is tightly controlled and it appears unlikely that capital can be exported from the country. There is no evidence concerning the transfer of earnings.

Competition with Government-owned companies.—Transportation and communications have been Government monopolies since before the war. There is a state organization for the import of coal and the Government exercises some control of industry through the allocation of imported articles and exportable goods.

Nationalization.—Denmark has not followed a postwar program of nationalization.

France

Right to do business.—Little material is available on prewar France but the data on hand indicate an absence of joint-participation requirements, with some exceptions noted below.

While there was no general requirement that the majority of the directors of a French corporation be French nationals, it was a common practice to put French nationals in a majority position on the board because during the First World War the nationality of a company had been determined by the complexion of its board of directors and some firms had been taken over by the Government on that basis. Certain general aspects of French law tend to discourage American investment. For instance, the presidents and boards of directors of corporations are liable for debts of the company.

Exceptions: (1) a 1938 decree required that a French company importing petroleum have a majority of French citizens on its board of directors and also a French president and a French general manager; (2) officers of French shipping companies had to be nationals; (3) foreigners were excluded from bidding for public works and for supply contracts. However, foreign-owned companies organized in France were not excluded, because French jurisprudence considered all companies incorporated in France as French.

All French and foreign businessmen must obtain a "Carte de commerçant" before engaging in business. This is a permit to do business granted by the local prefects of police only after consultation with the professional organization in the field concerned. Even if granted it may take 3 months to a year to obtain a permit. In fields regarded as already overcrowded permits are not granted. Owing to shortages of fuels, raw materials, and manpower, many domestic fields are overcrowded, as is foreign trade due to the shortage of exchange. Many areas of trade are therefore more or less closed to newcomers for the time being.

Taxation.—There was some double taxation on foreign investment in France which was alleviated in respect to American investments by the Franco-American Treaty for the Elimination of Double Taxation, effective January 1, 1946.

Labor regulations.—Prewar France had extensive limitations on foreign labor in the country which may still exist in part.

Foreign exchange control.—Foreign exchange is tightly controlled and transfer of capital not possible except in hardship cases where small sums are involved. As to profits and interest, the French Govern-

ment has given the assurance that it would permit the transfer of current returns on American investments, but there is no information available to show how difficult it is in practice to obtain the transfer, which seems to take place sporadically. The import of capital is also controlled.

At the present time, persons who want to bring in capital to start a business in France must show that such capital importation will either produce foreign exchange or that it will increase over-all production of necessities. In connection with the latter point, the over-all shortages of raw materials, energy and manpower in France are such that additional drains on these resources are not welcomed unless they produce positive over-all benefits.

For foreign exchange reasons, certain insurance risks must be covered with French companies.

Competition with Government-owned companies and nationalization.—After the war the French Government undertook an extensive program of nationalization affecting the major French banks and insurance companies, coal mines and gas and electric companies, as well as the air lines and merchant marine. Through confiscation of German-owned property and property of collaborators, the Government also acquired an interest in two major automobile manufacturing companies and some aircraft plants. Foreign companies operating in France in fields which are not subject to nationalization or which are only partly nationalized (such as banks) are permitted to carry on under certain regulations, and theoretically even new ones could be established with permission of the Government.

Greece

The right to do business.—Law No. 2190 governing the establishment of corporations in Greece makes no distinction between Greek and foreign companies. Foreign companies are treated on an equal footing with Greek, provided reciprocal treatment is accorded by the company's home country, as is the case between United States and Greece.

An American or foreign company may operate in Greece by one of the following methods:

(*a*) By appointing a resident agent or a field representative, foreign or Greek.

(*b*) By opening a branch office:

(i) Certain documents must be filed with the Greek Ministry of National Economy; legalized certificate containing information about the company, a power of attorney, and a copy of the statutes of incorporation.

(ii) Payment of dues and fees for obtaining permission to operate.

(*c*) By establishing a Greek corporation of which the foreign company is a stockholder.

(i) Statutes must be filed with the Ministry for approval.

(ii) Statutes must be notarized and are subject to stamp taxes and fees.

(iii) Payment of dues and fees for obtaining permission to operate.

(iv) Must establish a domicile in Greece.

(v) Books must be kept in Greek.

Taxation.—(*a*) Foreign companies:

(i) License tax or tax on professions.

(ii) Net income tax (40 percent of the net profits after a deduction of 24,000,000 drachmas on which no tax is collected).

(iii) Operating tax (based on the actual or presumed rent on the premises and installations occupied by the company).

(*b*) Foreign representatives of foreign firms:

(i) Net income tax (as above).

(ii) If employed on a salary basis, they are subject to a specific category of salaried services of the net income tax (1 percent of the annual earnings after deduction of a tax-free amount of 1,440,000 drachmas).

(iii) Composite income tax (collected on the aggregate annual income from all sources after deduction of tax-free amount of 25,000,000 drachmas) is fixed at from 10 to 90 per cent on aggregate income.

(iv) License tax or tax on professions.

Labor regulations.—There is no information available concerning the employment of foreign labor.

Foreign exchange controls.—Strict exchange control is exercised and transfers of earnings as well as capital appear impossible at the present time.

Competition with Government-owned companies.—The Government has a monopoly on salt, matches, cigarette paper, kerosene, and some minor items. It also handles the importation and distribution of materials imported through Allied aid, but utilizes the services of private importers and distributors to some extent.

Nationalization.—Greece has not engaged in a postwar policy of nationalization.

Italy

The right to do business.—Under Italian law, it is possible for any foreign citizen to trade, acquire property, or set up establishments in Italy in the same way as an Italian citizen or company. However, authorization from the Italian Ministry of the Treasury is required for foreign entities to set up a commercial company in Italy, or to participate financially in an Italian commercial company (e. g., acquisition of bonds, shares of stock, etc.) according to RD Law No. 807, of July 24, 1946, repeating legislation of 1942.

According to Il Globo, Rome economic daily, the Council of Ministers has decided to revoke the aforesaid authorization requirement in a program designed to facilitate the influx of foreign capital into Italy. We do not have information that the aforesaid decision has become effective.

Moreover, all trustee and auditing companies, including branches of foreign firms, undertaking to administer estates for the account of third parties, organize and audit accounts of firms, and represent share and bondholders are required to have (*a*) two-thirds of the board of directors, as well as the president and managing director, Italian citizens; (*b*) auditing comptrollers inscribed in the Italian professional rolls and the personnel, other than those assigned to routine work, eligible for admission to such rolls. (Decree No. 1966 of November 23, 1939, published in the Gazetta Officiale, of January 10, 1940.)

There are no legal conditions prerequisite to doing business in Italy except those mentioned above.

Taxation.—The Italian fiscal regime is based on the principle of identical treatment of Italians and foreigners. Income realized or property owned in Italy by foreigners is taxed in the same way as if Italian citizens were concerned. The extraordinary property tax (postwar capital levy) applies to foreign corporations as far as their assets in Italy are concerned.

Labor regulations.—There does not appear to be any material showing special requirements for the employment of foreigners in Italy.

Foreign exchange controls.—Foreign exchange is tightly controlled and none is made available for the payment of earnings or capital at the present time.

Competition with Government-owned companies and nationalization.—The Italian Government has a monopoly on tobacco and matches. The railroads are Government owned. Through the Italian Credit Consortium for Public Works and the Public Utility Credit Institute, the Government has provided loans to industrial and public utility companies in substantial amounts. Through the Institute for Industrial Reconstruction it has practical control of the banking system and is a dominating shareholder in some of the basic industrial enterprises of the country, notably shipbuilding, electric manufacturing, the mechanical industry, iron and steel, communications, synthetic rubber, mining, and to some extent in the real estate business.

Unofficial estimates put the state ownership at approximately one-fourth of the electric power plants, with the remainder operated under 60-year concessions; 70 percent of the iron mines; 75 percent of pig-iron production; 45 percent of steel production; about 40 percent of shipbuilding and the four largest shipping companies; and in addition, large percentages in other industries, notably a large majority in mechanical industry enterprises accounting for about 60 percent of total mechanical production.

There is, therefore, already a high degree of nationalization in Italy, but although the problem of nationalization in general has been discussed, no uniform policy in that direction has developed so far.

Netherlands

Right to do business.—All new enterprises, whether owned by Netherlands subjects or foreigners, must be licensed by the Government. It has been the policy of the Netherlands Government recently to use this requirement for regulating production in certain industries. A license is usually issued only if the product in question is not yet being manufactured in the Netherlands and if, by establishing such an industry, the foreign-exchange position of the country is being improved. It is not known whether this principle has been applied to the establishment of periodicals or newspapers. It should be noted, however, that the Government favors American participation in old or new Netherlands industries whereby the American partner puts in up to 25 percent of the capital, if possible in the form of machinery or other capital goods.

Wholesale trade in certain commodities is being exempted from the license requirement as their products become plentiful. However, this fact has to be considered in connection with the allocation of raw materials mentioned below.

There appear to be no restrictions on the number of foreigners who may serve as directors of corporations.

Taxation.—There does not appear to be any discriminatory taxation of foreign business interests or foreigners.

Labor regulations.—Foreigners require a permit for working in the Netherlands.

Foreign exchange control.—Foreign exchange is tightly controlled and the export of capital appears to be prohibitive except in unusual cases. However, the regulations of the exchange control appear to permit the transfer of dividends and interest on investments owned by nonenemy foreigners without interruption since May 10, 1940. In the case of direct investments each case is apparently considered separately. There appears to be little information on the practical execution of a ruling permitting the repayment of maturing obligations.

There are special regulations covering the earnings of insurance companies.

Competition with Government-owned companies.—The Government owns the railroad and communications systems. It also has a very substantial interest in the country's coal mines, as well as in the only existing blast furnace company and its subsidiaries, which, among other things, produce fertilizer. The only existing air line is Government controlled. Through the Bank of Reconstruction the Government has become a lender to, and an influence in, numerous industrial enterprises.

Agricultural and industrial products are with few exceptions controlled through bureaus which are partly composed of Government representatives, so that in this way the Government has an influence on the entire business life of the country. Through its foreign-exchange control and the import-export licensing system it controls foreign trade. The Government has on certain occasions itself entered foreign trade, and all foreign trade with Germany and Japan goes through Government channels.

Nationalization.—A bill for the nationalization of the Netherlands Bank is pending.

Norway

Right to do business.—Under the Norwegian law, a foreign company, properly organized in its own country, may open a branch office and engage in legitimate business activity under the management of a special board of directors, and subject to the provisions of the Norwegian law. The board must file a notification in the office of the Handelregister (Commercial Registrar) duly executed, that the capital is entirely paid up.

The notification must be signed by the members of the board of directors and accompanied by a certified statement from proper foreign authorities, certified by the Norwegian consul, to the effect that the company is duly incorporated in its own country, and has its head office there. The members of the board are individually and collectively liable if the notification is neglected. In the case of any change in the organization, bankruptcy included, the registrar's office must be notified. Only the amount paid up can be designated as the capital of the company. The foreign company's name must always be followed by the words "Utenlands Aktieselskap" (foreign

company) on stationery, advertising matter, and other documents.

Foreign corporations, issuing shares "to bearer" must publish the company's annual balance sheet at the end of each year in the official Norwegian publication, Norsk Kundgjerelsestidende.

Although the majority of the voting stock may be owned by foreigners, the board of directors of a corporation, incorporated under Norwegian laws, must be Norwegian citizens or resident foreigners, who may be elected to membership on the board only after a residence of 2 years.

After the company is properly organized, a license must be secured by the managing director, and if he is not on the board of directors, at least one member of the board must secure such a license. To secure it, he must be a resident of Norway; continue to reside there; he must be 21 years of age, and have a certain proficiency in bookkeeping and accountancy.

According to prewar information, the Norwegian Government always tried to control the sale of the natural resources of the country in such a manner as to prevent foreign capital and influence from gaining too strong a foothold. Foreign persons and foreign corporations had to obtain special concessions to acquire such natural resources as land, forests, waterfalls, mines, peat bogs, limestone quarries, and fishing rights. Norwegian companies also had to obtain special concessions if 35 percent of their shares were owned by a foreign concern.

In general the shares of bank companies could be held only by Norwegian citizens, but in certain special cases foreigners were permitted to own one-third. Ships of Norwegian registry had to be under two-thirds Norwegian ownership, and the boards of directors of shipping companies had to consist entirely of Norwegian citizens.

Taxation.—It appears that foreign corporations pay income taxes at a somewhat higher rate than domestic corporations.

Labor regulations.—Although there is no material on this point, restrictions of employment of foreigners are so common in Europe that it must be assumed that they also exist in Norway.

Foreign exchange control.—Foreign exchange is tightly controlled and transfers of capital do not seem possible. The transfer of interest and current earnings appears to be difficult at times.

Competition with Government-owned companies.—The Government operates a grain monopoly, the railroads, the telephone and telegraph system, the broadcasting system, and a wine monopoly. State electrical enterprises operate nine important hydroelectric power plants. The Government is establishing a new steel mill. Also, through confiscation of German property it has acquired the Nordic-Scandinavian Light Metal project started by the Germans, as well as an aluminum producing project still under construction.

Nationalization.—Nationalization of the Bank of Norway has been proposed by the Government.

Poland

Information regarding Poland is scarce and thus does not lend itself to a break-down as used in the case of other countries.

Poland is engaged in an extensive program of nationalization affecting all basic industries regardless of size, all other industrial

enterprises capable of employing more than 50 workers per shift, and generally any enterprise regardless of size if in the opinion of the competent minister it holds "a production monopoly in an important branch of the national economy." On the other hand, all establishments in the building industry are exempt from nationalization and the Government may exempt other enterprises. The Government has established a procedure under which persons engaged in trade, if in doubt, can ascertain whether they will be permitted to continue as a private enterprise.

According to Polish law, new industrial and commercial businesses in the category subject to nationalization may be established by anyone fulfilling certain legal requirements, and such new businesses will constitute private property which may be disposed of in accordance with the regulations in force even if they employ more than 50 persons.

The application for a license should be submitted to the appropriate Ministry (i. e., Ministry of Industry, Ministry of Transport, or Ministry of Supply and Trade) having jurisdiction over the proposed enterprises, with a copy for the President of the Central Board of Planning. The following are to be enclosed with the application: A copy of the commercial registration of the enterprise or a similar document; a statement as to the purpose of the enterprise and the scale of production; and a summary of the financial arrangements of the enterprise.

A foreigner applying for a license has to submit, in addition to the above, a certificate from the Polish consulate in his country testifying that Polish enterprises established on the territory of his country enjoy the same rights as do the domestic enterprises.

A license is not required for the establishment of an enterprise which does not fall within the category of those subject to nationalization. However, the kind of enterprise might be prohibited by special regulations.

Strict control is maintained over all transactions in foreign trade. State organizations go into the field of export and import particularly of agricultural products, and of course the products of nationalized industries such as coal.

Foreign exchange is at present apparently not being made available for the payment of either earnings or capital due.

The matter of compensation to American citizens for nationalized properties is still under negotiation but there does not seem to be any evidence that the Polish Government intends to discriminate against former American owners.

There is no up-to-date information on the taxation of private enterprise.

Portugal

Right to do business.—As a rule, foreign businessmen and manufacturers are permitted to exercise their activities in Portugal under conditions of absolute equality with national businessmen and manufacturers.

However, national firms only are permitted in the operation or exercise of (*a*) public services or property of public domain; (*b*) activities governed by a special regime, such as those of tobacco, refineries, and tanning industries; and (*c*) other activities which are of fundamental importance for the defense of the state or the economy of the nation.

In order to qualify as a national company, 60 percent of the ownership must be Portuguese. This percentage may be raised by the Government. In companies existing at the time of the enactment by the Government of the law (1943) Portuguese-owned shares must first be offered to Portuguese before being sold to foreigners, while Portuguese-owned stock in new companies cannot be alienated.

There is no law regulating the nationality of directors except in mining companies. Only all-Portuguese companies can acquire ships.

It appears that companies constituted abroad having their headquarters in Portugal are considered as Portuguese except in businesses reserved for nationals.

Taxation.—There appears to be no special taxation of foreigners.

Labor regulations.—The technical director and president of mining companies must be Portuguese; also crews of ships.

Foreign-exchange control.—Although official foreign-exchange control does not exist, the Bank of Portugal exercises some control over foreign transactions. Payment of current earnings and interest appears to be possible but the policy regarding capital transfer is not clear.

Competition with Government-owned companies and nationalization.—There does not appear to be any Government competition with private business and no postwar policy of nationalization has been followed.

Rumania

Right to do business.—After the First World War the rule was established in the new provinces of Transylvania, Bukovina, and Bessarabia that 75 percent of the directors should be Rumanian nationals in the case of all business enterprises, including existing firms. The Rumanian mining law of 1924 required that the president and two-thirds of the directors of every mining company should be Rumanian; existing companies were given 10 years to transform their boards accordingly, although it was necessary that Rumanians at all times constitute a majority of the directors.

Foreigners could not buy rural land, but they could rent it for a period of 90 years. Foreign corporations had to obtain authorization from the Government to open an agency or a branch in Rumania, and had to submit-proof of reciprocity in the countries of their origin.

In general, Rumanian joint stock companies had to have a board of directors at least one-third Rumanian in complexion. A 1934 law raised the required participation to 50 percent, although it is not clear whether this law applied to the general run of Rumanian joint stock companies. In addition, certain companies subject to the law for the commercialization and control of the economic enterprises of the state (the scope of which is not clear) were required to maintain boards of directors that were at least two-thirds Rumanian.

For vessels to be of Rumanian registry it was necessary that at least two-thirds of the capital of the owning company be Rumanian, and that three-fourths of the board members be Rumanian. Although definite information is difficult to obtain, it appears that at present 80 percent of the personnel of the vessel (in exceptional cases subject to license, 50 percent) must be Rumanian. The chairman of the corporation is required to be an ethnic Rumanian.

Contracts between agents and foreign firms are subject to Government approval.

Foreigners are restricted from buying farm land.

Taxation.—No information regarding the taxation of foreigners in Rumania appears to be available.

Labor regulations.—The employment of foreigners is subject to Government control.

Foreign exchange control.—Foreign exchange is strictly controlled and no transfers of either current earnings or interest at present appear possible. Transfer of capital also appears to be impossible.

Competition with Government-owned companies and nationalization.—The country being under Russian occupation, the so-called Sovrom companies (joint Soviet-Rumanian enterprises) are increasingly dominating the fields in which they operate: transportation, including air transport; petroleum; textiles; and some bauxite-producing and aluminum-producing companies. Although other petroleum and textile companies exist, it would appear that competition with the Sovrom companies will be subject to increasing difficulties.

Spain

Right to do business.—All companies carrying on manufacturing and similar operations in Spain must be domiciled in Spain, which limits foreign corporations practically to trading, selling, and export and import. However, it is sometimes possible to overcome this difficulty through technical contracts. A 1939 law provides that at least three-quarters of the capital of any new industrial enterprise must be Spanish-owned while in the case of industries producing military goods, the entire capital must be Spanish-owned. No new industry may be established and no existing industry may be expanded or transplanted without permission of the Government. Membership in syndicates (groups comprising enterprises in any given field through which certain controls are exercised) is compulsory. Changes of capitalization and liquidation of companies as well as the transfer of shares to foreigners are subject to permit. The same applies to the sale of portfolio securities to foreigners under certain conditions. Existing industrial enterprises may not sell more than 25 percent of any issue of new securities to foreigners and the ownership of industries producing war materials may not under any circumstances be transferred to foreigners. In the case of insurance companies two-thirds of the capital must be Spanish-owned and the majority of the board of directors, as well as the manager, must be Spaniards. Rigorous regulations apply to the operation of branches of foreign insurance companies.

Taxation.—The available material does not indicate any tax discrimination against foreigners. Taxes incidental to the establishment of a typical corporation have been estimated at approximately 2.6 percent of paid capital, but it is not possible to say whether this is higher than the corresponding organizational taxes on a domestic business.

Labor regulations.—The law imposes severe restrictions on employment of foreigners in technical and administrative positions and provides that no more than one-quarter of the directors of an industrial enterprise may be foreigners.

In the case of new enterprises 25 percent of the technical and administrative personnel may be foreigners for the first 3 years, after which

time such foreign personnel has to be reduced to 10 percent unless an exemption is granted.

Foreign exchange control.—Foreign exchange is tightly controlled, preventing the export of capital in the case of earnings. The Spanish Government has apparently given certain oral assurances that 6 to 7 percent earnings can be transferred, but as a practical matter it has been next to impossible to obtain transfer of earnings due to the extreme shortage of foreign exchange. The Government has, however, made payments under its contract with International Telephone & Telegraph Co. for the purchase of the majority of the telephone company.

Competition with Government-owned enterprises and nationalization.—The principal railroads are Government property and the petroleum, tobacco, and motion-picture industries are Government monopolies. The Government also controls the telephone system.

The Spanish Government owns, in fact, a considerable share of Spanish industries, mostly through the Instituto Nacional de Industria including all of the capital stock of leading enterprises such as mining, liquid-fuels production, hydroelectric industry, the only existing air line, shipping, aluminum, and mechanical industries, as well as minority in the airplane, fertilizer, and electric machinery industries. These factors, combined with the strict allocation of raw materials, gives the Government practical control of every branch of trade.

Sweden

Right to do business.—While in general foreign citizens enjoy the same legal rights as Swedish subjects, a foreigner cannot, without Government consent, purchase or hold real estate, engage in any kind of business, or conduct mining operations. The right of a foreign company to do business in Sweden is not absolutely and definitely dealt with in Swedish law, hence foreign firms doing a substantial business in the country have generally found it expedient to operate as a Swedish company.

At present the formation and incorporation of Swedish share companies are governed by the provisions of a law dated August 12, 1910, which went into effect on January 1, 1912. This law provides that in forming a share company there must not be less than five founders, all of whom are required to be Swedish subjects domiciled in Sweden. These founders are required to draw up and individually sign the articles of association, stating the object of the company's formation; the amount of the capital stock, which must not be less than 5,000 crowns and may be made up in property and personal services as well as cash, the value of the shares (not less than 50 crowns), the location of the company, and the composition of the board of directors. According to information furnished by the American commercial attaché in Stockholm, the stock may be held partly or wholly by foreign owners, but a foreign citizen or Swedish subject domiciled abroad may not be elected a member of the board of directors unless authorization has been granted by the Swedish Government.

Before the war, foreign ships were ordinarily prohibited from engaging in coastal trade. For a ship to be of Swedish registry it was necessary that the financial interests of foreigners not exceed one-third.

A new corporation law was enacted in 1944 and will come into force on September 1, 1948. It generally tightens the control of the Govern-

ment over corporations, especially with respect to intercorporate relationships. So far no English version of this law has become available.

Taxation.—In general, there are some discriminatory features against foreigners in the Swedish tax laws but they do not appear to be considerable. Also, there is an agreement in force between the United States and Sweden for the elimination of double taxation.

Labor regulations.—Without special permission, a foreigner cannot seek employment in Sweden, nor is he permitted to follow any occupation except that of commercial traveler.

Foreign exchange control.—Foreign exchange is controlled. While interest and earnings are generally transferred, transfer of capital in each case is subject to special license.

Competition with Government-owned companies and nationalization.—The Swedish Government operates a majority of the railroads and is gradually acquiring the remaining railroads. The telephone and telegraph systems, radio, and the tobacco and liquor monopolies are operated by the Government. The import of sugar is a Government monopoly but rented out to private enterprise.

The Government has acquired some other industrial interests, but has not followed a policy of nationalization.

Switzerland

Laws affecting the establishment and operation of American business concerns:

Right to do business.—With the exception of the importation, production, and sale of alcohol, salt, and gunpowder, which are monopolies operated by the Federal and cantonal governments, and the establishment of publishing firms, which is restricted to Swiss nationals, American business firms enjoy the same rights to engage in commercial activities as Swiss nationals or citizens of other foreign countries. Public utilities, such as the railroad, telegraph, and telephone systems, are owned and operated by the Government.

American firms can establish either a branch or a corporation in Switzerland in order to carry out commercial activities. Under Swiss law, a branch must be recorded in the Register of Commerce at the place where the branch is maintained. Registration is made in the name of the foreign corporation, but there are restrictions upon names which may be so registered. Proof must be furnished that the parent organization has been created and recognized by the state of its creation.

As regards the establishment of a corporation, said corporation must have a capital of at least 50,000 Swiss francs. Shares may be issued either to bearer or a specified person. Both types of shares may be issued at the same time in a proportion fixed by bylaws. Shares are issued only at par or for sums in excess of par. Stockholders are jointly liable for the debts of the corporation to the extent of its capital. Before issuing shares, the corporation must be recorded in the Commercial Register. The board of directors must be composed of one or more persons, all of whom are stockholders. If the board consists of one person only, he must be Swiss; if composed of several, the majority must be Swiss citizens residing in Switzerland.

Taxes, labor laws, etc.—American business concerns in Switzerland are subject to the same labor laws, tariffs, and exchange controls as firms owned and operated by Swiss nationals. As regards income-tax

levies, a branch is taxed by the Swiss Government in accordance with the amount of business done by the branch office. If a Swiss corporation is formed, only the property and profits pertaining to the local enterprise are considered in the Federal and cantonal tax assessments.

LATIN AMERICA

Argentina

Right to do business.—The status of foreigner does not in general constitute a limitation on the right to engage in business in Argentina. As regards foreign companies, the commercial code merely imposes certain conditions which vary with the manner in which operations are to be carried on in that country:

(*a*) A foreign company with no establishment or representative in Argentina may freely carry on occasional lawful commercial acts therein or trade directly with residents of Argentina.

(*b*) Firms organized abroad whose principal operations are carried on in Argentina are regarded, for all purposes, the same as domestic firms and are subject to the provisions of Argentine commercial law.

(*c*) Foreign organized firms may establish a branch or any other kind of company organization within Argentina by complying with the usual legal requirements as to registration, etc. Such an organization is accorded under the law substantially the same privileges and is subject to the same requirements as an Argentine enterprise.

There are, however, limitations specifically provided in connection with the establishment of banks, insurance companies, mining and petroleum companies, public utilities, and the manufacture of armaments.

Taxation.—The Argentine income tax is applicable to income derived from Argentine sources and is payable on such income regardless of the nationality, domicile, or residence of the recipient thereof.

The net earnings of branches or affiliates of foreign companies from Argentine sources is determined on the basis of the separate accounts carried by such local establishments. Foreign transportation companies in Argentina, engaged in international traffic between Argentina and other countries, international news agencies, foreign insurance companies, and foreign motion-picture exploitation in that country are accorded different treatment from that applying to local companies.

The income-tax rate on both domestic and foreign corporations operating in Argentina is 15 percent of net earnings or of dividends declared, whichever is greater. An additional 5 percent is, however, collected on dividends remitted abroad.

The remittance or credit abroad of any class of income derived from Argentine sources is likewise subject to the total 20 percent tax. This applies to interest from bearer bonds or other bearer securities (except bearer stocks, which are covered under the 15 and 5 percent tax mentioned above). Valid Argentine recipients of such income tax are subject to the normal tax of 5 percent, plus any corresponding surtax which is levied on net income of 5,000 pesos. Provision is made to prevent evasion of the tax on remittance of income abroad.

Argentine individuals who habitually reside abroad are subject to an absentee surcharge of 30 percent of the normal tax and surtax on income derived from real property ownership or agricultural activities in Argentina. Foreign corporations are likewise subject to the absentee surcharge of 30 percent of the normal corporate tax on such income.

The excess-profits tax and capital gains tax are likewise levied on income from Argentine sources and are applicable alike to nationals and foreigners. The sales tax, stamp tax, license tax, excise taxes, commercial travelers' tax, real-estate taxes, and the municipal service taxes are also collected without discrimination as to nationality.

Labor.—There is no general law fixing the percentage of nationals to be employed in commerce and industry. However, in the field of public telecommunications there are regulations providing that 80 percent of the higher technical and administrative personnel employed by a concessionary must be Argentineans. Of the subordinate employees this percentage is fixed at 50. Measures are being taken so that eventually all employees will be nationals.

In the case of public-works projects it has long been the requirement that a given percentage of nationals be employed. A like requirement is being applied in the so-called mixed company enterprises being formed.

Foreign exchange controls.—For several years there were no restrictions on or control over such transactions, except that upon buying amounts in excess of $250 for such purposes, the buyer was required to file with the selling institution a declaration as to the purposes for which the funds were to be used. The same rate, free market, was applied to all such exchange sales except those for the financial services of foreign-owned railways (British and French), in which case the preferential buying rate was applicable. The difference in these rates has been small, the preference to the railways amounting to 1.5 to 2.8 percent in recent years.

A recent circular of the Argentine Central Bank, No. 788 of July 7, 1947, limits withdrawals of capital and the payment of interest, dividends, etc., on foreign capital invested after July 8, 1947, as follows:

Duration and nature of investment	Capital reimbursement upon expiry of—	Financial services
Short term (1 year) sundry investments	12 months	Net profit: Interest or dividend not exceeding 5 percent per annum.[1]
Medium term:[2] Fixed investments in industrial or agricultural activities.	2 years	Net profit: Interest or dividend not exceeding 7 percent per annum.
	3 years	Net profit: Interest or dividend not exceeding 8 percent per annum.
	4 years	Net profit: Interest or dividend not exceeding 9 percent per annum.
	5 years	Net profit: Interest or dividend not exceeding 10 percent per annum.
	6 years	Net profit: Interest or dividend not exceeding 12 percent per annum.
Long term	By agreement	By agreement.[3]

[1] Profits exceeding these margins must remain in the country, being then considered as Argentine capital.
[2] Reinvestment, after 2 years, of medium-term capital may be authorized when it is justified, within the terms of investment, provided that it is effected within the same group of activities; but it will be necessary to apply for this authorization from the Central Bank, for the purpose of retaining the right to reimbursement and to the scale of financial service remittance.
[3] Such agreements will contain a clause allowing for the coparticipation of Argentine capital.

Detailed regulations implementing the provisions of circular No. 788 as to capital invested after July 7, 1947, were issued on August 29, 1947, and on September 29 as to foreign capital invested prior to July 7, 1947. The limitation of remittances at the above rates to truly foreign capital, which excludes reinvested earnings is of considerable concern to several large firms which have reinvested in Argentina all or a substantial part of the earnings of their Argentine branches.

Competition with Government-owned companies.—Especially since mid-1946 the Argentine National Government has directly and indirectly extended its influence over many sectors of Argentine business. Through the central bank controls are exercised over credit and foreign exchange. Direct engagement in exporting and importing is effected through the central bank's subsidiary, the Argentine Trade Promotion Institute. This organization exercises a monopoly over the export of certain principal products, such as grains, meat, hides, vegetable oils, etc. It purchases from Argentine producers at fixed official prices and sells on the world market. The profits are retained by the Government for financing, in part, the 5-year plan. The Trade Promotion Institute is also engaged in importing of vehicles, machinery, and industrial equipment, and other articles in short supply.

In some business activities the Government operates its own enterprises in direct competition with private interests. For example, the National Government has long participated in commercial banking through official banking institutions. The Government petroleum organization, known as the YPF, has long dominated the production and marketing of petroleum products. Private companies also operate in this field. The Argentine State Railways is a long-established enterprise. Through the acquisition of the British and French railway holdings the entire common-carrier mileage in Argentina will be government-owned. The state merchant fleet, established during World War II, and which is now being greatly expanded, competes with private Argentine and foreign shipping companies. The wholly government-owned enterprise, Fabricaciones Militares operates various activities connnected with the manufacture of military materials and the development of certain basic industries, in which it is authorized to participate with private interests.

In 1946 a basic law, replacing special prior legislation, was enacted authorizing the establishment of enterprises composed of both government and private Argentine capital, to be known as mixed companies. Under this corporate form the government has entered such fields as commercial aviation, security investment, insurance, mining, chemicals, and certain other manufactures. The government-owned telephone system is also a so-called mixed company and it is expected that the railways will be operated by such a company. The new steel-producing industry is likewise to be of mixed capital.

Nationalization.—The movement toward the national recuperation of public-service industries in Argentina became more strongly defined in 1946. During the year, or shortly thereafter, the national government arranged to purchase from private interests the French-owned railways, the British-owned railways, the United States-owned telephone system of Buenos Aires and two privately owned gas companies. Consequently, public ownership was extended to 90 percent of the country's telephones, all of the common carrier railways, and 90 percent of the country's gas services. The internal telegraph services have long been operated by the national government. Although present electric-power facilities continue to be largely under private ownership, the national government's development program envisages an integrated, publicly owned power system. The nationalization of the Central Bank was completed in 1946.

Bolivia

Right to do business.—There are no restrictions under Bolivian law as to the nationality of stockholders, partners or other owners of business enterprises. The only restriction respecting the nationality of directors, officers or employees of business enterprises is contained in article III of the Ley General del Trabajo (general labor law), which provides that foreign employees may not exceed 15 percent of the total number of employees.

Bolivian law is silent concerning the right of foreign individuals or companies to engage in various kinds of business in Bolivia. However, the existence of the Government petroleum monopoly, YPFB (Yacimientos Petroliferos Fiscales Bolivianos) has effectively prevented the entry of foreign capital into the field of petroleum exploitation. Similarly, the match monopoly held by Compania de Fosforos de Bolivia, a subsidiary of a Swedish company, has limited participation in that industry.

Ownership of land and water and power, mining, subsoil and air rights involves no discrimination against foreigners as compared with Bolivian citizens with one exception: Article 19 of the Political Constitution of the State of 1945 provides that "within 50 kilometers of the national frontiers foreigners may not, directly or indirectly, individually or in partnership, acquire or process any soil or subsoil concessions or properties." Failure to comply with this limitation may constitute sufficient grounds for the Government to confiscate the concession or property acquired. However, exceptions may be made in cases of national necessity so declared by law.

Taxation.—A distinction is made in Bolivia between the taxation of incomes of business organizations other than mining companies and that on incomes of mining enterprises, with the result that the tax burden on the large foreign-owned mining companies is greater, the latter being subject to a graduated tax ranging from 4 percent on profits of between 1 and 5 percent to 50 percent on profits of 150 percent plus a flat tax of 10 percent on dividends distributed, while the former are taxed at a fixed rate of 12 percent of net profits. Interpretation and administration of the income tax with respect to the large mining companies has been a source of dispute and litigation, and a cause of confusion and concern among the large mining interests.

Although no exemptions from income or other internal taxes are known to have been granted, exemptions from the payment of import duties have been provided through special contracts with the Bolivian Government. Several large enterprises, among them Panagra, Urania Tungsten Corp., and Ferrocarril de Antofagasta-Bolivia (the British-owned railway system) are so favored. Subsidies are also granted to air lines and other enterprises through the same type of arrangement.

Labor.—As indicated above, the general labor law provides that foreigners may not constitute more than 15 percent of the number of employees of an enterprise.

Foreign exchange controls.—In accordance with the exchange control regulations the Central Bank of Bolivia assigns quotas of exchange to the commercial banks of the country each month, and designates the purposes for which such exchange may be sold. These purposes do not include interest, profits, etc. However, it is reported that on occasions special arrangements have been made with the central bank on a case by case basis. Furthermore, capital entering the country under

contract with the Minister of Finance in accordance with a decree of October 16, 1945, is guaranteed the right to withdraw profits not in excess of 15 percent per annum of the amount invested, and to withdraw capital at the rate of 20 percent or 30 percent per year, depending upon the type of investment. There is also an "extra-legal" exchange market in Bolivia in which it is understood that some exchange may be acquired for purposes other than those designated in the monthly directives of the central bank to commercial banks regarding the sale of exchange.

The above provisions do not in practice affect remittances of profits, etc., by large mining enterprises, all of which are foreign-owned. This is due to the fact that such enterprises are required to return to Bolivia only specified portions of the foreign exchange proceeds of their exports. The remainder may be retained abroad for use in the payment of expenses, interest, dividends and other items customarily payable in foreign currency. Amounts not used for these legitimate purposes are required to be returned to Bolivia.

In recent years the companies have been charged by members of the Bolivian Congress with failure to return to Bolivia the amounts of exchange that should have been returned, and action to force such return has been urged. On August 26, 1947, the Minister of Finance was reported to have issued a resolution requiring the large mining interests to submit within 30 days an accounting for about $237,000,000 in foreign exchange they have been permitted to retain abroad since 1939.

Competition with Government-owned companies.—So far as is known the Bolivian Government does not own any important business undertaking except YPFB, mentioned above. That, however, is a monopoly.

Nationalization.—At the end of 1936 the Bolivian Government established YPFB (Yacimientos Petroliferos Fiscales Bolivianos) as the official agency of the Government in the petroleum field and granted it a monopoly in the exploitation of petroleum and derivatives. This was followed early in 1937 by the expropriation of the Standard Oil Co. of Bolivia, a subsidiary of the Standard Oil Co. of New Jersey, and since that time all Bolivian petroleum operations have been controlled by the YPFB. Recently there have been indications that the Bolivian Government would permit foreign private capital to operate petroleum concessions in Bolivia, but to date there are no foreign companies in the field, although a contract with the Superior Oil Co. of California for the development of petroleum reserves in the Bolivian Chaco region is now under consideration by Bolivian authorities.

During 1947 the Bolivian Congress considered measures authorizing the nationalization of the mining industry, largely foreign owned, and of the foreign owned railroads, without, however, reaching a decision on these matters.

Brazil

Right to do business.—For general business operations, there are in Brazil no restrictions with reference to the nationality of the owners or partners of business firms or with reference to the nationality of shareholders of Brazilian corporations. In the case of specific lines of business, restrictions did exist, but certain of these were modified by the new Brazilian constitution, which was promulgated in September 1946. The former constitution provided that authorization to engage in mineral exploration and development could be granted

only to Brazilian citizens or to companies formed entirely of Brazilian citizens, whereas the new constitution permits such authorization to be granted to Brazilian citizens or to companies organized in Brazil. The petroleum law and mining code are at present under revision in order to give effect to this provision of the new constitution, and until their completion it is not known under what terms foreign capital will be permitted to engage in petroleum development or in new mining enterprises. (Mining companies in which foreign capital participated are permitted to operate if they were in operation prior to the adoption of the 1934 constitution.) The provisions relating to water power were similarly liberalized by the new constitution.

Other exceptions to the general rule that there exists no restriction as to the nationality of owners or shareholders of a business relate to aviation operating companies, shipping companies, journalistic and radio-broadcasting enterprises, insurance companies, companies manufacturing pharmaceutical products, and companies owning property located on the borders of the country. In each case special legislation is applicable, affecting the proportion of stock which must be owned by Brazilians, and other matters.

Taxation.—In general, juridical entities which are wholly or partially owned by foreigners are taxed at the same rate as their counterparts that are wholly Brazilian owned. However, the Brazilian Treasury has ruled that in the case of a foreign corporation operating with a branch in Brazil, the nonresident's 10 percent income tax is payable on all profits shown by the annual balance sheet and profit-and-loss account of the branch, whether or not these profits are remitted abroad to the head office; this is on the theory that the profits belong to the foreign corporation even though it chooses to allow them to remain in Brazil. The 10 percent tax is in addition to the 8 percent income tax assessed against the branch as a juridical entity operating in Brazil.

In the case of individuals residing abroad who hold investments in Brazil, any income accruing to them, regardless of its nature, arising from Brazilian sources, is subject to deductions of income tax at the source at the rate of 10 percent. It is difficult to compare this rate with that applicable to income accruing to resident Brazilians and to other individuals residing in Brazil for more than 12 months. A proportional rate is assessed, according to the source of the income, on annual incomes of over 24,000 cruzeiros (about $1,200), and in addition a tax at a progressive rate is assessed after deductions for family maintenance, interest, accidental losses, contributions, etc.—the progressive rate varies from 1 percent on taxable income between 24,000 and 30,000 cruzeiros (about $1,200 to $1,500) to 30 percent on taxable incomes of over 700,000 cruzeiros (about $35,000).

Labor.—Two-thirds of all employees of commercial and industrial firms must be Brazilian and two-thirds of the entire pay roll must be paid to Brazilians. (The main establishment is considered as a unit and branch offices as separate units.) Directors of sociedade anonima companies, elected by the stockholders, are not considered to be employees for the purpose of this law. However, managers of companies are considered to be employees, unless they are in the above category or in cases where the manager is also a partner or shareholder and the capital contributed by him exceeds 30,000 cruzeiros (about $1,500 United States currency).

If a Brazilian and a foreigner are performing similar duties, the Brazilian cannot receive remuneration less than that given the foreigner. Government control is effected by requiring an annual report of all employees indicating their positions or duties. Moreover, each firm must maintain for inspection in its office a labor registry book legalized by the Government.

The Brazilian Constitution in effect until September 1946, when the present constitution was promulgated, restricted the practice of the professions to Brazilian citizens. The new constitution provides that the practice of any profession shall be free, in accordance with such conditions of capacity as may be established by law. However, the regulatory laws have not yet been passed by the Brazilian Congress.

Foreign exchange controls.—For several years the only control over such remittances was approval of each transaction by the Bank of Brazil, the granting of which depended upon the available supply of exchange. At present the following additional conditions prevail:

(1) After providing for requirements of the Federal Government exchange accruing to Brazil is sold in accordance with a priority schedule consisting of five categories. Essential imports constitute the first category in this schedule, and interest, profits, royalties, and capital, the second category.

(2) The remittance of interest and profits in respect of any one year is limited to an amount equal to 8 percent of the capital registered with the authorities, plus 20 percent of the total of interest and currently declared profits in excess of 8 percent of registered capital. The remaining 80 percent may be remitted in four equal annual installments. The reexport of registered capital is permitted in five equal annual installments, subject to changes which changes in the exchange market may necessitate. The regulations make no provision for unregistered foreign capital but registration may be effected at any time.

Competition with Government-owned companies.—The Brazilian Government has granted duty-free entry or tariff reductions for machinery, apparatus, or supplies imported by specified industries which it desired to foster. Such an exemption was granted to the National Steel Mill (the Government owns the majority of the stock of this company) and in September 1946 the exemption was extended to materials, including railway and steamship equipment required for the company's coal mines in Santa Catarina. This legislation also exempted the company from the payment of consumption tax on its imports and from the payment of customs and fiscal fines. It is believed that this is the first time that any organization in Brazil, whether or not owned or controlled by the Government, has been granted a blanket exemption from fines. Another decree law, also issued in September 1946, declared the National Steel Mill a public utility and exempted it from taxation, including property and income taxes as well as taxes on products and byproducts of its manufactures that it sells. The exemption from the consumption and income tax is to cease when the company distributes a minimum annual dividend of 6 percent to the holders of its common and preferred stock during three consecutive years.

Nationalization.—There is no nationalization movement in Brazil at present in the sense of the Brazilian Government taking over complete operation of any of the economic activities of the country.

The Government operates certain of the railway systems of the country (the management of all lines, based on mileage, is approximately as follows: Federal Government, 40 percent, state governments, 30 percent, private companies, 30 percent); Government participation in railway operations originally developed through force of necessity, when concessionaires failed to raise the required capital, and other railway systems later fell into the hands of the Government as a result of financial difficulties of the operators. Government participation in shipping developed along similar lines; the Government-owned Lloyd Brasileiro is by far the principal shipping company of Brazil, and the Government also operates a shipping service in the Amazon Valley.

The Government has, since the beginning of World War II, participated in the financing of enterprises for which Export-Import Bank loans were obtained. These are the National Steel Mill at Volta Redonda, the Cia Vale do Rio Doce and the Itabira iron ore development, the National Motor Factory, near Rio de Janeiro, and the new caustic soda and soda ash plant to be constructed at Cabo Frio. In addition, the Government has financially participated in the formation of a company for water power development in the Sao Francisco Valley and a refinery in Bahia.

Regulatory agencies, commonly known as "defesa" institutes, have been established to rationalize the production and improve the marketing of coffee, cacao, mate, sugar, tobacco, rice, and a number of other products. The decrees governing these organizations ordinarily extend to the industries something approaching a public utility type of regulation, although they leave to the representatives of the industry themselves considerable latitude in the formulation of the controls instituted. Governmental authority is employed to supervise, enforce, or veto the regulatory measures.

Chile:

Right to do business.—There are no Chilean laws that restrict in any way the nationality of owners of shares, or of partners or other interest holders in business firms. However, firms domiciled outside the country are barred from certain kinds of business activity, including insurance; electric power production and distribution; telegraphic, cable, and radio communication; and railway construction and operation, but foreign-owned companies to engage in these businesses may organize under Chilean law.

Taxation.—While no distinction is made between foreign and domestic firms in the so-called "basic" Chilean income tax law, foreign-owned companies operating in Chile are subject to an "additional" assessment, which amounts to 13 percent of their incomes. Income from mining operations, which are carried out principally by foreign firms, are subject to special rates of taxation, substantially in excess of the general income tax. For example, copper companies—overwhelmingly foreign-owned—pay taxes totalling 36 percent of their taxable income, and, in addition, through the use of an artificial exchange rate, pay what amounts to a disguised tax of about 37.5 percent of their total cost of operations in Chile. The Chilean Government also participates in the gross income of copper companies through a tax based on the difference between 10 cents (United States) per pound and the actual New York price of copper. The tax is applied as follows: If the New York price exceeds 10 cents per pound by 1¼ cents or less,

the entire excess accrues to the Chilean Government; if by more than 1¼ cents but by not more than 2½ cents, all of this addition accrues to the companies; and if in excess of 2½ cents the excess is divided equally between the producers and the Chilean Government.

Labor regulation.—The Chilean Labor Code provides that at least 85 percent of the employees of a private enterprise employing more than 5 persons must be citizens of Chile, and that at least 85 percent of the pay roll must be paid to Chileans. The restriction does not apply to technical experts who cannot be replaced by Chileans.

Foreign exchange controls.—Purchase of exchange at the rate genally applicable to commercial transactions (31 pesos per dollar for several years) requires official authorization, the granting of which depends upon the availability of exchange. The supply is currently so limited that little if any is being sold for dividends, etc. However, foreign-owned firms are not forbidden to buy exchange for these purposes in the free market, where the rate is substantially higher than in the official market. It has recently been as high as 55 pesos per dollar.

The foreign-owned mining companies that operate in Chile are not affected by these restrictions since of the proceeds of their exports they are required to sell in Chile only enough foreign currency to obtain the pesos for meeting their necessary expenditures in Chile. The rate at which they sell such exchange, however, is fixed at 19.37 pesos per dollar as compared with 31 pesos per dollar paid to other exporters.

Competition with Government-owned companies.—The Chilean Government has been active in the development of industries, principally through its agency, the Fomento Corporation. The fields in which it has participated actively include mining, electric power and other basic industries, as well as large-scale purchasing, notably agricultural machinery. A large part of the Government's activity, however, has been in the development of enterprises, which normally would remain dormant for lack of private investment capital. The Chilean Government likewise has established virtual monopolies over the sale and export of nitrates, and over domestic petroleum production and distribution.

Nationalization.—There are several instances of nationalization in Chile, the outstanding of which are the Government's acquisition of the country's railroads and municipal acquisition of certain street railway and electric power interests. While it is not improbable that most, if not all of the public utilities will eventually be publicly owned, there does not appear to be a trend toward nationalization of other existing industries at the present time.

Colombia

Right to do business.—There are no restrictions regarding the nationality of owners of shares or partners in Colombia except in the case of airline companies. Partners or shareholders may all be foreigners or Colombians without distinction or discrimination. In the case of airline companies Law 89 of 1938 requires that 51 percent of the shares must belong to Colombian nationals or to entities controlled by Colombian nationals. Firms owned wholly (except air lines) or partly by foreigners, irrespective of the country or organization, may engage in any kind of legal business as provided in the contract or organization.

Taxation.—There is no discrimination between domestic and foreign capital in the tax structure of Colombia. However, certain payments under the country's social-security laws, which are applicable alike to foreign and domestically owned businesses, are regarded as onerous by business.

Labor.—Under various laws industrial, agricultural, commercial, petroleum, or other enterprises, with a pay roll exceeding 1,000 pesos per month are subjected to special requirements regarding the employment of aliens. Not more than 10 percent of the wage earners engaged in continuous work for more than 3 months, nor more than 20 percent of the salaried employees may be aliens. Special requirements regarding the training of Colombians for technical work have also been enacted.

Foreign exchange controls.—By the terms of article 3 of decree No. 568 of February 20, 1946, withdrawals of capital from Colombia without limitation are approved in principle "as long as the Ministry of the Treasury and Public Credit does not deem it necessary to limit or suspend them for economic or other reasons * * *." To date there have been no indications that the Ministry has taken steps to prevent the unrestricted issue of exchange permits for this purpose. Resolution No. 175 of the Office of Exchange, Import and Export Control of August 20, 1947, regulating the importation of capital pursuant to decree No. 568, provides that capital imported into Colombia may be reexported or the return on such capital remitted abroad, provided certain conditions are met, the most important of which are that capital funds be sold to the Bank of the Republic upon entry, that the amount and form of the capital be registered with the Office of Exchange, Import and Export Control, and that the investment be made for a minimum of 5 years (petroleum and mining industries excepted) in industrial, commercial or agricultural enterprises beneficial to the Colombian economy in the opinion of the Ministry of National Economy. The return on the capital invested may be transferred quarterly following the sixth month after the introduction of the capital into the country. All such movements of capital, both into and out of the country, require the approval of the Office of Exchange, Import and Export Control.

Like other remittances abroad, remittances on account of capital are subject to the Colombian stamp tax of 4 percent.

Under the Colombian system of exchange control export permits must be obtained for practically all exports. Export permits are issued upon condition that the foreign exchange proceeds of the sale of the products abroad be sold to the Bank of the Republic. One notable exception to this requirement is made in favor of the petroleum industry. Export permits are not required for exports of petroleum, nor must the foreign exchange value be returned to the Bank of the Republic. However, when the Colombian balance of payments position requires it, the Government may require the return of as much as one-fourth of the foreign exchange value of petroleum exports. The return of such funds and any subsequent retransfer abroad are free of all taxes. Furthermore, such foreign exchange as is sold to the Bank of the Republic by the petroleum companies is not subject to the requirement, imposed upon exporters of major products such as coffee, bananas, gold, silver, platinum, cattle, cowhides, and textiles, that 5 percent of the proceeds of export transactions be used to purchase Colombian Treasury bonds.

Competition with Government-owned companies.—In addition to the types of businesses mentioned under nationalization the Colombian Government has monopolies in the production and sale of salt and emeralds, and through its Institute of Industrial Development and the Agricultural, Industrial, and Mining Bank has promoted the establishment and expansion of a number of business enterprises. The competitive advantages of these officially sponsored businesses is not readily apparent. However, exemption from certain taxes for limited periods may give them some advantage.

In 1946 the Governments of Colombia, Venezuela, and Ecuador established a shipping company, the Flota Mercante Grancolombiana, South America. This company is exempt from the payment of Colombian port taxes, dues, and fees, and the National Coffee Federation, the coffee price and sales controlling agency, has stipulated that all coffee purchased from it must be carried in vessels of Grancolombiana.

Nationalization.—With the possible exception of the field of utilities there is no trend toward the nationalization of private enterprises in Colombia. All important railways of the country, the telephone, radiotelephone and radiotelegraph systems and several important electric power systems are publicly owned, having been acquired by negotiation or expropriation. With these exceptions public bodies have not acquired any important business undertakings. Nor has there been any recent legislation or discussion indicating a change in the traditional policy of the country.

Costa Rica

Right to do business.—The Costa Rican law for the nationalization of commerce, of December 28, 1943, forbids the establishment of new commercial enterprises in Costa Rica which may be owned or managed by other than Costa Rican citizens. An exception is provided in the case of certain countries which have treaties of amity and commerce in effect with Costa Rica. The United States is one such country, as there has been such a treaty in effect since 1851, and United States citizens are therefore perfectly free to establish commercial enterprises in that country. It should be noted that this law restricts the establishment of commercial enterprises only, e. g. sales and distribution. No such restriction is placed on production enterprises, such as agriculture, manufacturing, or food processing. Foreign-owned businesses (protected by treaties of amity and commerce), regardless of whether they are domiciled in Costa Rica or abroad, may engage in any business except the distilling of alcohol and liquors, the manufacture and importation of salt, and insurance underwriting, all of which are state monopolies. For such businesses, there are no regulations as to nationality of owners of shares. According to the constitution, however, power, subsoil, and air rights, including wireless services, are the property of the state and may be exploited only under concessions granted by the state for limited periods.

Taxation.—Taxation of business in Costa Rica is low and applied without discrimination to domestic and foreign enterprises.

Labor requirements.—The Costa Rican Labor Code of 1943 provides that 90 percent of the total employees of a business enterprise must be Costa Ricans, and that 85 percent of the entire pay roll must go to nationals. A reduction of 10 percent in both these percentages may be made for a period not to exceed 5 years, if a lack of technical

personnel exists. Administrators, supervisors, directors, and managers are not affected by these provisions, unless there are more than two such persons employed in each enterprise.

Foreign exchange controls.—Remittances for these purposes in exchange acquired at the official rate (5.67 colones per dollar) require authorization by the Board of Export Control. Due to severe shortages, evidenced by delays of as much as 5 months in making payment for essential imports, it is highly improbable that any official exchange is sold for capital remittances. There is, however, an uncontrolled market in which the rate is substantially higher (6.50 colones per dollar) and in which it may be possible to obtain exchange. Technically, transactions in any form of exchange except foreign coins and bank notes without specific authorization is prohibited, but it is understood that some trading in drafts, checks, etc., does take place outside the ordinary channels. Coins and bank notes may not be exported.

Competition with Government-owned companies.—The Government is prohibited by the constitution to grant any monopolies; the only state monopolies, those of alcoholic liquor and salt, are chiefly for revenue purposes. In other lines, there appears to be no difficulty in competition with Government-owned companies.

Nationalization.—There is no noticeable trend toward nationalization in Costa Rica, except in the sense of limitation on the right of foreigners to do business in that country as explained above.

Cuba

Right to do business.—According to title 17, section IV, article 272 of the Cuban Constitution of 1940, foreigners are granted the same rights to engage in "agricultural, industrial, commercial, banking, and other enterprises or business" as nationals of the country.

Taxation.—There is no distinction between foreigners and Cuban nationals in matters concerning taxation. However, there is a tax of 2 percent on all payments, remittances of funds, transfers of credits, valuables and products, and any other operations which directly or indirectly result in an exportation of money or its equivalent from Cuba. In some kinds of transactions the tax is refunded if within 6 months of the export assets equivalent to those exported are returned to Cuba. Since dividends, etc., paid to foreigners are generally not returned to Cuba this in a sense could be regarded as discriminatory against foreign capital.

Labor regulation.—The law for the nationalization of labor provides that at least 50 percent of the pay roll must be paid to native Cubans and at least 50 percent of the wage-earning and salaried personnel must be native Cubans. Vacancies and positions created must be filled by native Cubans if qualified personnel is available. In the release of employees, aliens must be let out first. This law does not apply to establishments employing less than three persons. Foreign technicians must be employed only when it is shown that a qualified Cuban is not available. Technicians permitted to enter Cuba usually can remain for no longer than 1 year and must train Cuban apprentices who will replace them.

Foreign exchange controls.—The Cuban Government does not regulate transactions in foreign exchange for any purpose. There are therefore no restrictions or formalities in connection with the transfer of funds abroad on capital account.

Competition with Government-owned companies.—Since the Cuban Government does not own companies instances of competition of the Government with private enterprise are almost nonexistent.

Nationalization.—Cuba has followed a policy of private ownership and to date has not nationalized any industries. In a few instances as a result of labor difficulties the Government has appointed a Government intervenor who exercises control of the industry or public utility until such time as the labor questions are resolved. Such cases are extremely rare, however, and usually concern public utilities in which the interruption of services would result in extensive injury to the general public. However, nationality of ownership of affected interests has had no significance in past instances of intervention.

Dominican Republic

Right to do business.—The Dominican Republic confers upon foreigners the freedom to engage in commerce, develop any kind of industry, and the enjoyment of the same rights in such activities as nationals.

Taxation.—No special taxes are imposed on the organization or operation of foreign companies. The same equality of treatment between domestic concerns and foreign enterprises applies to special exemptions, subsidies, or concessions.

Labor regulations.—Law No. 51 of December 1938 requires that at least 70 percent of the personnel of all enterprises or establishments be Dominican nationals, and that their remuneration must equal 70 percent of the total pay roll.

Foreign exchange controls.—The Dominican Republic does not control or restrict in any way the transfer out of the country of interest, profits, or capital.

Nationalization.—According to article 96 of the Constitution, mineral deposits belong to the state and may be exploited by private individuals only under concessions or contracts granted in accordance with provisions of law. Special laws deal with exploitation of certain minerals. The right to explore, exploit, manufacture, refine, and transport petroleum carbons and other mineral fuel substances is obtained through concessions granted by executive decree, which do not confer ownership of a deposit, but only exploration and exploitation rights for a definite period and under conditions determined by law. The Dominican Government, through the Department of Public Works, owns and operates the only public railway in the Republic.

Ecuador

Right to do business.—There are no restrictions, limitations, or other special provisions in Ecuadoran law as to the nationality of owners of business enterprises. Neither does the law provide for distinction as to nationality in the granting of licenses to engage in business. However, subsoil and such natural resources as waterfalls in which there is a public interest are considered properties of the state. Concessions to exploit these resources may be granted by the President or the Legislature to foreign or domestic concerns.

In order to remit profits, interest, etc., out of the country in accordance with the foreign exchange regulations discussed below, foreign capital must be registered with the Central Bank. This bank may refuse such registration in case the investment is regarded as not in the national interest.

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In order to remit profits, interest, etc., out of the country in accordance with the foreign exchange regulations discussed below, foreign capital must be registered with the Central Bank. This bank may refuse such registration in case the investment is regarded as not in the national interest.

Taxation.—There is no evidence of discrimination against foreign-owned firms in Ecuador's income tax laws.

Labor regulations.—The Ecuadoran law of alienship requires that 80 percent of the employees of all establishments employing more than five persons must be Ecuadorans.

Foreign exchange controls.—Under the exchange control regulations the Central Bank is required to provide without limitation and at the official rate (13.50 sucres per dollar) exchange necessary to meet interest and amortization payments on loans contracted abroad, provided the respective foreign capital has been previously registered with the bank. It is also required to provide annually at the official rate up to 15 percent of registered capital for the transfer of profits, dividends, and amortization of investment. Larger percentages may be fixed by the bank on a uniform basis for all capital. Amounts in excess of these fixed percentages may, according to the regulations, be obtained in the free market without restrictions. The free rate has recently been stable at about 17.50 sucres per dollar.

Competition with Government-owned companies.—The Government of Ecuador maintains monopolies over the distribution of alcohol, tobacco, salt, and matches. The Government also has established control over the production, importation, and distribution of sugar and other essential foodstuffs, in an attempt to assure sufficient domestic supplies at reasonable prices. It is noteworthy in this connection that Ecuador is a party to the Flota Mercante Grancolombiana shipping enterprise.

Nationalization.—The Guayaquil and Quito Railway Co., operating the most important railroad in the country, was nationalized by presidential decree in June 1944; however, this is the only important instance of such action in recent years, and does not appear to indicate a positive trend toward nationalization.

El Salvador

Right to do business.—Foreigners who wish to transact business in El Salvador may do so, according to the Commercial Code of El Salvador, even though their domicile, branch, or legal representative is located outside the country. In other instances, where the company is located in the country or has a branch in the country, it is subject to the same laws as Salvadorans. When companies organized in foreign countries have their principal operations in El Salvador, they are considered as Salvadoran companies and subject to laws governing locally organized companies. Under the present Constitution of El Salvador (that of 1886 amended in 1945), foreigners may acquire all kinds of properties which, however, shall be subject to the same obligations as are established by laws concerning the properties of Salvadorans.

Taxation.—Low taxation is imposed alike, without discrimination, on foreigners and nationals.

Labor requirements.—The law for protection of commercial employees, May 31, 1927, provides that at least 80 percent of all employees in commercial establishments must be Salvadorans. Although this requirement applies specifically to commercial employees, it has also been applied to industrial employees. In actual practice, it affects only the upper strata of skilled workmen, technicians, specialists, and administrators, many of whom might ordinarily be brought from foreign countries.

According to a new Labor Code, not yet acted upon by Congress, only 10 percent of the unskilled workers and 30 percent of the technicians may be foreigners, and only 25 percent of the total pay roll may go to these aliens. Persons in administrative positions, up to the number of four, are exempt from the above limitations.

Foreign-exchange controls.—El Salvador exercises no control over transactions in foreign exchange. Consequently there are no restrictions on the transfer of funds out of the country for any purpose.

Competition with Government-owned companies.—Government monopoly in El Salvador is primarily for revenue purposes. The Government has the exclusive monopoly of the manufacture, importation, and sale of rum. The Government also has a monopoly of the importation of saltpeter and explosives, and cigarette paper can be imported only by private individuals with the permission of the Government. The motion-picture theaters in El Salvador are controlled by the National Theater Council, a Government monopoly.

Nationalization.—While the Government of El Salvador has tended to follow the traditional pattern of the Central American Republics generally—that is, of being a free-enterprise nation—there has been some indication recently in El Salvador of a trend toward nationalism, though not necessarily nationalization, in the protection afforded the match and motion-picture industries. Also, in some instances it exerts effective direction over operations of organizations engaged in international trading and affords some protection to industries.

Guatemala

Right to do business.—There are no special provisions in Guatemalan law as to the participation by foreigners in the capital or management of business enterprises. Nor is there any limitation on the type of business in which foreign domiciled or locally domiciled foreign-owned firms may engage. However, no corporation may own any land within 15 kilometers of the frontier, nor in the Department of the Peten, nor within 1,500 meters of the Sarstun River. Ownership of land along the shores of certain navigable lakes is also restricted, but such lands may be leased from the Government for periods of not more than 25 years.

Taxation.—Taxation of business in Guatemala is low by United States standards, and generally the same rates apply to native and foreign enterprises. There is, however, an annual tax, in the nature of a franchise tax, levied on all foreign business associations doing business in that country, amounting to about $300 annually. Furthermore, a tax of 1 percent of the par value is levied upon the transfer of shares in foreign corporations doing business in Guatemala.

Labor regulations.—The Guatemalan Labor Code, which became effective on May 1, 1947, provides that "employers are prohibited from employing less than 90 percent of Guatemalan workers and of paying them less than 85 percent of the total salaries paid out in their enterprises." These percentages may be decreased by as much as 10 percent under specified conditions. The provisions are not applicable to managers, directors, administrators, superintendents, and general chiefs of enterprises, as long as the total does not exceed two in each enterprise.

Foreign exchange controls.—Guatemala does not control transactions in foreign exchange, and there are no restrictions on the transfer of funds out of the country for any purpose.

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Competition with Government-owned companies.—Monopolies of all kinds are specifically prohibited by article 20 of the Guatemalan Constitution. The Guatemalan Government, however, reserves to itself the right to import cigarette paper, arms, and munitions of war, including gunpowder, saltpeter, cartridges, and ammunition. In other lines, there appears to be no difficulty in competition with Government-owned companies.

Nationalization.—There has been a definite nationalistic emphasis in Guatemala during the last 2 years, although not in the sense of governmental expropriation of private enterprise. One instance of this emphasis was a proposed law (November 1946), which would require all foreign firms to be represented in Guatemala by persons domiciled in the country. This project is in line with the provisions of a number of laws which require resident representatives in specific business enterprises, subjection to Guatemalan courts in disputes, and the renunciation of diplomatic recourse. Another proposal, made in November 1946, also aimed at restricting the activities of foreign interests, was the proposed capital investment law, which provided for the reinvestment by foreign firms of 40 percent of their annual profits, when they have operated in the country for as long as 15 years. Guatemalan firms were required to reinvest 60 percent of their annual net profits.

Haiti

Right to do business.—Retail trading is barred to foreigners, the new constitution providing that only Haitians of origin can "practice retail commerce, direct the works of small industries, and devote themselves to all other commercial and professional activities as the law shall determine." A resident foreigner may own but one residential building in the same locale and may not engage in the rental of property.

Taxation.—Taxation in Haiti is discriminatory in that the foreigner pays twice the rate applicable to a Haitian for a national and local license, in order to engage in either industry or commerce. Also, exports of certain industries, e. g., sugar and bananas, which are foreign-owned are taxed heavily. There is no discrimination against foreign capital in the existing tax on profits.

Labor regulations.—There is no law restricting or prohibiting the employment of foreigners. Although there is no law requiring that a given percentage of the labor employed be of Haitian nationality, in practice, concession contracts generally fix a percentage of Haitians to be employed in such individual enterprises.

Foreign exchange controls.—The Haitian Government does not control or restrict in any way transactions in foreign exchange. Therefore, interest, profits and capital may be transferred out of the country without Government interference.

Nationalization.—There is no nationalization of industries in Haiti in the true sense of the word.

Under the new political regime, however, there has been an apparent tendency toward nationalization in the form of legislation vesting more and more control in the state over local industries. The slogan "Haiti for the Haitians" has a wide popular appeal, but it has not been implemented by expropriating or otherwise molesting foreign-owned property.

Honduras

Right to do business.—Both foreign and domestic companies, in order to transact business in Honduras must have the Executive's approval. They must submit annual reports of their operations to the Honduran Minister of Finance, must have two-thirds paid-in working capital, and, if their working capital is over $7,500, they must have their books kept by native-born Hondurans. Foreign companies, legally established abroad, in order to carry on a business in Honduras, must maintain a representative in Honduras with general power of attorney and must submit proof of the company's volume of business, specifying real estate, cash, Honduran and foreign stockholders, and the quantity, nature and volume of the company's business.

Taxation.—Taxation of business in Honduras is very low and applied without discrimination to domestic as well as foreign enterprises.

Labor regulations.—There appear to be no legislative or administrative restrictions in Honduras applying to the employment of aliens. A bill for the enactment of a labor law, pending in the Congress since 1933 but not yet passed, contains no provisions regarding the percentage of foreigners who may be employed by business firms. The Embassy ascertained from the Ministry of Interior in December 1943 that development contracts and concessions usually contain a provision that a certain percentage of the employees must be Hondurans, and that when a factory is involved, some provision is made for training apprentices.

Foreign exchange controls.—Authorization to transfer funds out of the country is required, but in view of the ample supply of exchange, obtaining this authorization has been little more than a formality. The principal American-owned companies have not been hampered in their transfers of profits, etc., since under the regulations they return to Honduras only a part of the foreign currency value of their exports.

Competition with Government-owned companies.—It does not appear that Government-owned companies in Honduras offer serious competition to foreign investors, since the only Government monopoly in the country is the manufacture of alcohol and aguardiente (popular drink of the people) and this is for the specific purpose of raising Government revenue. Also, the Honduran Government reserves to itself the exclusive right to import arms and ammunition.

Mexico

Right to do business.—The participation of foreigners in most types of Mexican enterprises requires that the permission of the Ministry of Foreign Relations be obtained. Such permission may be, but is not required to be conditioned on the requirement that 51 percent of the capital stock of the enterprise be owned by nationals and that the majority of directors or partners be Mexican. There appears to have been no definite pattern as regards insistence by the Government on the 51 percent participation by nationals, each case apparently being judged on its own merits. Purely commercial activities do not fall within the compass of this requirement, and foreign commercial firms may engage in all types of enterprises except those which relate to public services rendered by the Government, such as domestic telegraph. Furthermore, foreigners wishing

to acquire ownership of lands, waters, and their appurtenances or to obtain concessions for working mines or for the utilization of waters or mineral fuel must agree to consider themselves as Mexicans in respect to such property and bind themselves not to invoke the protection of their governments in matters relating thereto. The Mexican law covering immigration specifies that immigrant investors must prove that they possess a minimum capital of 100,000 pesos (about $20,000) to establish a business in the Federal District (including Mexico City); 20,000 pesos (about $4,000) in one of the State capitals; and 5,000 pesos (about $1,000) elsewhere.

Taxation.—Taxation, except of mining activity, is very light in Mexico when judged by United States standards, and there is no evidence of taxation discriminatory against foreign capital. The same tax rates apply regardless of nationality. Heavy taxation of the mining industry, which happens to be largely foreign-owned, is now reportedly a matter of study by the Mexican Government since minerals constitute a significant portion of Mexico's exports, which the Government realizes must be increased to improve the country's international balance of payments. Foreign capital invested in new manufacturing industries seems to enjoy the same liberal tax-exemption privileges accorded by the Government to any capital invested in such enterprises.

Labor regulations.—In most cases at least 90 percent of employees must be Mexicans, but this restriction does not apply to managers, directors, administrators, superintendents, or the general heads of concerns. Employers must, in general, give preference to Mexicans over aliens.

Foreign exchange controls.—Mexico does not control or restrict in any way the transfer of funds out of the country for any purpose.

Competition with Government-owned companies.—Because of the solidly entrenched tradition of Government intervention in economic life in Mexico there always exists the threat of private capital's incurring competition from Government-owned companies. In certain fields, such as petroleum, the Government exercises a monopoly and competition by private firms is an impossibility. But even in this politically controversial field, economic considerations seem to be initiating a trend toward renewed limited participation by technically superior private interests, as evidenced by recent moves to award contracts for exploration and development to private United States firms. In most other fields, Government participation appears to be limited to lending assistance to new private enterprises that might otherwise not be initiated, and competition with Government-owned companies does not seem to be a matter of concern at present.

Nationalization.—Nationalization, both in the sense of State ownership or control of economic enterprises and in that of State intervention in or regulation of enterprises privately owned or controlled, has long been a characteristic feature of the Mexican economy. It was intensified during the regime of President Cardenas in the period 1934–40. Expropriation and direct State control, in fields such as petroleum and the railways, have been politico-social in motivation while intervention, as through cooperative organizations and Government participation in certain new industries, has had as its purpose the improvement of economic conditions. Since 1940 there has been less emphasis on nationalization for political reasons although there

has been no slackening of intervention and regulation for economic reasons. Judging from postwar United States private interest in Mexico as a market for investment, particularly in manufacturing, numerous well-known United States firms are apparently convinced that the expropriatory nationalization activities of the Cardenas period are not a matter of concern in the present or foreseeable future. The attitude of the present regime, as indicated both in official pronouncements and in concrete acts, seems to be very friendly toward the investment of foreign capital that will participate in its program of industrialization and economic improvement, although it quite definitely reserves the right to regulate such investments.

Nicaragua

Right to do business.—No legal distinction is based on the nationality of owners of shares or of partners or other owners of business concerns in Nicaragua. Foreign-owned firms, irrespective of their domicile, may engage in any business in which locally owned concerns may engage.

Taxation.—Low taxation is assessed without discrimination on domestic and foreign enterprises alike.

Labor requirements.—A law of February 6, 1941, which applies both to individuals and companies, provides that every enterprise and commercial house, whether domestic or foreign, must engage as employees and laborers, not less than 75 percent Nicaraguans. This apparently does not apply to directors and officers of enterprises.

Foreign exchange controls.—All transactions in foreign exchange, except the purchase and sale of foreign paper money and coins, must be approved by exchange control authorities. Withdrawals of capital must in addition be approved by the President of the Republic.

Competition with Government-owned companies.—The monopoly manufacture of cigarette paper is exercised by the Nicaraguan Government, as is the importation of the following articles: cigarette paper, tobacco (leaf or manufactured); matches (wax or wooden); electric cigarette lighters; aguardiente (rum); certain firearms and explosives; lead (crude and manufactured); and certain medicaments. In other lines, there appear to be no difficulties stemming from competition with Government-owned companies.

Panama

Right to do business.—In general no limitation on the right to engage in business is based on nationality except as to retail trade and possibly as to wholesale trade.

Article 234 of the Constitution adopted in 1946, limits the right to engage in retail commerce to Panamanian citizens, except that foreigners who were engaged in retail merchandising in the Republic at the time the new Constitution was enacted may continue to do so. Article 234 also states that retail commerce may be engaged in by nationals of those nations which maintain, on the Isthmus of Panama, enterprises or organizations in which Panamanian citizens find facilities for employment, provided such nationals are legally residing in territory under the jurisdiction of the Republic. This gives United States citizens the right to engage in retail trade in the Republic of Panama.

Wholesale commerce may be carried on by any individual or concern, although the law may, when it is deemed necessary to protect wholesale commerce of Panamanians, restrict the exercise of such

commerce by foreigners. In no case will such restrictions injure foreigners who, at the time the regulations enter into effect, are engaged legally in wholesale commerce; nor will such restrictions apply to citizens of nations which maintain on the Isthmus of Panama enterprises or organizations in which Panamanian citizens find facilities for employment.

On the other hand, the Government has granted concessions to various firms, domestic and foreign, under which the concessionaires are granted tax exemptions or other valuable consideration.

Taxation.—The tax laws of Panama do not discriminate against foreign capital. Moreoever, there is a double-taxation treaty between Panama and the United States under which reciprocal exemption from double taxation on the profits of shipping companies is granted.

Labor regulations.—Panama labor law requires that 75 percent of the pay roll of any industry or firm must be paid to Panamanians. An exemption may be granted in the case of technicians.

Foreign exchange controls.—Panama does not control or restrict in any way the remittance abroad of funds for any purpose.

Competition with Government-owned companies.—Through its Banco Agropecuario (Agricultural and Livestock Bank) the Government has competed with private enterprise in the importation of agricultural and livestock equipment, supplies, and products. The Government has also assisted in financing construction of hotels and low-cost housing projects.

Nationalization.—There have been no instances of nationalization of private industries by the Government of Panama. However, article 218 of the constitution of 1946 makes provision for such nationalization.

Official monopolies over imported articles or those not produced in the country may be established by the law as financial revenue. On establishing a monopoly by virtue of which any person is deprived of the exercise of a legitimate business or industry, the State will previously compensate those persons or enterprises whose business has been expropriated in the terms referred to in this article.

Paraguay

Right to do business.—The basis of Paraguayan commercial law is the commercial code adopted by Argentina in 1889. Although subsequent amendments provided for specific changes, it is understood that there are few basic differences between Paraguayan and Argentine law on the establishment and control of ordinary commercial and industrial organizations. Foreign enterprises are subject to the same restrictions and requirements that apply to strictly domestic companies. There appears to be little or no evidence of discrimination between national and foreign capital.

Taxation.—There appears to be no discrimination in taxation levied on domestic and foreign concerns.

Labor regulations.—It is required by law that 90 percent of labor personnel and 95 percent of the other employees of any industrial commercial business be of Paraguayan nationality. Where the employment is not more than four persons there is exemption from this provision. In determining the proportion of nationals to be employed, all specialist technical personnel are excluded except when they can be replaced by Paraguayans capable of performing the same duties.

Foreign-exchange controls.—Under decree law No. 10043 of August 29, 1945, the basic Paraguayan exchange-control law, the importation of foreign capital is encouraged through the establishment of a register of foreign capital, under the supervision of the Bank of Paraguay, in which investors may elect to register, thereby obtaining the right to purchase stipulated amounts of official exchange to cover subsequent dividend, profit, and amortization payments. Application for such registration is approved by the bank, provided the investment meets certain requirements, the most important of which are that it contribute to the social and economic development of the country and that it does not exercise an unduly inflationary effect on the Paraguayan economy.

Registered capital entering Paraguay is converted into guaranties at the official exchange rate, whereas unregistered capital may enter at the higher free-market rate. However, investors who elect not to register with the Bank of Paraguay have no assurance that official exchange will be made available to them for the purpose of remitting dividends, interest, and profits abroad or for withdrawing their funds from the country, and must be prepared to effect all such remittances at the less advantageous free-market rate, should the state of the exchange market require it. Capital invested in Paraguay prior to the effective date of decree law No. 10043 may also qualify for registration by meeting requirements similar to those prescribed for new capital.

It is understood that at the present time the foreign-exchange situation in Paraguay is such that official exchange is being allocated only for remittances on account of registered capital.

Competition with Government-owned companies.—The Government of Paraguay participates in the shipping trade through its Flota Mercante del Estado, but this agency transports only a small portion of the country's water borne international traffic. The Paraguay Central Railway (principal line serving the country) is privately owned. However, the Government owns and operates a very small line, the Concepcion-Horqueta Railway.

A monopoly over the supply and distribution of meat within Paraguay is exercised by the Corporacion Paraguay de Carnes, a corporation owned jointly by the Government and private capital. The Alcohol Corporation, composed of all alcohol producers, is Government-controlled. The sugar industry also is Government-controlled.

The National Administration for Public Enterprises, a new Government organization, was authorized by a decree of August 30, 1947, to engage in the following activities: quarrying, cattle raising, manufacturing of wood pulp, paper, cement, and other products and may assume a monopoly for the domestic distribution of petroleum products. It is too early to determine the extent to which these functions will be implemented.

During the war the National Subsistence Administration was established in order to control imports of essential commodities for allocation among importers. It continues to function and imports on its own account, for resale, certain bulk-purchased commodities such as wheat, salt, cement, caustic soda, etc. Private firms are represented on its governing board.

Nationalization.—Commercial telephone, telegraph, and telecommunication services, also domestic air transport, are exclusive Government enterprises in Paraguay.

Peru

Right to do business.—Under the terms of the Peruvian Code of Commerce foreign nationals as well as companies organized abroad may engage in business in Peru. The national constitution guarantees freedom of work not inimical to morals, health, and public security.

The nationality of shareholders is unrestricted, except in the case of insurance companies and oil companies. A majority of the shares of insurance firms must be owned by Peruvian nationals, and oil companies are obliged to place at least 25 percent of their capital stock with the state or with Peruvian investors. Otherwise, there is no restriction on the nationality of company owners nor as to the type of business in which foreign firms may engage.

Taxation.—There is no evidence of serious discrimination against foreign-owned companies under Peru's income-tax laws. The only instance in which income earned by foreign nationals or firms is taxed at a different rate from that of domestic organizations is in the case of complementary income tax. Under this tax, dividends on registered shares held by residents abroad, net profits obtained by foreign firms, interest paid by affiliate companies to main offices abroad, and certain other income received by residents abroad are subject to a fixed rate of 12 percent. The tax on similar income of Peruvian residents ranges from 2 percent on 10,000 soles to 30 percent on income exceeding 100,000 soles.

Labor regulations.—Under Peruvian labor law, not less than 80 percent of all persons employed by an enterprise must be Peruvian nationals, and 80 percent of the pay roll must be paid to Peruvian citizens.

Foreign exchange controls.—All sales of exchange at the "official" rate of 6.50 soles per dollar require approval of the exchange and import control authorities. In addition there is a free market in which transactions are not controlled and in which the rates fluctuate widely, ranging in recent months from 9 to 18 soles per dollar. Since the foreign-owned mining and petroleum companies are principal suppliers of exchange in Peru, it is understood that they obtain exchange for all their legitimate requirements, including the importation of supplies, and the payment of interest, dividends and salaries, at the rate at which they deliver their export proceeds to the authorities, viz, 6.50 soles per dollar. In view of the current serious shortage of exchange, however, it is unlikely that other foreign interests can obtain exchange for dividends at the official rate, although the authorities are empowered to authorize sales at that rate.

Competition with Government-owned companies.—The Peruvian Government maintains monopolies in the distribution of salt, matches, industrial alcohol, tobacco and tobacco products, guano, playing cards, and explosives, and engages in the direct manufacture of salt, tobacco products, denatured alcohol, and the extraction of guano. The Government likewise participates directly in the production and distribution of petroleum products, but not on a monopolistic basis. Various other enterprises in which the Peruvian Government has been active include coal mining, large-scale construction projects, hydroelectric development, and distribution of basic foodstuffs.

Nationalization.—No nationalistic trends which would operate severely against existing foreign-owned enterprises have been noted. In opposition to this has been the need, generally recognized by the

present administration, for foreign capital investment in Peru. However, discussions of present pending petroleum legislation have indicated the existence of strong sentiment for the reservation of decided advantages for the state or domestically owned companies in the exploitation of Peru's petroleum resources.

Uruguay

Right to do business.—Foreigners may operate freely, with the same rights and privileges as Uruguayan citizens in the engagement in business in that country. The participation of foreign capital which may be invested in such private commercial or industrial enterprises is not limited but is, of course, subject to the provisions regulating the entry of capital into that country.

Special laws apply to the establishment of banks, insurance companies, public utilities, and certain other enterprises referred to under, "competition with government-owned companies."

Taxation.—Taxation on industry and commerce does not distinguish between nationals and foreigners. The only exception is in the case of the real-estate tax, in which there is a surcharge for absenteeism when property owners reside abroad or are Uruguayans remaining outside the country for more than 6 months. The tax on absenteeism affects individuals and business organizations domiciled outside the country.

Labor regulations.—Ordinary commerce and industry are not required to employ a fixed percentage of workmen who are Uruguayan nationals. However, organizations which will require a large personnel are sometimes required under a special clause in their charter to engage a certain percentage of Uruguayans. This percentage may vary from 60 to 90. In the case of public works, regulations specify a minimum of Uruguayans who must be employed.

Foreign exchange controls.—While such remittances from Uruguay do not require specific authorization in each instance, as in some other countries, general supervision is exercised by the exchange control authorities through requiring all nontrade remittances to be effected through the free market, regulating the supply of exchange available in the free market, regulating free-market rates, and the requirement that all free-market transactions shall be reported.

Competition with Government-owned companies.—The National Administration of Fuels, Alcohol, and Cement (ANCAP) has a monopoly on the refining of petroleum products; distribution is shared with private companies, with ANCAP retaining about one-half of this business. The organization also maintains a monopoly of alcohol distillation, and is the exclusive supplier of cement for public works.

The Frigorifico Nacional, Government meat-packing establishment, has a monopoly on meat packing for distribution in Montevideo. Private companies engage in meat packing for export.

Canoprole, the National Cooperative of Milk Producers, is owned jointly by Government and private capital. It exercises a monopoly of milk processing and distribution in Montevideo, and for export. Sulfuric acid and phosphates are produced by Government-owned plants.

The National Government of Uruguay participates in banking activities and also through its Banco de Seguros conducts an insurance business. Only the private companies now in business are permitted to operate in this field.

Mining activities are restricted to Uruguayan citizens.

The municipality of Montevideo operates two hotels, two gambling casinos, and a cabaret.

Nationalization.—The National Government of Uruguay owns and operates all of the country's commercial telegraph services, the principal telephone system, one-fifth of the railway mileage, port of Montevideo facilities, and most of the country's water-supply systems, including Montevideo. The National Government also owns and operates electric power plants and contemplates a completely integrated Government-operated system when additional facilities are completed.

Venezuela

Right to do business.—Foreign companies may carry on business, take part in litigation, establish agencies or branches, exploit natural resources, or introduce any industry in Venezuela (except water power, timber, aviation, and subsoil rights which are permissible only under concessions from the Government), provided they comply with the formalities of Venezuelan law. In these respects no distinction is made between foreign and Venezuelan companies. Foreigners have the same civil rights as Venezuelans, except political rights, which accrue only to Venezuelan citizens.

Taxation.—There is some distinction in current Venezuelan income-tax laws between income of residents and that of nonresidents derived from wages, salaries, pensions, and other emoluments. The rate is 1 percent in the case of residents and 3 percent for nonresidents. The surtax on income in excess of 9,000 bolivares, which ranges up to 26 percent on incomes exceeding 28,000,000 bolivares, while not directly discriminating against foreign-owned firms, nevertheless imposes a heavy burden on foreign petroleum companies operating in Venezuela, in view of their relatively large incomes in comparison with domestic companies. Moreover, the rates applicable to the exchange sold in Venezuela by the oil companies and by other exporters, 3.09 and 3.32 bolivares per dollar, respectively, are in effect a tax paid by the oil companies that is not paid by the exporters of products other than petroleum.

Labor regulations.—According to the 1936 labor law, at least 75 percent of salaried employees and laborers must be Venezuelan, except where, for technical reasons, a temporary reduction of this percentage is permitted.

Foreign exchange controls.—Exchange for these purposes may be obtained in and remitted from Venezuela without official intervention of any kind.

Competition with Government-owned companies.—Through its various dependencies, the Government of Venezuela has participated in an increasing number of economic activities, including air transport, shipping, and the distribution of essential foodstuffs. Notable is the control recently established over sugar. The Government maintains a direct monopoly on matches.

Nationalization.—While continuing efforts are made to secure all possible advantage for the State, notably from the exploitation of Venezuela's natural resources, it is not believed that there exists at present a marked general trend toward actual nationalization.

FAR EAST

Republic of China

Treaties.—The present legal position of American commercial interests in China stems out of the treaty between the United States and China for the relinquishment of extraterritorial rights in China and the regulation of related matters, which treaty was signed on January 11, 1943, and became effective on May 20, 1943. By the provisions of this treaty, the jurisdiction of the United States over its own nationals in China is disavowed, and such nationals made subject to the jurisdiction of the Chinese Government in accordance with the principles of international law and practice. The treaty further provides for the indefeasibility of existing rights or titles of Americans to real property in China, for the rights of American citizens to travel, reside, and carry on trade throughout China, and for national treatment by both countries with respect to all legal proceedings, matters relating to the administration of justice, and taxation.

It is, moreover, provided in the above treaty that the two nations will enter negotiations for the conclusion of a comprehensive modern treaty of friendship, commerce, navigation, and consular rights. Finally, it is stipulated that pending the conclusion of said comprehensive treaty, if any questions affecting the rights in China of nationals (including corporations or associations) or of the Government of the United States should arise in the future and are not covered by the treaty of relinquishment or by provisions of existing treaties, conventions, or agreements between the two nations, and are not abrogated by or inconsistent with this treaty, such questions shall be discussed by representatives of the two governments and decided in accordance with generally accepted principles of international law and with modern international practice.

Upon this background, and after negotiations lasting many months, there was signed on November 4, 1946, a treaty of friendship, commerce, and navigation.

Although not yet ratified by the Senate, this treaty, representing the results of discussions of representatives of both nations, may conceivably be considered binding pro tempore within the meaning of the treaty of relinquishment, and in fact has been used as a framework of reference for representations regarding alleged discriminations against Americans. Although technically still operative in part, the treaty as to commercial relations of October 8, 1903, which was the last previous treaty on this subject between the nations, is in practice obsolete.

The unratified 1946 treaty deals with a large number of subjects: The right to travel; reside; carry on trade; acquire, hold, and dispose of real and personal property; matters of taxation; customs; import, export, and trade regulations; monopolistic practices; remittances of funds and foreign exchange; navigation rights; arbitration; and protection of industrial and intellectual property. Most-favored nation, national treatment, and reciprocal treatment are variously applied.

Chinese Government policy.—The Chinese Government's industrial and financial policies with respect to foreign investments in China were most recently stated on August 13, 1947, in a press release of the Government Information Office, and can be summed up as follows: With the exception of arsenals, mints, main railway lines, and large-

scale hydroelectric power plants, which are to be State-operated, and other industries which, according to the provisions of Chinese laws (discussed specifically below), are specifically reserved for Chinese nationals or corporations, the remaining industries are open to direct investment of foreign capital. The investment of such capital is particularly invited in the manufacture of motive-power machinery, tool-making machines, automobiles, locomotives, aircraft, and large steamships.

The mining of iron, petroleum, copper, and high-quality coal suitable for metallurgical or refining purposes is reserved for the Government, but may be leased by the Government to others to be prospected and exploited, provided the lessees are citizens of the Republic of China. In addition, it is provided in the mining enterprise statute that special lots of other minerals may be determined by the Ministry of Economic Affairs to require conservation and set aside as Government-reserved lots where no prospecting or exploitation shall be allowed. Both domestic and foreign capital may be invited to participate in Government-operated mines under a corporate organization, the Government to take part in the business and personnel management of such companies in the role of stockholder, while at the same time exercising such administrative supervision as is prescribed by law.

Registration and authorized scope of commercial activity.—The Chinese company law of 1946 provides for the admission of foreign companies to do business where reciprocal rights are extended to Chinese companies. Such foreign companies must secure authorization to do business in China, based on the submission of various documents including copies of articles of incorporation, statements as to capitalization, officers, directorate, and anticipated scope of business in China.

If a foreign company desires to engage in those types of business which require the special permission of the Chinese Government—such as, for example, banking and insurance—such business can be undertaken only after the special permission has been received. In the case of foreign banks a license to engage in the banking business must first be secured from the Ministry of Finance, and then, additionally, the foreign banking company must register under the provisions of the revised company law.

A foreign company is not entitled to a certificate of authority to do business in China if the purpose or business is repugnant to the law, to public order, or the "decent customs" of the Republic of China; if "the place of the branch office" is not open to residence by aliens or its business "is not open to aliens"; if it misrepresents any particular in its application for admission; or "if its purpose is to escape the law of the country it belongs in, or to make use of the laws of a third country in order to obtain juristic personality and admission into China with the view of enjoying the rights and privileges of a citizen of a third country."

A foreign company may purchase and hold such land as is necessary for the transaction of its business if it has secured the prior approval of the central competent authority, and if "its own country" grants the same rights and privileges to Chinese companies. It would appear in the case of the United States that the expression "its own country" means the laws of the particular State under which the company is incorporated.

A foreign company is not allowed to be a shareholder of unlimited liability in another company, nor a partner in a partnership business. It may become a shareholder of limited liability in other companies, but in such cases the total amount of such investments cannot exceed one-half the amount of its own paid-in capital. But it is not so limited if its "exclusive" business is to invest in other companies, nor does the limitation apply to investments in "productive" enterprises.

The degree of participation allowed foreign investors in Chinese companies created under the company law varies according to the type of company created. Thus noncorporate foreign investors may participate in Chinese unlimited companies, which consist of two or more members of unlimited liability. They may also participate in unlimited companies with limited-liability shareholders. In both the above cases half the total number of shareholders must be domiciled in China.

Chinese limited companies consist of 2 to 10 shareholders, half of whom must be domiciled in China, and whose liability is limited to the amount of subscription. However, the chairman of the board of directors must be a Chinese citizen and resident, while the remaining managing directors must be residents.

In a company limited by shares, which consists of five or more shareholders, whose liability is limited to the amount of subscription (somewhat simliar to an American corporation), more than half the stockholders, half the directors, all the managing directors, and the chairman of the board of directors must be residents, and the chairman of the board must also be a Chinese citizen. The same restrictions are applied to a company limited by shares with stockholders of unlimited liability.

The Chinese banking law was made effective on September 1, 1947, and permits foreign banks the same scope of operations as native banks, except that the former are prohibited from conducting business as savings banks or trust companies. However, since none of the foreign banks in the past engaged in the trust business, and inasmuch as they are not interested in savings accounts because of the vast reserves required to be maintained, these prohibitions are deemed to have little import.

This statute further provides that the Government may, in accordance with the requirements of international trade and productive enterprise, designate regions in which foreign banks may establish branches.

Although it is too early to report the actual operation of this law, it is understood that foreign banks are satisfied that the law itself is reasonable and workable, and that the provisions governing the operation of foreign banks are fair and nondiscriminatory.

Laws affecting operations and administration thereof.—Following the relinquishment of extraterritorial rights in 1943, foreign commercial interests in China at the close of the Far Eastern war in 1945 were for the first time exposed to the direct operation of Chinese laws, particularly in the field of taxation, banking, foreign exchange, shipping, mining, and trade controls.

In the field of taxation, the Chinese Government has sought greatly to increase its revenues by the enactment of a series of statutes designed to tap every possible source, and applicable, theoretically at least, with equal effect to both Chinese and foreigners. Included are

a business tax, stamp tax, land tax, commodity tax, income tax, and excess-profits tax.

Much of the burden of these taxes has been passed off to the ultimate consumer in the form of higher prices, and there have been no complaints of discrimination against foreigners save in the interpretation and application of the income-tax law. Arbitrarily, companies whose head offices are outside China (all foreign corporations) are placed into a different category from companies whose head offices are in China (practically all Chinese companies). By this categorization the rate of tax on Chinese companies is determined by the ratio of income to capital, while the rate of tax on foreign companies is based solely on the amount of income. The net result is that Chinese companies are permitted to readjust their capitalization in accordance with changing economic conditions, thus falling into lower tax brackets, while foreign corporations can do nothing, in the face of the same changing economic conditions, including the very rapid depreciation of the Chinese dollar, to avoid being taxed in the hitherto inflexible higher brackets.

According to the Chinese Government's August 13, 1947, statement on industrial and financial policies with respect to foreign investments in China, foreign businessmen operating within Chinese territory shall pay the same taxes under Chinese tax laws or ordinances as Chinese nationals. The results of recent representations by the United States and other foreign governments with respect to the discriminatory nature of this law are presently being awaited.

Foreign-exchange controls.—Because of the highly inflationary nature of the Chinese economy and a rapidly deteriorating balance-of-payments position, the Chinese Government has found it necessary to impose stringent foreign-exchange and trade controls, the most recent revisions of which were announced on August 17, 1947.

Under the trade regulations, all permitted imports into China require a license issued only to registered importers and firms. Additionally, certain commodities—e. g., lumber, tobacco leaf, wheat, flour, raw cotton, pharmaceuticals, dyes, et cetera—are imported under both license and quota requirements.

Importers are financed at the "official" open market rate, which is subject to daily readjustment.

Exporters, also, are now required to sell their foreign exchange to appointed banks at the open market rate.

The restriction on the export of foreign currency, gold, silver, coins, and bullion, coupled with the absence of any provision for the sale of exchange for remittances, not only makes it impossible presently for foreign firms to remit profits, but also to withdraw capital investment. In the Chinese Government's policy statement of August 13, 1947, however, assurances were given that profits of foreign investments may be remitted in principle, and that regulations are currently being drawn whereby an appropriate portion of profits realized from foreign investments in industrial enterprises may be remitted.

The administration of the exchange and trade control regulations has been the subject of considerable criticism on the part of the foreign commercial community, such criticism dealing with the alleged favored position as to licenses and quotas of state trading organizations and private Chinese concerns, the encroachment of Government monopolies into fields not previously defined as fields of Government monopo-

lies, and the alleged arbitrary enforcement of newly promulgated exchange and trade regulations without affording sufficient protection for commitments already made.

Competition of Government-owned corporations.—The Chinese Government through agencies such as the National Resources Commission and the Alien Property Administration has entered into fields of industrial activity, such as cotton textiles, not formerly invaded by the Chinese Government.

Although recent policy statements indicate that the Chinese Government intends to sell certain industrial enterprises taken over from the Japanese and recently run by Government corporation, Chinese Government participation in industry has in the meantime greatly increased over prewar levels.

British Malaya

Right to do business.—There are, generally speaking, no legal provisions restricting the rights of foreigners to do business in Malaya.

Apart from certain "Malay reservation" areas in the Malay States and certain "customary lands" in Malacca where land may be held by Malays only, there is no discriminatory legislation which would prevent the acquisition of mining rights by an American company. However, the control of mining and mining properties, as well as the conditions under which individuals and companies are granted permission to operate is such as to insure that the British Government and its citizens will not at any time be seriously handicapped by operations on the part of foreigners or foreign concerns.

Taxation.—In 1941 legislation was enacted for a war tax on incomes for that year. Late that year the law was extended for another year. Under the law all companies were to pay tax at the rate of 12 percent on their income. While no definite information has been received, it is assumed that this war tax on incomes is still in effect. No other forms of income tax, war profits and excess profit taxes were in effect prior to the war.

Labor regulations.—So far as available information goes, there are no laws which restrict the employment of foreigners in British Malaya. Since more than half the total population is "foreign"—notably Chinese and Indians—and immigration of foreigners is encouraged to provide both skilled and unskilled labor on plantations and in mines, it is most probable that no restrictive measures are contemplated.

Foreign exchange controls.—All transactions involving use of dollar exchange are under strict control. Upon approval of applications, remittances can be made outside the sterling area for "income arising from investments in Malaya, e. g. interest, dividends, rents, and profits of nonresident-owned Malayan companies (after deduction of Malayan taxes), etc. There is nothing to indicate that American companies operating in Malaya are having difficulties remitting profits.

Competition with Government-owned companies.—Except for trade in opium, there is no known Government monopoly of business in British Malaya.

Netherlands Indies

Right to do business.—A foreign company, operating legally in the country where it has its principal office, is recognized as a legal person in the Netherlands Indies and may carry on its activities there. If

an office is established in the colony, registration in the Commercial Register is required.

A foreign company contemplating the holding of real property, the taking up of Government land, the holding of concessions from the Government or taking part in any other transactions involving obligations to the State, is required to establish itself as a Dutch entity. Therefore any company desiring to secure concessions in Netherlands Indies is required to form a limited company registered either in Netherlands Indies or Holland, whose managing directors or the majority of its directors are Netherlanders or reside in Holland or in Netherlands Indies.

Although the mining law itself does not discriminate against foreigners, and article 5a of the mining law expressly authorizes the Indies Government to reserve lands and to enter into contracts with persons or companies for the exploration of the land and the exploitation of the minerals reserved to itself, the law further provides that legislative approval must be obtained of any contracts so formed; therefore American rights with respect to minerals reserved to the Government depend in each instance upon satisfactory negotiations with the Government of the Netherlands Indies and also upon favorable parliamentary action.

The Agrarian Decree of 1870, revised and amended, provides in article 11 that only the following can be leaseholders: (*a*) Subjects of the Netherlands; (*b*) residents of the Netherlands; (*c*) residents of the Netherlands Indies; (*d*) limited companies established in the Netherlands or Netherlands Indies. A resident of the Netherlands Indies is a person of any nationality who has resided in the colony for more than 18 months and who does not leave the colony for more than 1 year at a time.

The insurance law of April 15, 1941, contains provisions which might prove so burdensome as to prevent foreign insurance corporations from engaging in business within the Indies.

Taxation.—An income tax is payable by all persons or firms earning income in the Indies. Prior to the war there were no requirements relating to the employment of labor. In the event the Netherlands Indies become independent, the Indonesian Government will no doubt enact legislation regarding labor and its employment.

Foreign exchange controls.—In normal times the Netherlands Indies has had available large amounts of foreign exchange and no control was necessary. Owing to the present severe shortage of foreign exchange, controls are strictly applied, exchange being authorized only for absolute necessaries. All exchange derived from exports must be turned over to the Exchange Institute, which makes payment in guilders.

As far as is known nationalization of American-owned companies in the Netherlands Indies has not taken place.

Competition with Government-owned companies.—In prewar years the Government of the Netherlands Indies operated three monopolies, viz, pawnshops, opium manufacturing, and salt production.

To assist the Dutch quinine monopoly, the Netherlands Indies Government prior to the war imposed on all producers of cinchona bark a limit on annual exports and restricted the planting of new trees to the replacement of old ones. The monopoly, which is in control of 90 percent of the world's supply of quinine, is operated as

a syndicate, comprising planters in the Netherlands Indies and three manufacturers—two with plants in the Netherlands and the third with a factory in Java. The Netherlands Indies Government which is the owner of a large cinchona plantation is a member of the syndicate.

Republic of the Philippines

Right to do business.—The Republic of the Philippines has gone on record as entirely receptive to American capital and American business enterprise. Moreover, in accordance with provisions of the executive agreement signed in Manila July 4, 1946, the Philippine Constitution was amended, following a plebiscite of the Philippine people in March 1947, to provide that the exploitation of all natural resources and the operation of public utilities should, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled directly or indirectly by such citizens.

The Philippine Trade Act of 1946 provides specifically that the executive agreement, which implements the act, shall be terminated in the event of discrimination against any form of United States business enterprise on the part of the Government of the Republic of the Philippines or any of its political subdivisions.

A bill to repeal laws granting special privileges to American citizens and corporations—unless such laws affected rights vested under the constitution or by treaty or agreement—was passed by the Philippine Congress in 1946.

Registration under the corporation law of the Philippines is necessary to the conduct of business in the Republic. A license must be obtained from the chief of the Mercantile Register of the Securities and Exchange Commission, upon filing of a statement certifying to certain details of capital stock, assets, liabilities, etc. Acknowledgment and authentication of certain documents pertaining to the establishment of a branch office, articles of incorporation, etc., are also necessary. Fees collected for the filing of articles of incorporation and for registration are based on the capital stock of the foreign corporation.

Taxation.—Taxation includes an income tax, a corporation tax, and an undistributed profits tax, as well as a fixed tax upon business. Certain enterprises pay specified annual taxes, while annual privilege taxes are collected on certain occupations. Special taxes are provided for the mining industry, and all business pays specific, sales, and/or compensating taxes, as applicable. A residence tax is imposed on corporations as well as on individuals. In recent months negotiations have been under way for a tax treaty between the United States and the Philippine Republic under which double taxation of Americans doing business in the Philippines, and of Filipinos operating in the United States, would be avoided.

Labor regulations.—An 8-hour labor law is in force and a minimum-wage law applies to public works. Legislation also provides for workmen's compensations, and inspections of working conditions are made by the Department of Labor. The only industrial establishments required to register systematically with the Department are mines, quarries, and metallurgical operations.

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Foreign exchange controls and tariff.—Under terms of the executive agreement between the United States and the Philippine Republic, trade between the two countries is on a reciprocally free basis for a period of 8 years beginning July 4, 1946, with declining trade preferences for 20 years thereafter.

Stabilization of Philippine currency in relation to the United States dollar also is provided by the agreement, which stipulates further that no restrictions may be imposed on the transfer of funds from the Philippines to the United States, except by agreement with the President of the United States.

Government-owned corporations.—Government-owned corporations have not offered serious competition in the Philippines. The declared purpose of Government participation in industry and trade has been to stabilize prices and assist producers and importers. In its plans for postwar economic recovery, however, the Government may take a somewhat more active part in the rehabilitation of industry and trade. Some of the new projects proposed for industrialization will be financed by the Government, if private capital is not interested. To meet criticism that expanding governmental activities constituted an unfair competitive threat to private business, legislation was recently enacted to subject agencies owned or controlled by the Government to all taxes and charges required of private business.

Nationalization.—There has been no nationalization of American property in the Philippines since establishment of the Republic, nor does such a development appear likely. Proposed legislation to nationalize labor—directed specifically at the Chinese—lacked administration support and failed to pass.

Actual administration.—There has been no indication in the actual practices and administration of the law, since establishment of the Philippine Republic, of discrimination against American interests.

Siam

Right to do business.—The Kingdom of Siam generally imposes no restrictions on the doing of business by foreigners in that country.

A royal sanction or concession must be obtained in order to carry on a commercial undertaking of public utility. The following commercial undertakings are deemed of public utility: Railways, tramways, canals, aerial navigation, water supply, irrigation, electric power station, and such other undertakings affecting the public safety or welfare as may, from time to time, be specified by royal decree.

The provisions of special laws must be complied with by all persons or firms in order to carry on a business of insurance, banking, savings bank, credit foncier, or undertaking of a similar nature.

The Siamese Mining Act of 1919 stipulates that all lands and minerals are crown property, and the right to prospect or mine must be expressly granted by the Government. A royalty is payable on minerals produced. For the purpose of collecting royalties on tin, the Government raised the arbitrary basis of calculating the metallic content of tin ore to 72 percent in 1923 from a former level of 70 percent.

The cutting of teak wood is only permitted under concession. To avoid excessive tie-up of lessees' capital, the major royalty on teak is collected not at the time of tree felling but by fiscal stations main-

tained by the forest department at certain down-river points where the teak companies assemble their loose logs into rafts.

Siamese law does not require the qualification of foreign business organizations. Foreign companies engaging in business in Siam are, however, required to register in the business registration office.

Companies, partnerships, or juristic persons established under the law of Siam or established under the law of foreign countries and carrying on business in Siam must pay an income tax.

There are no labor laws discriminating against foreigners.

Foreign exchange controls.—Foreign exchange control is administered by the Bank of Siam, under direction of the foreign exchange board, which was established on June 21, 1947. Private importers desiring foreign exchange may file applications to cover imports of priority goods as listed on the revised priority list. Exchange at the official rate is granted subject to the amount in the central exchange control. Exporters of all commodities, except rice, rubber, teak, and tin are free to utilize 100 percent of their foreign currency proceeds to pay for imports of any commodities. As of June 16, 1947, exporters of rubber from the port of Bangkok are required to surrender to the Bank of Siam only 20 percent of foreign currency proceeds; from Singora to points outside Asia, 20 percent; from all other ports 25 percent. Exporters of teak and tin are required to surrender only 50 percent of foreign exchange proceeds. Sellers of rice to the rice bureau are permitted to buy credit in pounds sterling amounting to 10 percent of the value of rice sold to the bureau. This sterling may be used as desired.

Competition with Government-owned companies.—The following enterprises are Government owned and operated: 1 sugar mill, 2 paper mills, 1 canning factory, 1 cigarette factory, 1 cotton mill, 1 distillery, 11 rice mills, 1 mineral and 1 vegetable oil refinery, 1 airplane factory, 1 arsenal, 1 lumber mill, all the railway systems, and the postal, telegraph, and radio broadcasting systems. A semigovernmental firm purchased vessels during 1940 to carry on overseas trade, and another semigovernmental aviation concern holds the monopoly of internal commercial flying in Siam.

AFRICA

Egypt

Right to do business.—In an effort to bring business, which has been for so long almost exclusively in the hands of foreigners, under the control of Egyptian nationals, drastic action is reflected in newly established regulations. A new company law which became effective August 11, 1947, provides that at least 40 percent of the directors of the board of any joint stock company shall be Egyptian. The Council of Ministers shall have the power to waive this provision in the case of companies whose activities are mostly abroad.

Under the provisions of the company law, at least 51 percent of the shares of joint stock companies shall be earmarked for Egyptians whether on founding a company or on the occasion of increasing the capital.

If the full percentage referred to has not been subscribed to within the period fixed, which shall not be less than 1 month, the Minister of Commerce and Industry is authorized to extend the closing date

for subscriptions for a further period not exceeding 1 month, or to waive the requirements for this percentage in whole or in part.

Labor regulations.—The number of Egyptians employed by a joint stock company shall not be less than 75 percent of the total number of its employees, and their total salaries and allowances shall not be less than 65 percent of the total amount of salaries and allowances paid by the company. "Employee" means persons performing administrative, technical, clerical, or accounting work. The number of Egyptian workmen shall not be less than 90 percent of the total number of workmen, and their total wages shall not be less than 80 percent of the total amount of wages paid by the company.

The Minister of Commerce and Industry shall have the power to authorize the employment, for the period to be fixed by him, of technical managers and expert advisers of foreign nationalities in cases where it proves impossible to find suitable Egyptians.

In analyzing the application of the above provisions in reference to labor, it should be kept in mind that Egypt at the present time is faced with a serious unemployment problem. The population of non-Egyptian workers is not large, and it would seem unlikely that additional non-Egyptian workers would seek employment in Egypt. Egypt is not self-sufficient in skilled technical personnel, which means that there are many non-Egyptians employed at the present time in this capacity. It is expected that a number of years will be required to train a sufficient number of Egyptian employees in technical skills before strict obervance of the provisions of the law can be enforced, and in the meantime and thereafter, the Minister of Commerce and Industry has the power to authorize the employment of needed technicians.

Exchange control.—A new exchange control law has been enacted which places all foreign currency transactions under the control of the Egyptian Government. Under this law, all transactions in foreign bank notes, transfers of currency to and from Egypt, and all commitments specified in foreign currency are strictly forbidden unless they conform to the conditions and forms which are laid down by an order issued by the Egyptian Minister of Finance.

C. Default Status of Private United States Loans to Foreign Countries

The first important period of American lending to foreign countries was during World War I. From 1914 to 1917 American private capital had subscribed to about 2,500 million dollars of foreign bonds. These were principally the issues of the United Kingdon, France, and Italy. These issues were all repaid in full during the next 10

years. From 1917 to 1922 the United States Government made its first extensive foreign loans, those made to assist the Allies to procure ammunitions, foodstuffs, and other supplies from this country as well as advances for postwar relief and sales of surplus war materials on credit. The story of these loans and credits is told in chapter I.

From 1920 through 1930 the private investors in the United States subscribed to more than 10,000 million dollars of foreign bonds (after deducting refunding issues). About 45 percent of these were the issues of European countries, 25 percent Latin American, 20 percent Canadian, and 10 percent far eastern. Out of these and earlier flotations, and as a result of transactions in these and other foreign securities, the United States accumulated a portfolio which reached a peak about 1930 of approximately 7,000 million dollars.

Early in 1931, when there had been a serious decline in the prices of raw materials and the world was in the midst of depression, some of the Latin-American countries defaulted on their foreign debt. Within the next few years other borrowers, especially European, also defaulted. During the later years of that decade a few of the defaults were adjusted by temporary or by more permanent arrangements for the reduction of interest payments and extension of amortization over a longer period.

During the period of defaults, transactions in foreign dollar bonds[1] continued and resulted in net sales by investors in this country including substantial net sales of defaulted bonds to the issuing countries. These sales and the regular amortization of the nondefaulted issues reduced the par value of such bonds presently held in this country to about 2,000 million dollars, approximately two-thirds of which are Canadian issues. As of the end of 1946, 50 percent of the issues originally sold in this country were in default, either complete or partial (see table 30). As of the same date, only 25 percent of foreign dollar bonds held by persons resident in the United States were in default. The difference resulted from the large repatriations of the defaulted bonds reducing the holding of that type, and net purchases of Canadian issues which increased the investment in nondefaulted obligations.

Data in table 30 are based on the total of foreign dollar bonds outstanding and take no account of the location of the owners. Furthermore, in some countries part or even all of the issues in default are those of state, municipal, or private corporate borrowers. Detailed information on the course and present status of defaults by countries is available in condensed form in reports of the Foreign Bondholders Protective Council, Inc.

[1] Foreign dollar bonds are bonds of foreign governments and corporations expressed in terms of United States dollars. Usually they were originally sold to American investors in large blocks through public offerings by investment bankers.

TABLE 30.—*Status of publicly offered foreign dollar bonds as of Dec. 31, 1946*

Country	Principal amount on which—		Total principal amount outstanding
	Debt service paid in full to Dec. 31, 1946 [1]	Interest in default [2]	
Asia:			
China	1,022,085	5,500,000	6,522,085
Japan		283,267,700	283,267,700
Total Asia	1,022,085	288,767,700	289,789,785
Europe:			
Austria		36,710,600	36,710,600
Belgium	18,679,600		28,223,600
Bulgaria		16,634,500	16,634,500
Czechoslovakia	602,600	2,844,200	3,536,800
Danzig		3,422,000	3,422,000
Denmark	32,504,500		114,223,000
Estonia		3,271,500	3,271,500
Finland	8,561,500		8,561,500
France	11,456,300		11,456,300
Germany		[3] 665,121,417	665,121,417
Greece		26,942,500	26,942,500
Hungary		51,830,490	51,830,490
Eire	609,500		609,500
Italy		150,602,600	150,602,600
Norway	73,706,000		79,251,000
Poland		[4] 39,705,770	39,705,770
Rumania		[5] 10,938,000	10,938,000
Russia		75,000,000	75,000,000
Yugoslavia		65,912,494	65,912,494
Total Europe	146,210,000	1,148,936,080	1,392,023,580
Latin America:			
Argentina	49,201,600	759,400	49,961,000
Bolivia		59,422,000	59,422,000
Brazil	155,858,150	48,288,645	204,146,795
Chile	16,342,500	138,743,500	155,086,000
Colombia	41,882,902	107,176,500	149,059,402
Costa Rica		8,099,505	8,099,505
Cuba	82,597,000	9,185,856	91,782,856
Dominican Republic	7,268,500		10,909,000
El Salvador	5,857,356	3,373,700	9,231,056
Haiti			6,094,479
Mexico	34,996,500	238,585,534	273,582,034
Panama	14,602,156	974,000	15,576,156
Peru		85,656,500	85,656,500
Uruguay	46,963,700	1,560,000	48,523,700
Total Latin America	455,570,364	701,825,140	1,167,130,483
North America: Canada	1,426,842,501	5,543,400	1,432,385,901
Total North America	1,426,842,501	5,543,400	1,432,385,901
Oceania: Australia	225,755,000		225,755,000
Total Oceania	225,755,000		225,755,000
Grand total	2,255,399,950	2,145,072,320	[6] 4,507,084,749

[1] Includes non-interest-bearing scrip issued in full or part payment of matured coupons.
[2] Most issues in default as to interest are also in default as to sinking fund.
[3] Includes $355,752 non-interest-bearing fractional certificates.
[4] Includes $4,469 non-interest-bearing fractional certificates.
[5] Estimated amount of American tranche of Kingdom of Rumania Monopolies Institute loan.
[6] Bonds in default on sinking fund or principal only not included in the first 2 columns, amounted to $106,612,479, divided as follows: Dominican Republic, $3,640,500; Haiti, $6,094,479; Belgium, $9,544,000; Denmark, $81,788,500; Norway, $5,545,000.

Source: Institute of International Finance of New York University, Statistical Analysis of Foreign Dollar Bonds, appendix B, pp. 32-33, Bulletin No. 150, June 30, 1947.

CHAPTER IV. NATIONAL DEBT, REVENUE, AND INCOME

This chapter brings together the data in reply to five items in Senate Resolution 103 that relate to internal matters. These questions were as follows:

Item 10. The effects of the war on the public debt of the United States.

Item 11. The per capita tax burden of the people of the United States classified as (1) Federal, (2) State and local, and (3) total; and the total per capita tax burden of the people of each of the countries now in debt to the United States or with whom loan and investment discussions have been held by any American official since 1939.

Item 12. The total per capita debt burden for each of the countries mentioned in item 11.

Item 13. The latest reasonably reliable report on the national income, reduced to a per capita basis, for each country mentioned in item 11.

Item 14. The average interest rates for Government borrowing, according to the latest reasonably reliable report, in each of the countries mentioned in item 11.

GENERAL STATEMENT AND DEFINITIONS

The interpretation of data comparing the public debt, the per capita tax burden, or the national income of various countries is always subject to severe limitations. This is true not only because the data on which this information is based are usually incomplete and the series differ in their composition, but also because the same relative tax or debt figures do not necessarily imply a comparable economic impact or a comparable burden for the individual.

These difficulties are compounded at the present time when, as a result of the war, internal debts in some countries are being practically wiped out by inflation, when tax collections are slow and ineffective and cannot catch up with the progressive inflation of values, and when the yield of the tax system is greatly reduced by the low level of productive activity. Furthermore, in conditions of that kind, the measurement of government revenues and national income is most difficult and the results, particularly for purposes of comparison with prewar and with other countries, are of questionable validity.

All three sets of data—public debt, tax burden, and national income—have been brought together, in table 31, because the principal value of the data is in the relationship between them. The relationship between the tax burden and national income is probably most significant and that has been shown in the table in the form of a ratio.

However, it should be pointed out that the economic impact of the same relative per capita burden might differ considerably as between countries, depending upon the structure of their tax system. The same total revenue could be raised in one case by a tax system in which a graduated income tax would provide the bulk of the revenue, while in another country the chief reliance would be put on customs and excise taxes. The effect in either case on production, consumption, and incomes might be quite different.

Furthermore, the type of expenditures to be financed from the tax revenue should also be taken into consideration. In some cases the

difference in the tax burden indicates merely a different degree of government participation in the economic life of the country; and government expenditures, such as for social-security benefits, are merely an alternative to private expenditures for the same services in other countries. The Government of the United Kingdom, for instance, has held the cost of many of the necessities of life down to a low figure by absorbing a large part of the cost itself. This adds to the cost of government in the United Kingdom, while in countries that do not follow this practice the additional cost is borne by individuals as a personal expenditure outside of the tax structure. Instances of this kind can be multiplied; and, unless the data are limited to comparable functions of government, comparisons will in general only point to the differences in the services performed.

A further point to bear in mind is that in some countries the national governments perform many functions performed by local governments in other countries. For example, in times of peace the tax collections of the national government of the United States have been less than those of State and local governments combined (see table 38), and in Canada and Switzerland the national government receipts are normally the least important, while in France the national government is the dominant factor and local revenue receipts are a small part of taxes collected. Furthermore, since the war, many national governments act as purchasing organizations for some of the essential imports of foodstuffs and industrial raw materials. This makes their revenues and expenditures higher in proportion to their national incomes than would be the case for other countries.

Intercountry comparison of per capita tax and debt burdens is meaningful, therefore, only as a measure of the degree of participation of the government in the economy. Taxes and government debt are payments for goods, services, and additions to national wealth provided by governments. The greater the volume of goods provided and services rendered under government auspices, the higher the tax and/or debt burden.

Supplementary tables are included in this chapter, partly as a service to persons using the data to enable them to see in what manner the gross foreign currency data were put into the form of per capita amounts expressed in dollars. For this purpose table 33, Population and Exchange Rates, was prepared. In table 32, the national debt is divided into its internal and external components. The latter reveals the countries which are most dependent financially upon foreign countries. In a few cases, such as Hungary, the relationship between the internal and external debts is the result primarily of the postwar inflation which, for all practical purposes, wiped out the value of internal obligations.

Government revenue

In the answer to the item 11, the term tax burden was interpreted broadly to include other revenues which constitute a part of the burden imposed on the people for the support of the government. Insofar as possible data were collected regarding all foreign countries. However, it was impossible to obtain any substantial amount of information regarding state and local taxes and revenues and, accordingly, the data supplied relate exclusively to national governments.

The taxation and other revenue figures shown in table 31 are for the calendar years 1939 and 1946; or where the country is on a fiscal-year

basis, for the fiscal years which include the most months in 1939 and 1946. Actual taxes and revenues collected rather than budget estimates were used in all cases where the data were obtainable. Budget estimates are used when actual revenues are not available. These data were culled from a variety of sources including consular dispatches, official publications of the various governments, and Moody's Governments and Municipals. The publication, Tax Systems of the World, was especially useful for 1939 data concerning Latin America.

Taxes include direct and indirect taxes such as excise, sales, estate, income, corporation, unemployment compensation and other social-security taxes, customs duties, fees, and licenses. "Other revenues" include government royalties, interest, and dividends from government investments, proceeds from UNRRA sales, sales of public land, confiscated property and surplus property, but exclude loan proceeds, grants-in-aid, and reparation receipts. Net profits derived from government enterprises include such government undertakings and monopolies as the post office and railroads, telephone and telegraph, commodity monopolies, and exchange control. Each government enterprise in this category has been treated as a separate unit; consequently, where the expenditures exceeded receipts, the deficit was not deducted from the profits of some other unit. The total resultant revenue receipts, expressed in the local currency, was then converted to United States dollars at the average official exchange rate for the period.

Government Debt

The same procedures were followed in compiling the public debt of the various countries. Whenever available, the debt as of December 1939 and 1946, or the nearest available date, is broken down into its foreign and domestic components. Debts of government-owned corporations, to the extent that they are held outside of the government, are included. World War I debts to the United States have been excluded, as these are being shown separately in chapter I. Loans to private companies guaranteed by the government are excluded unless the government has been called upon to make good on its guaranty. Municipal debt guaranteed by the Federal government is considered as municipal rather than Federal. In addition to the above sources for the Government revenue, other main sources of debt data were the League of Nations' Statistical Yearbook and the Statesman's Yearbook.

National income

Data regarding the national incomes of various countries were obtained from official estimates where those were available. There is, however, considerable divergence among them with respect to the methods and principles of compilation and evaluation, particularly the inclusion and exclusion of a number of items. Sometimes these differences are due to the nature of the available statistics and sometimes they arise out of the peculiar structure of the economies to which they relate, and sometimes they are due to conceptual differences with regard to the content of national income.

Another difficulty marring the comparability of the per capita figures in dollar terms is the selecting of a proper exchange rate for translating the foreign currencies into dollars. As a consequence of government control of the exchange rates and the internal maladjust-

ments brought about by the war, the foreign exchange rates of many countries are kept at an artificially high level which does not correspond to the actual purchasing power of their currencies in their domestic markets.

In general, the estimates relate to national income at factor cost; that is, the aggregate earnings of labor and property which arise from the current production of goods and services.

Data regarding the national income of the United States were obtained from figures released by the United States Department of Commerce. Those relating to foreign countries were obtained from various sources. In the first place data contained in a paper prepared by Dr. J. B. D. Derksen, Chief, National Income Statistics Research Section, Statistical Office, United Nations Secretariat, were used (the Comparability of National Income Estimates, delivered before the World Statistical Congress, Washington, D. C., September 1947). Second, other data were received from reports of the United States consular service.

TABLE 31.—*Per capita tax burden, debt burden and national income of the United States and of foreign countries, and ratio of taxes to national income, 1939 and 1946*

[In dollars. Available data nearest to date specified]

Country and area	1939				1946			
	Debt burden	Tax burden	National income	Ratio—taxes to national income	Debt burden	Tax burden	National income	Ratio—taxes to national income
AFRICA								
Anglo-Egyptian Sudan	6	3			5	5		
Angola	(1)	1			11	3		
Belgian Congo	19	2			20	5		
Cape Verde Islands	6	5			5	5		
Eritrea	(2)	(2)	(2)			8		
Ethiopia	(2)	(2)	(2)		(2)	1		
Gambia	1	5			1	5		
Egypt	27	11	85	1:7.7	26	17		
Gold Coast	11	4			7	5		
Italian East Africa	(1)	2			(1)	(1)	(1)	
Kenya	20	5			28	8		
Liberia	1	(2)			6	1		
Libya	(2)	(2)	(2)			20		
Mauritius	30	14			24	22		
Mozambique		5			(2)	5		
Nigeria	5	1			5	2		
Northern Rhodesia	6	5			(1)	7		
Nyasaland	13	2			7	2		
Portuguese Guinea	(1)	3			(1)	5		
St. Helena and Ascension Islands		22				60		
São Tomé and Principe Islands	(1)	8			2	8		
Seychelles		13				23		
Sierra Leona	3	3			3	5		
Somaliland (British)	3	2			(1)	9		
Somalia	(2)	(2)	(2)			3		
Southern Rhodesia	38	13	104	1:8.0	61	26		
Spanish Guinea		(1)				2		
Spanish Morocco		2				8		
Spanish West Africa		(1)				3		
Tanganyika	7	2			5	3		
Tangier		10				21		
Uganda	3	2			3	3		
Union of South Africa	113	18	188	1:10.4	206	45	231	1:5.1
Zanzibar		9				10		
ASIA								
Aden		2			(1)	4		
Afghanistan	(2)	1			(2)	4		
Burma	12	4			15	4		
Ceylon	12	7	63	1:9.0	17	16		
China	2	(2)	29	1:145.0	3	1		

See footnotes at end of table, p. 132.

TABLE 31—*Per capita tax burden, debt burden and national income of the United States and of foreign countries, and ratio of taxes to national income, 1939 and 1946*—Continued

[In dollars. Available data nearest to date specified]

Country and area	1939				1946			
	Debt burden	Tax burden	National income	Ratio—taxes to national income	Debt burden	Tax burden	National income	Ratio—taxes to national income
ASIA—continued								
French Indo China	2	1			(1)	(1)		
Hong Kong	4	10			4	12		
India	12	1	34	1:34.0	19	5	45	1:9.0
Iraq	1	9			2	16		
Iran	5	9			12	10		
Indonesia	11	5	22	1:4.4	9	(1)		
Japan	76	18	93	1:5.2	85	41	65	1:1.6
Korea	7	6			[6] 13	[6] 20		
Macao (Portuguese)	(1)	5			(1)	7		
Malayan Union and Singapore	9	13			(1)	14		
Palestine	10	12	81	1:6.8	12	41	280	1:6.8
Philippines	2	4	32	1:8.0	2	7	88	1:12.6
Portuguese India	1	4			1	3		
Siam	2	3			4	4		
Syria-Lebanon	(1)	5			1	26		
Saudi Arabia	(1)	1			5	5		
Transjordan	2	5			(1)	7		
Turkey	26	12			35	33		
EUROPE								
Albania	15	5			(1)	12		
Austria	89	37	166	1:4.0	204	25	88	1:3.5
Belgium	190	46	261	1:5.7	684	159	517	1:3.3
Bulgaria	70	15	109	1:7.3	136	24	166	1:6.9
Czechoslovakia	111	20	134	1:6.7	159	65	232	1:3.6
Cyprus	10	12			28	30		
Denmark	64	33	338	1:10.2	472	67	562	1:8.4
Eire	99	52	248	1:4.8	105	69	345	1:5.0
Finland	29	37	184	1:5.0	199	184		
France	283	43	283	1:6.6	433	127	214	1:1.7
Germany		157	520	1:3.3				
Gibraltar		45				91		
Greece	87	14	136	1:9.7	94	38		
Greenland	(1)	65			(1)	70		
Hungary	36	23	125	1:5.4	25	30	109	1:3.6
Iceland	73	35			51	223		
Italy	176	28	140	1:5.0	85	15	94	1:6.3
Luxembourg	81	40			190	225		
Malta	1	23			(1)	61		
Netherlands	259	54	338	1:6.3	648	136	321	1:2.4
Norway	122	46	279	1:6.1	459	92	505	1:5.5
Poland	29	12	95	1:7.9	(1)	26	70	1:2.7
Portugal (including Azores and Madeira)	33	11			49	17		
Rumania	39	13			(1)	4		
Spain	93	19			213	33		
Sweden	100	51	436	1:8.5	468	125	635	1:5.1
Switzerland	338	31	445	1:14.3	603	18	(1)	
United Kingdom	667	97	468	1:4.8	2,095	279	653	1:2.3
Union of Soviet Socialist Republics	34	129	509	1:3.9	137	297		
Yugoslavia	32	9	96	1:10.7	(1)	23		
LATIN AMERICA								
Central America and Mexico:								
British Honduras	47	30			31	27		
Costa Rica	37	9	76	1:8.4	59	12	78	1:6.5
Guatemala	4	4	48	1:12.0	1	9		
Honduras	9	5	45	1:9.0	6	7		
Nicaragua	4	2	50	1:25.0	6	4	56	1:14.0
Panama	40	24	71	1:3.0	32	52	186	1:3.6
El Salvador	10	4	45	1:11.3	9	7		
Mexico	40	6	61	1:10.2	23	18	111	1:6.2
South America:								
Argentina	118	24	218	1:9.1	195	40	312	1:7.8
Bolivia	35	6	47	1:7.8	43	8		
Brazil	28	6	45	1:7.5	19	13	113	1:8.7
British Guiana	56	19			43	6		
Chile	99	20	174	1:8.7	86	[illegible]	359	1:10.0
Colombia	15	6	76	1:12.7	24	16	110	1:6.9

See footnotes at end of table, p. 132.

TABLE 31.—*Per capita tax burden, debt burden and national income of the United States and of foreign countries, and ratio of taxes to national income, 1939 and 1946*—Continued

[In dollars. Available data nearest to date specified]

Country and area	1939				1946			
	Debt burden	Tax burden	National income	Ratio—taxes to national income	Debt burden	Tax burden	National income	Ratio—taxes to national income
LATIN AMERICA—continued								
South America—Continued								
Ecuador	10	3	44	1:14.7	13	6	38	1:6.3
Falkland Islands	.....	100	.....	.....	.....	133	.....	.....
French Guiana	(1)	(1)	.....	.....	(1)	(1)	.....	.....
Paraguay	11	9	39	1:4.3	25	13	.....	.....
Peru	25	5	72	1:14.4	47	12	40	1:3.3
Surinam	3	15	.....	.....	1	32	.....	.....
Uruguay	140	28	56	1:2.0	164	41	112	1:2.7
Venezuela	1	32	92	1:2.9	2	77	115	1:1.5
West Indies and Bermuda:								
British West Indies:								
Bahamas	12	26	.....	.....	12	32	.....	.....
Barbados	8	12	.....	.....	12	31	.....	.....
Bermuda	13	56	.....	.....	106	114	.....	.....
Cayman	(1)	5	.....	.....	5	12	.....	.....
Jamaica	25	13	.....	.....	26	24	.....	.....
Leeward Islands	14	14	.....	.....	4	26	.....	.....
Trinidad and Tobago	34	23	.....	.....	42	44	.....	.....
Turks and Caicos Isles	.....	9	.....	.....	.....	17	.....	.....
Windward Islands	4	6	.....	.....	8	2	.....	.....
Cuba	44	16	98	1:6.1	36	43	262	1:6.1
Dominican Republic	9	7	51	1:7.3	8	15	86	1:5.7
French West Indies:								
Guadalupe	10	7	.....	.....	9	11	.....	.....
Martinique	(1)	11	.....	.....	17	(1)	.....	.....
Haiti	4	2	50	1:25.0	3	3	20	1:6.7
Netherlands West Indies:								
Curacao	(1)	60	.....	.....	(1)	133	.....	.....
NORTH AMERICA								
Canada	384	43	389	1:9.0	1,365	193	772	1:4.0
Newfoundland	342	37	.....	.....	308	87	.....	.....
United States	351	43	554	1:12.9	1,830	313	1,262	1:4.0
OCEANIA								
Australia	219	42	403	1:9.6	845	159	577	1:3.6
British North Borneo	16	6	.....	.....	(1)	1	.....	.....
Brunei	.....	19	.....	.....	.....	30	.....	.....
Fiji (British)	30	17	.....	.....	28	27	.....	.....
Gilbert and Ellice Islands	.....	6	.....	.....	.....	17	.....	.....
New Hebrides	.....	2	.....	.....	.....	4	.....	.....
New Zealand	668	102	396	1:3.9	1,150	237	591	1:2.5
Solomon Islands	.....	2	.....	.....	.....	2	.....	.....
Sarawak	.....	6	.....	.....	.....	4	.....	.....
Timor	3	1	.....	.....	3	1	.....	.....
Tonga	.....	6	.....	.....	.....	10	.....	.....

[1] Not available.
[2] Included in Italian East Africa.
[3] Less than 50 cents.
[4] See Eritrea, Ethiopia, and Somalia.
[5] Provinces incorporated in territory of Italy.
[6] These figures are for South Korea only.
[7] Combined with Jamaica.

TABLE 32.—*Internal and external public debt of foreign countries, 1939 and 1946*

[In millions of dollars. Available data nearest to date specified]

Area and country	1939			1946		
	Internal	External	Total	Internal	External	Total
AFRICA						
Anglo-Egyptian Sudan			40			36
Angola			(1)			43
Belgian Congo			197			209
Cape Verde Islands			1			(2)
Egypt	7	440	447	418	61	479
Eritrea	(2)	(2)	(2)			
Ethiopia	(2)	(2)	(2)			(2)
Gambia			(2)			(2)
Gold Coast			42			34
Italian East Africa			(1)	(1)	(1)	(1)
Kenya			69			115
Liberia	2	(2)	2	1	8	9
Libya			(1)			
Mauritius			13			11
Mozambique						(2)
Nigeria			101			100
Northern Rhodesia			9			(1)
Nyasaland			22			15
Portuguese Guinea			(1)			(1)
São Tomé and Principe Islands						(2)
Sierra Leone			5			6
Somalia	(2)	(2)	(2)			
Somaliland (British)			1			(1)
Southern Rhodesia			54	58	42	100
Tanganyika			1			31
Uganda			11			11
Union of South Africa	738	422	1,160	2,296	56	2,352
ASIA						
Aden						(1)
Afghanistan		1	1		1	1
Burma		203	203		273	273
Ceylon	14	48	62	80	33	113
China	215	581	796	470	977	1,447
French Indochina	43	11	54			(1)
Hong Kong		4	4		4	4
India	2,196	1,336	3,532	5,806	113	5,919
Indonesia			729			704
Iraq		4	4	8		8
Iran	65	4	69	157	17	174
Japan	5,070	295	5,365	5,089	580	5,669
Korea			158			260
Macao (Portuguese)			(1)			(1)
Malayan Union and Singapore		47	47			(1)
Palestine		16	16		21	21
Philippines			40			37
Portuguese India			1			1
Saudi Arabia			(1)		25	25
Siam	4	27	31	38	23	61
Syria-Lebanon			(1)	5		5
Transjordan		1	1		(2)	(2)
Turkey	300	170	470	391	268	659
EUROPE						
Albania	(2)	16	16	(1)	(1)	(1)
Austria	303	296	599	1,336	90	1,426
Belgium	1,374	221	1,595	5,561	176	5,737
Bulgaria	308	154	462	858	95	953
Cyprus		4	4	4	9	13
Czechoslovakia	1,490	133	1,623	1,782	213	1,995
Denmark	106	140	246	1,779	158	1,937
Eire	288	1	289	310	1	311
Finland	32	75	107	538	233	771
France	11,307	342	11,649	16,257	906	17,163
Germany	(1)	(1)	(1)	(1)	(1)	(1)
Greece	109	518	627	102	599	701
Greenland	(1)	(1)	(1)	(1)	(1)	(1)
Hungary	118	208	326	(6)	228	228
Iceland	8	1	9	6	1	7
Italy	7,670	101	7,771	3,202	659	3,861
Luxembourg	17	7	24	33	20	53
Malta	(2)	(2)		(1)	(1)	(1)
Netherlands	2,287		2,287	5,460	642	6,102
Norway	218	140	358	1,313	82	1,395
Poland	535	208	743	(1)	(1)	(1)

See footnotes at end of table, p. 134.

TABLE 32.—*Internal and external public debt of foreign countries, 1939 and 1946*—Continued

[In millions of dollars. Available data nearest to date specified]

Area and country	1939			1946		
	Internal	External	Total	Internal	External	Total
EUROPE—continued						
Portugal (including Azores and Madeira)	146	112	258	367	34	401
Rumania	291	492	783	2	1	3
Spain	2,292	92	2,384	5,426	327	5,753
Sweden	634		634	3,167		3,167
Switzerland	1,421		1,421	2,684		2,684
United Kingdom	31,873		31,873	100,052	3,097	103,149
U. S. S. R.	5,849		5,849	26,037	171	26,208
Yugoslavia	288	210	498	(1)	(1)	(1)
LATIN AMERICA						
Central America and Mexico:						
British Honduras			3			2
Costa Rica	6	18	24	20	26	46
Guatemala	2	10	12	1	1	2
Honduras	7	3	10	5	2	7
Nicaragua	1	3	4	1	5	6
Panama	4	18	22	4	16	20
El Salvador	4	14	18	3	15	18
Mexico	68	701	769	240	283	523
South America:						
Argentina	1,116	439	1,555	3,103	34	3,137
Bolivia	14	102	116	21	138	159
Brazil	763	375	1,138	733	165	898
British Guiana			17			16
Chile	114	349	463	178	293	471
Colombia	28	111	139	164	86	250
Ecuador	2	27	29	10	34	44
French Guiana			(1)			(1)
Paraguay	6	5	11	14	15	29
Peru	15	137	152	147	174	321
Surinam			(2)			(2)
Uruguay	162	138	300	356	128	484
Venezuela	1	3	4	8	2	10
West Indies and Bermuda:						
British West Indies:						
Bahamas			1			1
Barbados			2			2
Bermuda			(2)			4
Cayman Islands	(1)	(1)	(1)			(2)
Jamaica			30			35
Leeward Islands			1			(2)
Trinidad and Tobago			16			24
Windward Islands			1			2
Cuba	63	126	189	78	102	180
Dominican Republic	(1)	15	15	4	13	17
French West Indies:						
Guadalupe			3			3
Martinique			(1)			4
Haiti	2	8	10	1	9	10
Netherlands West Indies: Curaçao			(1)			(1)
NORTH AMERICA						
Canada	3,889	439	4,328	16,339	460	16,799
Newfoundland	(1)	(1)	100	7	91	98
OCEANIA						
Australia	821	714	1,535	5,590	678	6,268
British North Borneo			5			
Fiji (British)			6			7
New Zealand	494	597	1,091	1,570	493	2,063
Timor			1			1

[1] Not available.
[2] Less than $500,000.
[3] Included in Italian East Africa.
[4] See Eritrea, Ethiopia, and Somalia.
[5] South Korea only.
[6] Old internal debt liquidated by the stabilization of the currency, 1946. Recent short-term debt negligible.
[7] Combined with Jamaica.

TABLE 33.—*Population*[1] *and exchange rates used in preparation of table 31*

[Available data nearest to date of debt and revenue data used]

Area and country	1939			1946			Currency unit (1939 and 1946)
	Population (in thousands)	Exchange rate (cents per unit of foreign currency)		Population (in thousands)	Exchange rate (cents per unit of foreign currency)		
		Debt	Revenue		Debt	Revenue	
AFRICA							
Anglo Egyptian Sudan	6,500	393.0	443.5	7,300	413.8	413.8	Egyptian pound.
Angola	3,738	.....	3.711	4,075	4.06	4.115	Angolar.
Belgian Congo	10,328	3.32	3.40	10,425	2.28	2.28	Belgian franc.
Cape Verde Islands	174	4.038	4.038	190	4.057	4.057	Escudo.
Egypt	16,522	480.0	480.0	18,100	413.85	413.85	Egyptian pound.
Eritrea	(2)	(2)	(2)	800	403.0	403.0	Pound.
Ethiopia	(2)	(2)	(2)	12,000	100.0	100.0	United States dollar.
Gambia	200	393.0	443.5	250	403.0	403.0	Pound.
Gold Coast	3,787	403.5	426.3	4,650	403.0	403.0	Do.
Italian East Africa	12,200	5.20	5.20	(3)	(3)	(3)	Lira.
Kenya	3,500	393.0	443.5	4,060	402.9	403.5	Pound.
Liberia	1,500	92.40	92.40	1,600	100.0	100.0	Liberian dollar.
Libya	(4)	(4)	(4)	1,013	403.0	403.0	Pound.
Mauritius	413	403.5	410.1	430	403.0	403.0	Do.
Mozambique	5,081	.....	4.038	5,550	4.06	4.05	Escudo.
Nigeria	20,477	403.5	426.3	21,336	403.0	403.0	Pound.
Northern Rhodesia	1,400	393.0	443.5	1,663	402.9	403.3	Do.
Nyassland	1,680	393.0	443.5	2,231	402.9	403.3	Do.
Portuguese Guinea	350	.....	4.06	360	.....	4.057	Escudo.
St. Helena and Ascension Islands.	4	393.0	443.5	5	403.0	403.0	Pound.
Sao Tome and Principe Islands.	60	.....	4.038	61	4.057	4.057	Escudo.
Seychelles	31	393.0	443.5	35	403.0	403.0	Pound.
Sierra Leone	1,600	393.0	443.5	1,769	403.0	403.0	Do.
Somaliland (British)	350	393.0	443.5	365	.....	403.0	Do.
Somalia	(2)	(2)	(2)	1,255	403.0	403.0	Do.
Southern Rhodesia	1,436	403.5	426.3	1,635	403.0	403.0	Do.
Spanish Guinea	163	.....	.....	170	9.13	9.13	Peseta.
Spanish Morocco	795	5.60	5.60	1,284	9.13	9.13	Do.
Spanish West Africa	21	.....	.....	37	9.13	9.13	Do.
Tanganyika	5,200	393.0	443.5	5,590	402.9	403.3	Pound.
Tangier	60	2.51	2.51	125	.40	.40	French franc.
Uganda	3,726	393.0	443.5	4,035	403.0	403.0	Pound.
Union of South Africa	10,251	398.0	440.0	11,368	403.5	403.5	South African pound.
Zanzibar	240	393.0	443.5	250	403.0	403.0	Pound.
ASIA							
Aden	648	403.5	426.3	648	403.5	403.5	Pound.
Afghanistan	7,750	7.666	7.666	8,400	7.666	7.660	Afghanistan rupee.
Burma	16,824	35.9	35.9	17,700	30.05	30.05	Indian rupee.
Ceylon	5,922	34.6	34.6	6,760	30.05	30.05	Rupee.
China	416,100	7.487	11.879	417,400	.030	.050	Dollar (CN).
French Indochina	23,250	22.3	25.1	25,500	.....	.....	Piaster.
Hong Kong	1,050	403.5	426.3	1,072	403.5	403.5	Pound.
India	286,201	30.179	32.5	310,625	30.12	30.12	Rupee.
Iraq	3,700	403.5	426.3	4,100	403.5	403.5	Dinar.
Iran	12,672	5.84	5.45	13,900	3.08	3.08	Rial.
Indonesia	69.435	53.107	53.335	72,000	37.789	37.813	Guilder.
Japan	71.253	23.441	25.963	67,230	{[5] 6.67 / [6] 2.00}	6.67	Yen.
Korea	24,100	23.441	25.963	19,369	6.67	6.67	Yen.
Macao (Portuguese)	340	32.0	4.038	385	.....	4.057	Escudo.[7]
Malayan Union and Singapore.	5,416	393.0	443.5	6,200	403.0	403.0	Pound.
Palestine	1,502	403.5	426.3	1,810	403.0	403.0	Palestine pound.
Philippines	16,300	50.0	50.0	18,300	50.0	50.0	Peso.
Portuguese India	624	36.59	4.038	650	4.06	4.057	Escudo.[8]
Siam	15,600	43.0	43.0	15,717	6.67	23.44	Baht.
Syria-Lebanon	3,700	45.6	45.6	4,170	50.0	50.0	Syria-Lebanon pound.
Saudi Arabia	4,500	100.0	100.0	5,250	100.0	100.0	United States dollar.
Transjordan	309	403.5	426.3	400	403.5	403.5	Pound.
Turkey	17,800	76.0	76.0	19,100	35.7	65.9	Turkish pound.
EUROPE							
Albania	1,064	[9] 32.669	19.47	1,140	.....	.361	Franc.
Austria	6,760	18.892	18.916	7,000	10.0	10.0	Schilling.
Belgium	8,396	3.379	3.370	8,389	2.280	2.283	Franc.

See footnotes at end of table, p. 137.

TABLE 33.—*Population* [1] *and exchange rates used in preparation of table 31*—Con.

[Available data nearest to date of debt and revenue data used]

Area and country	1939			1946			Currency unit (1939 and 1946)
	Population (in thousands)	Exchange rate (cents per unit of foreign currency)		Population (in thousands)	Exchange rate (cents per unit of foreign currency)		
		Debt	Revenue		Debt	Revenue	
EUROPE—continued							
Bulgaria	6,620	1.211	1.211	7,022	.80	.350	Lev.
Czechoslovakia	14,603	3.422	3.407	13,047	2.006	2.006	Koruna.
Cyprus	380	467.032	443.539	449	403.37	403.28	Pound.
Denmark	3,777	20.912	21.825	4,102	20.877	20.876	Crown.
Eire	2,934	468.538	443.539	2,953	403.38	403.28	Pound.
Finland	3,702	1.814	1.995	3,877	.7353	.735	Markka.
France	41,100	2.614	2.510	39,600	.841	.841	Franc.
Germany	69,317	.....	40.164	65,891	.....	.....	Reichsmark.
Gibraltar	20	.....	443.539	21	.....	403.28	Pound.
Greece	7,201	.716	.815	7,450	.02	.02	Drachma.
Greenland	18	.....	20.346	20	.....	20.876	Crown.
Hungary	9,106	[16] 19.613	[16] 19.238	9,309	8.58	8.58	Forint.
Iceland	120	15.448	15.448	130	15.45	15.45	Crown.
Italy	44,213	5.260	5.261	45,646	.253	.237	Lira.
Luxembourg	300	3.369	3.370	280	2.280	2.283	Franc.
Malta	269	403.5	443.539	285	.....	403.28	Pound.
Netherlands	8,334	53.208	55.335	9,421	37.788	37.813	Guilder.
Norway	2,929	23.524	23.226	3,040	20.197	20.176	Krone.
Poland	34,849	18.909	18.860	23,625	.....	1.0	Zloty.
Portugal (including Azores and Madeira).	7,722	3.604	4.038	8,223	4.05	4.05	Escudo.
Rumania	19,934	.714	.711	16,472	.0028	.0029	Leu.
Spain	25,774	10.039	9.322	26,992	9.132	9.132	Peseta.
Sweden	6,341	23.796	23.99	6,764	27.821	25.859	Krona.
Switzerland	4,206	22.422	22.525	4,450	23.636	23.636	Franc.
United Kingdom	47,761	403.5	443.539	49,226	402.73	403.28	Pound.
U. S. S. R	172,000	18.867	18.867	191,500	18.867	18.867	Ruble.
Yugoslavia	15,703	2.278	2.312	15,400	.....	2	Dinar.
LATIN AMERICA							
Central America and Mexico:							
British Honduras	59	393.0	443.5	59	403.5	403.0	Pound.
Costa Rica	639	17.825	17.825	772	17.825	17.825	Colon.
Guatemala	3,083	100.0	100.0	3,706	100.0	100.0	Quetzal.
Honduras	1,108	50.0	50.0	1,201	50.0	50.0	Lempira.
Nicaragua	975	20.0	20.0	1,082	20.0	20.0	Cordoba.
Panama	550	100.0	100.0	632	100.0	100.0	Balboa.
El Salvador	1,744	40.0	40.0	1,997	40.0	40.0	Colon.
Mexico	19,413	20.0	19.303	22,753	20.618	20.618	Peso.
South America:							
Argentina	13,132	31.2167	30.8504	16,108	29.773	29.773	Do.
Bolivia	3,352	2.76	3.916	3,723	2.3809	2.3809	Boliviano.
Brazil	40,250	6.0576	6.0027	46,726	5.4053	5.34	Cruzeiro.[18]
British Guiana	311	393.0	443.5	376	403.5	403.5	Pound.
Chile	4,677	5.1705	5.1727	5,479	3.2258	3.2258	Peso.
Colombia	8,973	57.0217	57.0608	10,350	57.140	57.306	Do.
Ecuador	2,923	6.67	6.743	3,350	6.65	6.818	Sucre.
Falkland Islands	3	.....	443.5	3	.....	403.0	Pound.
French Guiana	(12)	.....	.....	(12)	.....	.....	
Paraguay	988	.003	49.908	1,165	32.365	32.365	Guarani.[19]
Peru	6,102	17.52	17.301	6,838	15.384	15.384	Sol.
Surinam	178	53.128	53.128	181	53.158	53.158	Guilder.
Uruguay	2,135	65.830	62.011	2,946	65.830	65.830	Peso.
Venezuela	3,512	32.362	31.546	4,300	30.303	30.303	Bolivar.
West Indies and Bermuda:							
British West Indies:							
Bahamas	69	393.0	443.5	(75) (69)	403.5	403.5	Pound.
Barbados	196	403.5	393.0	193	403.	403.	Do.
Bermuda	32	393.0	443.5	35	403.5	403.	Do.
Cayman Islands	7	(16)	393.0	7	403.5	403.5	Do.
Jamaica	1,174	468.5	480.5	1,326	403.5	403.5	Do.
Leeward Islands	93	393.0	443.5	109	403.5	403.	Do.
Trinidad and Tobago	473	85.00	85.00	557	84.00	84.00	Trinidad dollar.
Turks and Caicos Isles	5	.....	443.5	6	.....	403.	Pound.
Windward Islands	277	393.0	443.5	252	403.	403.	Do.

See footnotes at end of table, p. 137.

TABLE 33.—*Population* [1] *and exchange rates used in preparation of table 31*—Con.

[Available data nearest to date of debt and revenue data used]

Area and country	1939			1946			Currency unit (1939 and 1946)
	Population (in thousands)	Exchange rate (cents per unit of foreign currency)		Population (in thousands)	Exchange rate (cents per unit of foreign currency)		
		Debt	Revenue		Debt	Revenue	
LATIN AMERICA—continued							
West Indies and Bermuda—Continued							
Cuba	4,253	100.00	100.00	5,052	100.00	100.00	Peso.
Dominican Republic	1,690	100.00	100.00	2,029	100.00	100.00	United States dollar.
French West Indies:							
Guadalupe	304	4.5103	2.5103	335	1.782	.843	French franc.
Martinique	247	N. A.	2.878	262	2.0	N. A.	Do.
Haiti	2,600	20.00	20.00	3,000	20.00	20.00	Gourde.
Netherlands West Indies:							
Curacao	106	53.00	53.00	144	53.00	53.00	Guilder.
NORTH AMERICA							
Canada	11,267	90.909	96.018	12,307	100.00	95.198	Dollar.
Newfoundland	291	90.099	99.773	318	90.909	95.198	Do.
OCEANIA							
Australia	6,997	323.7	324.0	7,414	373.0	372.0	Australian pound.
British North Borneo	302	393.0	443.5	280	403.0	403.0	Pound.
Brunei	37	393.0	443.5	10	403.0	403.0	Do.
Fiji (British)	211	393.0	443.5	259	403.0	403.0	Do.
Gilbert and Ellice Islands	35	403.5	410.1	35	403.0	403.0	Do.
New Hebrides	43	393.0	443.5	50	403.0	403.0	Do.
New Zealand	1,634	301.0	343.0	1,793	325.0	325.0	New Zealand pound.
Solomon Islands	94	403.5	420.3	94	403.0	403.0	Pound.
Sarawak	443	393.0	443.5	475	403.0	403.0	Do.
Timor	480	3.604	4.038	550	4.057	4.057	Escudo.
Tonga	34	403.5	410.1	40	403.5	403.5	Pound.

[1] Main sources for population: 1939, United Nations, Monthly Bulletin of Statistics, September 1947 p. 1, table 1; 1946, State Department, World Population Estimates, March 1947.
[2] Included in Italian East Africa.
[3] See Eritrea, Ethiopia, and Somalia.
[4] Provinces incorporated in territory of Italy.
[5] External.
[6] Internal.
[7] The unit of currency in 1939 for debt is pataca.
[8] The unit of currency in 1939 for debt is rupee.
[9] Albanian debt is in gold francs; revenue is in paper francs.
[10] Unit of currency for 1939 is pengo.
[11] The unit of currency in 1939 is milreis.
[12] Not available.
[13] The unit of currency in 1939 for debt is paper pesos and for revenue gold pesos.
[14] See Jamaica.

AVERAGE INTEREST RATE FOR FOREIGN GOVERNMENT BORROWING

Comparable data regarding interest rates effective in foreign countries are not available. In most countries current borrowing has been primarily in the form of advances from the central bank or intergovernmental. Loans of either of these two types would not be indicative of the real cost of money to the foreign country. A better indication of the real cost is given by current yields on foreign government bonds in those countries' domestic markets as calculated and published by the United Nations Statistical Office. Table 34 attached presents such yields.

TABLE 34.—*Current yields of foreign government bonds, as of August 1947*

Area and country	Yields	Remarks
Africa:	*Percent*	
Egypt	2.67	3½ percent bonds.
Union of South Africa	2.62	3 percent bonds, 1951-56.
Asia: India	2.29	3 percent bonds, 1951-54.
Europe:		
Belgium	3.28	3 percent irredeemable bonds.
Denmark	3.60	3½ percent irredeemable bonds.
France	4.00	3 percent irredeemable bonds.
Italy	4.60	3½ percent irredeemable bonds.
Netherlands	2.99	3 percent state loan bonds.
Norway	2.49	2½ percent bonds.
Portugal	3.10	
Sweden	3.02	3 percent bonds, 7 loans.
Switzerland	3.13	Yield of 12 loans.
United Kingdom	2.99	2½ percent bonds.
Latin America:		
South America:		
Chile	8.33	7 percent bonds.
Colombia	7.31	6 percent bonds.
Uruguay	4.49	3½ percent funded debt bonds.
Brazil	6.47	5 percent bonds.
North America: Canada	2.55	15-year bonds.
Oceania:		
Australia	3.18	12-year bonds. Estimated from securities maturing in 10 or more years.
New Zealand	3.00	3½ percent bonds, 1953-57.

Source: Monthly Bulletin of Statistics, Statistical Office of the United Nations, September 1947, pp. 117-118.

EFFECT OF THE WAR ON THE PUBLIC DEBT OF THE UNITED STATES

The public debt of the United States has been defined for the purposes of this report as (1) the gross debt of the Federal Government including guaranteed obligations not owned by the United States Treasury and (2) the net interest-bearing debt of State and local governments. (See table 35, footnotes 1 and 2.) Gross debt data for State and local governments comparable to the gross debt figures of the Federal Government are not available.

It should be noted that the total public debt in the United States includes Government securities owned by Federal agencies and trust funds, and by trust and investment funds of State and local governments. The holdings of these agencies and funds amounted to $40,800,000,000 on June 30, 1947. These holdings have not been deducted from the total public debt as they represent assets accumulated for specific purposes. Consequently, they should not be considered as an offset against the public debt in the sense that securities held in sinking funds are an offset. Securities held in sinking funds of State and local governments have been excluded from the net interest-bearing debt of State and local governments, and, therefore, are not included in the totals.

Size of the public debt

The total public debt of the United States—Federal, State, and local—increased by $209,400,000,000 from June 30, 1939, to June 30, 1947. The debt of the Federal Government increased $212,500,000,000 during this period, reflecting the cost of the war which was borne almost entirely by the Federal Government. However, the Federal debt reached a high of $279,800,000,000 on February 28, 1946, and by June 30, 1947, had been reduced $21,400,000,000 as a result of drawing down the general fund balance of the Treasury from wartime to peacetime levels and of a surplus of $754,000,000 for the fiscal year 1947.

TABLE 35.—*Total public debt of the United States outstanding, classified by issuer, June 30, 1939–June 30, 1947*

[Billions of dollars]

Date	United States [1]	State and local [2]	Total [3]	Held by governmental funds [4]
June 30—				
1939	45.9	17.7	63.6	8.5
1940	48.5	18.1	66.6	10.0
1941	55.3	18.1	73.4	11.9
1942	77.0	17.6	94.6	14.3
1943	140.8	16.4	157.2	18.3
1944	202.6	15.1	217.7	24.2
1945	259.1	14.2	273.3	31.5
1946	269.9	13.6	283.5	36.4
1947	258.4	14.6	273.0	40.8

[1] Gross debt, including guaranteed obligations not held by the United States Treasury; gross debt consists of interest-bearing debt, matured debt on which interest has ceased, and debt bearing no interest. Source: Treasury Bulletin, July 1947, p. 20: Daily statement of United States Treasury, July 1, 1947.

[2] Interest-bearing debt less amount of interest-bearing securities issued by Federal, State, and local governments held in sinking funds of States, localities, Territories, and possessions. (The small amount of securities held in sinking funds of Territories and possessions is included.) There is only a very small amount of non-interest-bearing debt of State and local governments outstanding. Source: Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1947.

[3] Including obligations of Federal, State, and local governments held by Federal agencies and trust funds and by trust and investment funds of States, localities, Territories and possessions.

[4] Obligations of Federal, State, and local governments held by Federal agencies and trust funds and by trust and investment funds of States, localities, Territories and possessions. Does not include securities held in sinking funds. Source: Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1947.

The debt of State and local governments, however, decreased 3.1 billion dollars from the end of June 1939 to the end of June 1947. The decrease in State and local debt resulted from increased revenues of these governmental units and from the postponement of State and local expenditures for some functions, such as public works.

Ownership of the public debt

Through an intensive sales effort and the use of savings bonds and other bank-restricted securities, it was possible to achieve a wide distribution of the Federal debt among various classes of investors. Table 36 shows the estimated ownership of all interest-bearing securities of Federal, State, and local governments in the United States.

The reduction effected in the Federal debt by drawing down the Treasury balance from wartime to peacetime levels, has been concentrated in bank-held debt. As a consequence, the proportion of the interest-bearing Federal debt in the hands of nonbank investors was 64 percent on June 30, 1947, compared with 60 percent on June 30, 1946, and on June 30, 1939.

Rate of interest on the public debt

Although the war resulted in a large increase in the debt of the Federal Government, this debt was financed at a decreasing rate of interest (table 37). The computed average rate of interest on the direct and guaranteed interest-bearing debt of the Federal Government was 2.107 percent on June 30, 1947, although all except a very small amount of the public debt outstanding was taxable. On June 30, 1939, the computed average rate of interest was 2.53 percent; at that time interest on all of the debt was exempt from the normal tax and a part of it from the surtax. The lowest computed average interest rate was 1.92 percent at the end of December 1944.

The recent increase in the average rate of interest on the public debt has resulted principally from a shift from short-term to long-term securities concurrent with the reduction in bank-held debt. Recent issues of Treasury bills, certificates of indebtedness, and Treasury notes have been sold at higher interest rates, although the rate on long-term Government bonds, except for savings bonds, has remained at 2.50 percent, as pointed out in the reply to item 14.

TABLE 36.—*Estimated ownership of all interest-bearing securities issued by governmental units in the United States June 30, 1939–June 30, 1947*

[Par value.[1] Billions of dollars]

Date	Total amount outstanding	Held by banks			Held by nonbank investors						
		Total	Commercial banks	Federal Reserve banks	Total	Individuals[2]	Insurance companies	Mutual savings banks	Other corporations and associations[3]	State and local governments[4]	U. S. Government agencies and trust funds
June 30—											
1939	65.1	21.1	18.5	2.6	43.9	18.3	7.9	3.6	3.8	4.1	6.4
1940	67.9	22.2	19.7	2.5	45.7	17.9	8.7	3.7	3.7	4.2	7.6
1941	74.8	25.6	23.4	2.2	49.2	18.8	9.3	3.9	3.5	4.5	9.2
1942	95.0	32.3	29.6	2.6	63.7	25.5	11.4	4.3	6.5	4.7	11.4
1943	158.0	62.9	55.7	7.2	95.0	37.8	14.8	5.5	16.6	5.3	14.9
1944	218.3	86.8	71.9	14.9	131.5	52.2	18.9	7.5	26.8	6.6	19.7
1945	273.2	109.8	88.0	21.8	163.4	65.4	24.1	9.7	30.6	8.2	25.4
1946	284.3	112.3	88.5	23.8	172.0	69.7	26.5	11.6	25.9	8.9	29.6
1947	271.8	96.9	75.0	21.9	174.9	72.9	20.1	12.2	20.9	9.5	33.3

Figures are rounded and will not necessarily add to totals.

[1] Figures represent par values with the following exceptions: (1) The holdings of commercial and mutual savings banks of State and local governments, Territories, and possessions are book values, (2) the holdings of these securities by individuals are residuals, and so deviate from par values in those cases where the figures for commercial and mutual savings banks are book values, (3) in the case of data which include United States savings bonds series A-D, E, and F, the figures for these bonds represent current redemption values.

[2] Includes partnerships and personal trust accounts.

[3] Includes savings and loan associations, dealers and brokers, and investments of foreign balances in this country.

[4] Comprises trust, sinking, and investment funds of State and local governments, territories, and possessions.

Source: Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1947.

AVERAGE INTEREST RATE FOR UNITED STATES GOVERNMENT BORROWING

The computed average interest rate on the outstanding direct and guaranteed public debt of the United States on June 30, 1947, was 2.107 percent.

At the present time there are four issues of securities continuously on sale by the Government. These are series E, F, and G savings bonds and Treasury savings notes, series C. Series E savings bonds yield 2.9 percent, if held 10 years to maturity; series F and G savings bonds yield 2.53 percent and 2.50 percent, respectively, if held 12 years to maturity; series C savings notes yield 1.07 percent, if held 3 years to maturity.

The rate of interest paid on other securities issued by the United States varies with the term and maturity of the issue. Ninety-day Treasury bills are offered weekly. The issue dated December 4, 1947, sold at an average discount rate of 0.944 percent. The issue of Treasury notes, dated December 1, 1947, is a 1⅛-percent, 13-month security. From September 29 through October 8, 1947, the Treasury Department offered a 2½-percent Treasury bond, investment series A-1965, at 100 to institutional investors holding savings, insurance, and pension funds, and commercial banks holding savings deposits.

TABLE 37.—*Yields on United States Government securities June 30, 1939–June 30, 1947*

Date	United States			State and local	Date	United States			State and local
	Treasury bills [1]	Long-term bonds [2]	Computed average rate of interest [3]	Municipal bond yield [4]		Treasury bills [1]	Long-term bonds [2]	Computed average rate of interest [3]	Municipal bond yield [4]
June 30:		*Percent*	*Percent*		June 30:		*Percent*	*Percent*	
1939	0.005	2.22	2.53	2.58	1944	0.375	2.49	1.92	1.80
1940	.046	2.40	2.51	2.68	1945	.375	2.35	1.94	1.54
1941	.066	2.01	2.44	2.05	1946	.375	2.16	2.00	1.56
1942	.362	2.43	2.26	2.28	1947	.375	2.22	2.11	1.84
1943	.374	2.45	1.98	1.95					

[1] Average discount rate on last issue of Treasury bills sold prior to June 30.
[2] Monthly average yield on Treasury bonds having 15 or more years to earliest call date. Yields for 1939, 1940, and 1941 are for partially tax-exempt bonds; for 1942 and subsequent years, the yields are for taxable bonds.
[3] Computed average annual interest rate on total direct and guaranteed interest-bearing debt outstanding on June 30.
[4] Dow-Jones twenty 20-year municipal bonds. Yields for 1939 and 1940 are for the last Saturday in June and for 1941–47 are for the last Friday in June.

Source: Discount rates on Treasury bills from Annual Reports of the Secretary of the Treasury; yields on long-term Treasury bonds and computed average rates of interest from the Treasury Bulletin; and municipal bond yields from the Dow-Jones averages, published by Barron's Financial Weekly.

TABLE 38.—*Total Government receipts in United States, 1939 and 1946*

[Millions of dollars]

	1939	1946
Federal: [1]		
Tax collections	5,484	40,767
Other receipts [2]	184	3,471
Total Federal receipts	5,668	44,239
State and local: [3]		
Tax collections	7,899	10,470
Other receipts [2]	762	922
Total State and local receipts	8,661	11,392
Total Federal, State and local receipts	14,329	55,631

[1] For fiscal years ending June 30.
[2] A separate classification of receipts from Government enterprises is not available.
[3] For calendar years.

Source: Federal Government: Annual Report of the Secretary of the Treasury for the fiscal years ended June 30, 1939 and June 30, 1946. State and local: National Income, Supplement to Survey of Current Business, July 1947.

Chapter V. BALANCE OF PAYMENTS OF THE UNITED STATES

In this chapter material concerning balance of payments or aspects thereof, has been assembled. The data are in reply to two questions contained in Senate Resolution 103, namely:

Item 9. So far as possible, the total value of American goods exported and services performed for foreigners, excluding reexports and financial and security transfers, annually from 1914 to 1946; together with the corresponding items supplied by foreigners to the United States in the same period.

Item 15. An estimate year by year of the probable expenditure of foreign countries for American goods and services as a result of the loans, credits, grants, and other forms of financial aid, contracted with this country publicly or privately since VE-day.

A discussion of item 9 and a presentation of data on United States exports and imports in the years 1914, 1932, 1939, and 1946 appear in section A. Section B covers a discussion of item 15 and supplies data relative to private United States lending abroad, and section C gives certain supplemental data regarding postwar lending by foreign countries.

A. Balance of Payments of the United States

Table 39, which follows, shows, as item I A, total goods exported and services performed for foreigners in the respective years or periods, while item II A represents the corresponding items supplied by foreigners to the United States. More specifically, goods and services include all exports or imports of movable goods and so-called invisible items. The latter include shipping, travel, insurance, rents and royalties, property income (interest, dividends, and profits) and others. Exports are credits (or receipts) since in each case the country is giving up an asset; contrariwise, imports (payments) are debits because the country is acquiring an asset.

Items I B and C, II B and C, and IV represent the financial and security transfers which served to finance the net surplus of exports or imports of goods and services. Items I B and II B cover unilateral transfers, or gifts, contributions, and other transfers of value not involving a quid pro quo in the form of goods, services, gold, or capital assets. Under this heading are included not only cash gifts, such as immigrant remittances, but also the value of gifts in kind, such as UNRRA or lend-lease shipments. Thus unilateral transfer debits (or payments) reflect the value of all gifts, contributions, and similar items to foreign countries, whether in cash or other capital claims, or in the form of goods or services.

Items I C and II C, long-term capital movements, represent shifts in capital claims of indefinite maturity or of a maturity of more than one year. They include not only securities (stocks, bonds, mortgages, etc.) but real property (farms, branch factories, and real estate). Real property purchased by the Government for its own use, how-

ever, has been included in services, while all expenditures of religious and charitable institutions are included in unilateral transfers, even if they involve the purchase of fixed assets.

Investments of the United States abroad are assets; foreign investments in the United States are liabilities. The principle for determining credits or debits has already been stated.

Item IV, short-term capital and gold, includes all capital movements other than long-term, i. e., movements of bank deposits and other claims payable on demand or with an original maturity of less than 1 year. Until 1919 the gold entry in the balance of payments was the net international movement of gold in all its forms. Beginning in 1919, however, the gold entry is the net change in the monetary gold stock, including stabilization fund holdings. Thus the gold stock is considered a special kind of international asset, all increases in which are debited and decreases credited in the balance-of-payments statement. Offsetting entries occur in the merchandise account: If the gold stock increases because domestic production exceeds domestic nonmonetary use, such excess is treated as an export or credit; if domestic consumption exceeds production, the excess is treated as an import and may be considered to be that part of the imported gold used as merchandise and not added to the gold stock. This was the case in the years 1943–46. The algebraic sum of the merchandise entry and the monetary gold entry, it should be noted, still equals the net international gold transactions.

TABLE 39.—*International transactions of the United States, 1914–1947*

[In millions of dollars]

Item	July 1, 1914–Dec. 31, 1918	1919	1920	1921	1922	1923	1924	1925	1926	1927
I. Receipts, total	25,232	11,464	10,983	5,920	5,219	6,090	6,344	6,964	7,038	7,058
A. Goods and services, total	24,793	10,784	10,272	5,512	4,961	5,494	5,919	6,348	6,381	6,464
1. Goods	22,974	8,891	8,481	4,586	3,929	4,259	4,741	5,011	4,922	4,982
2. Income on investments	900	719	596	445	670	840	762	912	953	981
3. Other services	919	1,174	1,195	481	362	395	416	425	506	501
B. Unilateral transfers	312	276	66	60	65	65	72	47	61	70
C. Long-term capital, total	127	404	645	348	193	531	353	569	596	524
1. Movements of United States capital invested abroad	----------	404	645	332	166	173	148	248	481	524
2. Movements of foreign capital invested in United States	127	----------	----------	16	27	358	205	321	115	----------
II. Payments, total	26,250	10,352	9,146	4,869	5,358	5,567	6,029	6,823	7,289	7,333
A. Goods and services, total	14,022	5,917	6,750	3,391	3,972	4,668	4,577	5,272	5,564	5,400
1. Goods	11,166	3,995	5,384	2,572	3,184	3,956	3,684	4,291	4,500	4,240
2. Income on investments	540	130	120	105	105	130	140	170	200	240
3. Other services	2,316	1,792	1,246	714	683	672	753	811	864	920
B. Unilateral transfers	711	1,319	744	568	409	414	427	439	433	418
C. Long-term capital, total	11,517	3,116	1,652	910	977	485	1,025	1,112	1,292	1,515
1. Movements of United States capital invested abroad	9,205	2,901	1,374	890	957	465	1,005	1,092	1,272	1,465
2. Movements of foreign capital invested in United States	2,312	215	278	20	20	20	20	20	20	50
III. Excess of receipts (+) or payments (−), total	−1,018	+1,112	+1,837	+1,051	−139	+523	+315	+141	−251	−275
A. Goods and services	+10,771	+4,867	+3,522	+2,121	+989	+826	+1,342	+1,076	+817	+1,064
B. Unilateral transfers	−399	−1,043	−678	−508	−344	−349	−355	−392	−372	−348
Net goods and services and unilateral transfers	+10,372	+3,824	+2,844	+1,613	+645	+477	+987	+684	+445	+716
C. Long-term capital	−11,390	−2,712	−1,007	−562	−784	+46	−672	−543	−696	−991
IV. Net inflow (+) or outflow (−) of funds on gold and short-term capital account, total	−1,039	+166	+68	−735	−269	−348	−137	−6	+326	+698
A. Net increase (−) or decrease (+) in United States gold stock	−1,044	+166	+68	−735	−269	−315	−256	+100	−93	+113
B. Net movement of United States short-term capital abroad	+5	----------	----------	----------	----------	−82	−109	−46	−36	−349
C. Net movement of foreign short-term capital in United States	----------	----------	----------	----------	----------	+49	+228	−60	+455	+934
V. Errors and omissions	+2,057	−1,278	−1,905	−316	+408	−175	−178	−135	−75	−423

Item	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
I. Receipts, total	7,815	7,929	6,376	4,324	2,841	2,754	3,214	3,840	4,412	5,131
A. Goods and services, total	6,850	7,042	5,450	3,641	2,474	2,402	2,975	3,265	3,539	4,553
1. Goods	5,249	5,347	3,929	2,494	1,667	1,736	2,238	2,404	2,590	3,451
2. Income on investments	1,080	1,139	1,040	766	527	437	437	521	569	577
3. Other services	521	556	481	381	280	229	300	340	380	525
B. Unilateral transfers	72	78	58	36	17	17	20	21	22	29
C. Long-term capital, total	893	809	868	647	350	335	219	554	851	549
1. Movements of United States capital invested abroad	410	431	782	561	350	155	219	219	236	269
2. Movements of foreign capital invested in United States	483	378	86	86	----------	180	----------	335	615	280
II. Payments, total	7,601	7,398	5,907	3,912	2,415	2,487	2,615	3,458	3,728	4,548
A. Goods and services, total	5,483	5,904	4,428	3,137	2,079	2,056	2,384	2,157	3,455	4,268
1. Goods	4,159	4,463	3,104	2,120	1,343	1,510	1,763	2,462	2,546	3,181
2. Income on investments	275	330	295	220	135	115	135	155	270	295
3. Other services	1,049	1,111	1,029	797	601	431	486	540	639	792
B. Unilateral transfers	427	445	390	343	243	213	182	183	199	252
C. Long-term capital, total	1,691	1,049	1,089	432	93	218	49	118	74	28
1. Movements of United States capital invested abroad	1,671	1,029	1,069	412	67	203	34	103	59	13
2. Movements of foreign capital invested in United States	20	20	20	20	26	15	15	15	15	15
III. Excess of receipts (+) or payments (−), total	+214	+531	+469	+412	+426	+227	+629	+382	+684	+583
A. Goods and services	+1,367	+1,138	+1,022	+504	+395	+346	+591	+108	+84	+285
B. Unilateral transfers	−355	−367	−332	−307	−226	−196	−162	−162	−177	−223
Net goods and services and unilateral transfers	+1,012	+771	+690	+197	+169	+150	+429	−54	−93	+62
C. Long-term capital	−798	−240	−221	+215	+257	[1] −177	[1] +200	+436	+777	+521
IV. Net inflow (+) or outflow (−) of funds on gold and short-term capital account, total	−110	−147	−789	−504	−499	−288	−1,044	−780	−841	−1,098
A. Net increase (−) or decrease (+) in United States gold stock	+238	−143	−310	+133	−53	+131	−1,266	−1,822	−1,272	−1,364
B. Net movement of United States short-term capital abroad	−231	−200	−191	+628	+227	+35	+96	+424	+55	+45
C. Net movement of foreign short-term capital in United States	−117	+196	−288	−1,265	−673	−454	+126	+648	+376	+311
V. Errors and omissions	−104	−384	+320	+92	+73	+61	+415	+368	+157	+425

[1] The net long-term capital transactions figure for 1933 includes $40,000,000, and that for 1934 includes $30,000,000 representing the net transfer of funds in security arbitrage operations. These transactions cannot be divided between domestic and foreign securities in those years.

TABLE 39.—*International transactions of the United States, 1914–1947*—Continued

[In millions of dollars]

Item	1938	1939	1940	1941	1942	1943	1944	1945	1946	January-June 1947
I. Receipts, total	4,551	4,636	5,780	7,210	13,077	21,716	24,485	19,249	16,474	10,872
A. Goods and services, total	4,336	4,432	5,355	6,896	11,769	19,134	21,438	16,073	15,264	9,927
1. Goods	3,243	3,347	4,124	5,343	9,187	15,115	16,969	12,222	12,140	8,301
2. Income on investments	585	541	564	544	514	508	572	555	611	391
3. Other services	508	544	667	1,009	2,068	3,511	3,897	3,296	2,513	1,235
B. Unilateral transfers	40	38	59	43	1,002	2,137	2,407	2,591	219	324
C. Long-term capital, total	175	166	366	271	306	445	640	585	991	621
1. Movements of United States capital invested abroad	103	166	209	193	219	402	406	555	990	614
2. Movements of foreign capital invested in United States	72	----------	157	78	87	43	234	30	1	7
II. Payments, total	3,345	3,721	4,344	6,578	13,159	23,732	26,154	21,009	14,793	11,431
A. Goods and services, total	3,056	3,377	3,636	4,466	5,356	8,096	8,986	9,424	7,131	4,002
1. Goods	2,173	2,409	2,713	3,486	3,965	5,427	5,589	5,829	5,264	3,025
2. Income on investments	200	230	210	187	159	155	161	168	173	97
3. Other services	683	738	713	813	1,232	2,514	3,236	3,427	1,694	880
B. Unilateral transfers	211	205	269	1,179	7,338	15,044	16,549	9,628	3,329	1,550
C. Long-term capital, total	78	139	439	913	465	592	619	1,957	4,333	5,879
1. Movements of United States capital invested abroad	63	53	192	508	294	486	560	1,803	3,992	5,807
2. Movements of foreign capital invested in United States	15	86	247	405	171	106	59	154	341	72
III. Excess of receipts (+) or payments (−), total	+1,206	+915	+1,436	+632	−82	−2,016	−1,669	−1,760	+1,681	−559
A. Goods and services	+1,280	+1,055	+1,719	+2,410	+6,413	+11,038	+12,452	+6,649	+8,133	+5,925
B. Unilateral transfers	−171	−167	−210	−1,136	−6,336	−12,907	−14,142	−7,037	−3,110	−1,226
Net goods and services and unilateral transfers	+1,109	+888	+1,509	+1,274	+77	−1,869	−1,690	−388	+5,023	+4,699
C. Long-term capital	+97	+27	−73	−642	−159	−147	+21	−1,372	−3,342	−5,258
IV. Net inflow (+) or outflow (−) of funds on gold and short-term capital account, total	−1,455	−1,704	−2,713	−1,108	+90	+1,982	+1,706	+1,888	−1,799	+171
A. Net increase (−) or decrease (+) in United States gold stock	−1,799	−3,174	−4,243	−719	+23	+757	+1,350	+548	−623	−711
B. Net movement of United States short-term capital abroad	+27	+211	+177	+11	−115	+3	−153	−313	−293	−457
C. Net movement of foreign short-term capital in United States	+317	+1,259	+1,353	−400	+182	+1,222	+509	+1,653	−883	+1,339
V. Errors and omissions	+249	+789	+1,277	+476	−8	+34	−37	−128	+118	+388

Source: International Economics Division, Office of Business Economics, Department of Commerce. Data regarding the period July 1, 1914–Dec. 30, 1918, were rearranged from the Review of Economic Statistics, Supplement, Preliminary Vol. 3, June 1921, p. 201.

TABLE 40.—*Reexports of foreign merchandise from the United States, 1914–46*

[In millions of dollars]

1914-18	329.1	1928	98.2	1938	37.3
1919	170.6	1929	83.9	1939	53.8
1920	147.5	1930	62.0	1940	87.0
1921	106.1	1931	46.3	1941	127.2
1922	66.7	1932	34.9	1942	75.9
1923	76.8	1933	27.8	1943	123.4
1924	93.3	1934	32.7	1944	97.1
1925	91.1	1935	39.8	1945	217.4
1926	96.9	1936	37.0	1946	237.0
1927	106.5	1937	50.2		

Source: Department of Commerce.

Reexports of foreign merchandise

Reexports of foreign merchandise are included in item I A–1, but are offset by also being included in imports, item II A–1. The amounts involved in the respective years are shown in table 40.

Reexports are exports of goods of foreign origin which have not been changed in form or value during their stay in this country. Such goods would have been entered into the import statistics and again in the export statistics, in the latter case classed as reexports. Exports of sugar of Cuban origin, which has been further refined in this country, would be changed in value and therefore classed as exports of domestic products. On the other hand, Canadian wheat passing through this country en route to Europe would be considered as intransit trade and not entered in either the import or the export statistics. Often nondutiable goods merely passing through the country are included in the statistics as imports and as reexports.

Tables 41 and 42, which follow, contain data regarding total United States exports and imports for the years 1914, 1932, 1939, and 1946 and similar data by economic classes for the years 1932, 1939, and 1946.

TABLE 41.—*United States exports* by commodity groups and countries—1914, 1932, 1939, and 1946*

[NOTE: The grand total and continent totals include countries not shown. Data by commodity groups not available for 1914]

[Value in thousands of dollars]

Country	Total exports of United States merchandise				Animals and animal products, edible			Animals and animal products, inedible		
	1914	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	2,329,684	1,576,151	3,123,343	9,499,520	69,554	75,593	936,207	36,195	43,598	171,548
Northern North America	335,615	232,817	478,255	1,437,215	2,209	6,674	10,327	5,229	9,253	24,138
Canada	329,791	228,438	468,907	1,404,683	1,502	5,440	8,293	5,078	9,005	23,154
Newfoundland and Labrador	5,697	4,097	8,774	20,121	800	1,225	1,965	141	226	545
Southern North America	[1] 174,350	[1] 118,040	299,973	1,054,364	[1] 10,709	12,750	59,037	[1] 3,481	5,794	17,590
Mexico	37,081	31,624	80,800	496,402	2,980	1,383	17,520	553	1,058	7,055
Guatemala	3,580	2,794	8,510	23,034	160	165	441	128	202	289
El Salvador	2,111	2,269	4,138	13,675	23	30	97	156	186	211
Honduras	4,780	4,432	5,766	18,550	243	131	223	260	216	298
Nicaragua	2,563	1,972	4,250	12,076	66	65	168	120	82	177
Costa Rica	3,451	2,423	9,705	22,567	263	445	1,416	89	195	235
Panama, Republic of	[2] 22,440	[2] 15,496	12,675	46,264	[2] 1,811	1,122	2,160	[2] 287	262	707
Panama, Canal Zone	(3)	(3)	19,805	28,449	(3)	1,564	4,638	(3)	313	1,990
Cuba	67,798	28,396	80,830	267,077	2,655	4,599	26,078	1,205	2,293	4,220
Haiti	5,432	3,941	5,076	12,479	423	201	319	98	42	103
Dominican Republic	4,863	4,535	6,687	29,295	338	289	300	197	221	342
Curacao (Netherlands West Indies)	901	6,443	38,264	34,341	408	730	3,394	93	369	860
South America	124,061	95,969	326,548	1,143,580	1,623	7,078	19,793	850	2,539	12,331
Colombia	6,690	10,497	50,639	144,687	147	1,884	2,444	179	557	1,254
Venezuela	5,352	10,111	61,588	210,836	818	4,239	11,776	213	1,202	1,918
Ecuador	2,951	1,734	5,765	22,148	154	292	535	39	71	112
Peru	7,116	3,904	18,841	63,047	191	233	1,122	63	109	409
Bolivia	1,144	2,160	4,496	21,671	25	72	936	8	23	98
Chile	17,409	3,553	26,638	76,555	5	63	94	25	150	400
Brazil	29,843	28,546	79,886	353,277	63	50	2,035	111	246	3,417
Uruguay	5,636	3,194	5,127	47,373	8	30	145	4	10	447
Argentina	45,054	30,988	70,621	190,824	107	99	431	175	131	3,991
Europe	1,470,314	766,593	1,264,609	3,932,910	49,336	42,189	764,664	22,222	17,598	94,145
Sweden	14,643	17,042	94,164	203,573	407	1,192	3,437	308	1,170	6,467
Norway	9,064	6,865	31,816	77,640	290	220	465	123	1,734	1,599

Denmark (including Faroe Islands)	15,586	11,946	24,866	37,585	372	131	80	277	138	118
United Kingdom	[4] 578,763	282,063	498,661	841,359	29,401	26,654	252,369	10,231	9,922	14,361
Eire	[5] 11,625	4,179	9,786	27,820	96	118	197	7	29	1,320
Netherlands	111,160	43,770	96,588	219,019	3,523	632	15,018	1,110	647	9,509
Belgium and Luxemburg	59,507	39,710	64,195	255,020	1,123	1,316	52,861	451	336	9,993
France	155,591	108,150	180,192	686,168	620	495	84,357	2,004	1,136	7,109
Germany	341,876	130,535	[6] 44,491	78,450	11,958	[6] 191	1,039	4,630	[6] 334	345
Austria	[7] 22,305	825	(9)	43,924	1	(9)	16,422	167	(9)	136
Czechoslovakia	----------	1,793	3,734	104,418	61	118	38,496	145	100	2,830
Switzerland	866	6,577	17,896	100,355	115	442	11,265	540	662	5,454
Finland	3,902	2,716	13,172	31,174	243	102	310	4	112	218
Poland and Danzig	----------	7,075	15,987	170,336	36	19	67,463	716	93	11,750
U. S. S. R. (Russia)	31,253	12,499	51,807	351,941	2	----------	91,847	2	(x)	6,550
Spain	30,196	26,564	25,857	42,345	190	11	190	161	13	173
Portugal	5,217	4,612	9,916	59,012	14	4	143	44	51	917
Italy	73,738	48,260	58,469	326,935	734	303	42,371	1,171	393	1,767
Yugoslavia	[9] 9	439	2,970	122,292	----------	(x)	42,456	5	4	6,028
Greece	1,113	7,746	6,298	134,740	63	25	41,446	96	170	6,645
Asia	141,395	290,299	560,011	1,328,254	4,812	4,977	70,887	3,801	5,659	16,066
Turkey	[10] 3,308	1,506	8,252	36,164	1	45	49	39	451	678
Syria	(11)	1,455	3,181	17,034	12	5	158	65	56	239
Iran	2	1,082	4,407	22,139	----------	2	161	8	(x)	245
Palestine and Transjordan	----------	1,670	7,627	18,219	(x)	12	845	25	55	81
Saudi Arabia	(12)	[12] 76	[12] 4,182	19,170	[12] (x)	[12] 39	771	[12] (x)	[12] 2	37
India and dependencies	[14] 10,847	[14] 24,851	42,706	179,599	122	90	13,871	511	602	725
Ceylon	586	737	1,594	10,118	30	39	1,254	4	7	15
French Indochina and French India	327	1,484	8,220	8,077	6	21	168	2	7	14
British Malaya	4,181	2,487	9,790	13,934	147	495	762	97	42	6
Netherlands Indies	3,677	7,757	35,348	73,252	203	280	9,140	74	162	262
Philippine Islands	27,268	44,870	99,788	295,570	2,698	3,531	21,960	875	1,745	6,520
China	[15] 24,662	[15] 55,722	[15] 55,460	460,573	[15] 329	[15] 74	20,518	[15] 372	[15] 421	6,467
Hong Kong	10,638	9,618	17,980	45,758	490	179	680	203	146	661
Japan	[16] 52,354	[16] 133,771	231,645	98,400	[16] 633	22	(x)	[16] 1,239	1,857	(x)
Oceania	56,063	36,525	79,139	116,369	483	1,238	1,055	251	1,103	532
Australia	45,663	26,625	61,272	83,328	364	1,010	644	115	559	168
New Zealand	8,915	9,206	16,476	27,947	93	169	323	133	538	243
Africa	27,887	35,907	114,808	486,828	282	685	10,444	362	1,652	6,746
French Morocco	[17] 89	[18] 2,131	[18] 2,955	31,258	[19] 11	[19] 1	667	[19] 1	[19] 38	49
Algeria	[19] 2,754	[20] 2,695	2,048	61,183	[20] 12	1	1,734	[20] 1	1	702
Tunisia	(21)	(21)	1,028	15,248	(21)	----------	482	(21)	2	19
Egypt	[22] 1,930	[22] 2,702	[22] 13,822	35,177	[22] 11	[22] 98	2,336	[22] 125	[22] 131	186
British West Africa	3,608	3,805	4,700	11,046	51	39	626	(x)	2	26
Belgian Congo	103	487	2,481	23,776	9	44	472	(x)	8	509
Union of South Africa	[23] 14,821	15,803	69,045	227,022	85	404	2,212	222	1,438	4,661

See footnotes at end of table, p. 156.

TABLE 41.—*United States exports* by commodity groups and countries—1914, 1932, 1939, and 19. —Continued*

[Value in thousands of dollars]

Country	Wood and paper			Nonmetallic minerals			Metals and manufactures, except machinery and vehicles		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	57,500	100,310	211,106	277,834	504,167	935,467	84,769	462,581	725,926
Northern North America	8,374	17,226	33,675	79,896	125,033	335,623	17,110	52,349	142,351
Canada	8,212	16,818	32,582	79,686	124,410	332,890	16,982	51,675	140,231
Newfoundland and Labrador	140	400	407	193	561	2,300	128	625	1,115
Southern North America	[1] 6,643	15,620	35,629	[1] 16,813	47,049	63,597	[1] 10,364	39,202	103,827
Mexico	1,475	3,403	14,506	4,470	6,735	31,988	3,738	13,619	55,835
Guatemala	72	483	759	315	946	1,390	189	1,505	2,974
El Salvador	60	139	384	158	333	687	86	346	1,413
Honduras	282	285	359	439	456	862	445	878	2,778
Nicaragua	45	72	196	118	351	496	154	541	1,238
Costa Rica	115	1,021	593	241	1,065	958	140	1,813	3,132
Panama, Republic of	[2] 605	759	1,248	2,232	692	1,559	1,738	1,569	2,651
Panama, Canal Zone	(3)	1,127	1,110	(3)	4,333	1,356	(3)	3,108	1,782
Cuba	1,714	4,410	10,651	3,183	7,653	16,505	1,734	9,101	21,777
Haiti	117	183	207	343	559	431	153	494	805
Dominican Republic	184	268	1,014	545	663	2,315	303	881	3,617
Curacao (Netherlands West Indies)	107	768	1,051	3,068	21,279	1,512	675	3,064	2,214
South America	4,944	12,348	24,400	11,734	29,508	65,848	8,856	57,300	188,562
Colombia	321	1,016	3,852	542	1,922	6,783	1,501	9,426	22,638
Venezuela	412	1,911	5,654	559	2,613	8,238	1,310	12,635	37,054
Ecuador	28	108	347	173	408	835	135	930	2,244
Peru	347	1,139	3,110	307	1,168	2,532	377	3,558	9,632
Bolivia	12	176	619	194	303	919	78	554	2,503
Chile	71	365	945	884	4,872	4,435	358	5,173	12,586
Brazil	219	1,270	3,350	4,682	11,480	26,577	1,531	15,302	57,693
Uruguay	266	304	1,365	701	648	3,388	540	1,146	8,836
Argentina	3,240	5,802	4,831	3,511	5,867	11,614	2,943	8,131	33,688
Europe	23,736	34,467	50,201	106,126	191,326	351,123	30,632	163,014	174,311
Sweden	100	614	1,591	3,811	16,004	28,689	1,273	15,596	26,943
Norway	170	755	1,307	1,327	4,383	9,019	591	4,983	5,404
Denmark (including Faroe Islands)	172	656	171	2,405	6,827	11,421	457	1,256	2,699
United Kingdom	13,776	21,909	17,177	39,220	53,108	96,194	9,131	42,444	22,075
Eire	172	294	700	1,023	753	178	77	279	414

Netherlands	1,699	2,218	6,601	7,791	14,639	20,407	1,455	13,184	12,780
Belgium and Luxemburg	1,705	2,109	5,679	6,523	9,647	25,133	1,600	4,246	8,169
France	1,802	1,676	12,869	23,914	35,608	79,967	6,506	27,125	35,026
Germany	1,417	[6] 839	66	9,116	[6] 14,086	393	4,497	[6] 7,109	118
Austria	13	(*)	41	58	(*)	46	23	(*)	78
Czechoslovakia	29	38	153	139	112	2,594	23	291	1,224
Switzerland	75	124	746	194	2,047	8,352	262	2,100	10,150
Finland	5	34	7	497	1,639	4,128	238	2,267	1,402
Poland and Danzig	28	90	220	53	273	4,630	74	5,072	1,114
U. S. S. R. (Russia)	11	4	50	128	3,020	8,431	404	17,867	22,189
Spain	1,018	497	367	2,862	9,365	6,878	436	912	813
Portugal	44	107	613	535	2,834	5,837	24	945	6,305
Italy	1,423	1,310	731	6,127	14,415	35,003	3,269	14,618	10,479
Yugoslavia	(x)	3	343	38	308	974	3	13	3,462
Greece	56	145	646	199	1,095	2,601	62	770	2,832
Asia	10,874	12,472	44,500	34,456	79,676	57,661	15,677	135,925	69,864
Turkey	12	66	752	83	1,710	2,977	45	852	7,136
Syria	7	15	514	37	301	524	163	525	1,367
Iran	3	4	1,015	7	161	549	59	314	932
Palestine and Transjordan	22	96	1,263	53	179	593	141	541	1,922
Saudi Arabia	[13] (x)	[13] 137	959	[13] 40	[13] 355	613	[13] 1	[13] 1,014	2,815
India and dependencies	391	949	8,283	2,855	5,366	8,480	989	3,296	6,487
Ceylon	11	16	1,169	107	183	446	31	195	92
French Indochina and French India	5	5	116	761	1,053	1,375	40	2,353	1,174
British Malaya	102	316	142	316	892	1,508	116	2,275	667
Netherlands Indies	495	1,000	546	994	2,683	515	454	5,548	2,231
Philippine Islands	1,272	3,528	7,551	4,462	8,887	10,496	4,578	15,385	14,366
China	[13] 2,469	[13] 1,997	16,810	[13] 6,763	[13] 3,110	22,882	[13] 2,188	[13] 7,030	26,741
Hong Kong	724	619	3,150	1,393	1,812	5,019	642	1,609	2,073
Japan	[16] 5,270	3,604	55	[16] 16,262	46,392	79	[16] 5,965	87,210	3
Oceania	1,245	3,089	4,119	19,789	16,239	22,676	1,093	4,341	10,408
Australia	902	2,211	3,450	14,290	12,269	14,886	859	3,516	7,826
New Zealand	298	812	463	5,243	3,557	6,910	187	753	2,286
Africa	1,683	6,089	18,582	9,020	15,337	38,939	1,038	10,450	36,603
French Morroco	[19] 14	[19] 7	610	[19] 246	[19] 564	4,242	[19] 39	[19] 26	2,143
Algeria	[20] 292	197	1,506	[20] 546	451	6,446	[20] 42	9	3,964
Tunisia	(21)	11	462	(21)	74	1,471	(21)	9	1,609
Egypt	[22] 61	[22] 233	2,391	[22] 345	[22] 1,863	3,693	[22] 92	[22] 2,006	1,857
British West Africa	21	424	81	1,827	1,148	540	6	293	446
Belgian Congo	(x)	2	381	223	421	834	44	67	3,070
Union of South Africa	623	3,426	10,671	2,259	5,630	16,144	576	6,011	17,300

See footnotes at end of table, p. 156.

TABLE 41.—*United States exports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Vegetable food products and beverages			Vegetable products, inedible, except fibers and wood			Textile fibers and manufactures		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	171,983	236,662	1,230,197	114,520	176,201	713,219	408,804	357,441	1,280,645
Northern North America	20,435	34,688	125,580	9,331	11,918	39,833	15,610	31,798	142,392
Canada	19,540	32,628	119,048	8,920	11,311	37,834	14,940	30,587	138,718
Newfoundland and Labrador	846	1,833	4,588	342	551	1,174	645	1,173	2,536
Southern North America	[1] 13,369	29,865	119,605	[1] 5,401	10,562	39,739	[1] 19,007	33,571	142,437
Mexico	726	4,332	37,993	1,552	2,505	16,285	2,328	3,395	26,830
Guatemala	574	633	1,340	87	208	1,133	660	1,403	4,450
El Salvador	341	382	683	56	135	616	911	1,176	3,734
Honduras	499	476	1,067	106	171	538	1,037	663	3,165
Nicaragua	290	265	893	121	111	699	654	1,130	2,491
Costa Rica	401	837	1,515	98	293	799	658	812	5,044
Panama, Republic of	[2] 1,817	1,252	3,982	[2] 1,186	787	2,296	[2] 1,159	1,487	8,255
Panama, Canal Zone	(3)	2,081	5,096	(3)	856	1,344	(3)	851	4,471
Cuba	4,846	14,458	51,504	1,062	3,151	9,691	6,775	16,301	52,618
Haiti	772	446	1,272	142	215	831	1,305	1,681	4,959
Dominican Republic	492	665	2,210	106	224	1,135	1,452	1,086	7,833
Curacao (Netherland West Indies)	632	1,441	4,747	214	771	2,203	334	1,563	7,148
South America	14,333	8,963	64,211	4,611	12,228	58,173	10,802	15,692	67,004
Colombia	301	1,442	3,486	461	2,194	9,154	3,053	6,845	14,161
Venezuela	1,178	3,790	13,096	383	1,530	7,109	828	2,698	18,961
Ecuador	242	756	1,427	49	298	1,035	460	262	2,027
Peru	231	436	3,548	179	722	2,203	326	616	4,568
Bolivia	39	86	2,430	47	148	1,208	341	309	2,283
Chile	86	68	161	203	1,257	3,491	844	2,679	7,711
Brazil	10,886	1,454	34,932	1,041	2,836	6,375	435	681	3,467
Uruguay	131	122	4,185	233	382	3,315	395	287	6,155
Argentina	1,097	556	391	1,941	2,700	22,439	3,829	1,170	5,348
Europe	108,053	138,547	644,605	67,354	93,102	431,168	229,553	183,427	442,146
Sweden	2,748	6,184	18,701	1,545	8,268	20,155	2,856	13,685	21,724
Norway	1,386	5,851	16,124	956	3,209	10,662	583	2,452	16,323
Denmark (including Faroe Islands)	2,228	2,632	146	958	3,672	5,465	1,142	2,243	518
United Kingdom	46,280	66,038	83,920	39,464	48,875	237,140	59,763	65,840	39,914
Eire	1,335	5,024	2,964	947	1,129	10,430	85	128	4,894

Netherlands	11,318	21,617	37,434	4,123	12,846	20,793	6,232	9,389	24,334
Belgium and Luxembourg	7,087	15,722	4[illegible],290	2,652	2,445	18,297	6,564	9,402	39,163
France	10,185	6,320	81,7[illegible]1	5,427	4,099	34,960	33,594	22,699	88,907
Germany	15,284	[9] 1,148	47,651	5,572	[9] 2,439	1,247	68,708	[9] 11,194	15,711
Austria	47	(9)	17,714	122	(9)	1,786	29	(9)	891
Czechoslovakia	83	279	25,487	292	27	5,968	80	2,166	14,668
Switzerland	179	2,061	16,955	1,267	2,423	11,913	176	2,058	5,082
Finland	366	1,797	7,445	176	541	2,372	809	1,31[illegible]	6,564
Poland and Danzig	585	119	33,021	438	199	6,476	4,500	5,175	12,237
U. S. S. R. (Russia)	11	1,719	12,039	58	35	15,456	4	9	8,009
Spain	274	294	4,401	1,380	138	3,736	13,042	10,301	14,005
Portugal	14	26	17,092	463	1,122	7,586	2,695	1,402	681
Italy	1,462	657	107,423	1,134	812	9,247	27,412	20,408	95,952
Yugoslavia	2	6	25,910	23	36	3,042	3	1,686	18,295
Greece	5,992	445	40,993	97	339	3,394	593	64	11,828
Asia	13,232	20,235	214,850	20,958	31,830	100,767	130,148	83,336	361,993
Turkey	6	26	14	49	351	2,144	7	263	4,029
Syria	33	81	266	125	206	585	163	349	7,072
Iran	1	43	50	229	948	2,298	5	8	8,827
Palestine and Transjordan	52	1,004	689	25	267	1,855	73	114	2,852
Saudi Arabia	[13] 1	[13] 128	1,776	[13] 11	[13] 195	1,298	[13] 3	[13] 22	1,522
India and dependencies	374	610	69,863	2,693	3,987	11,003	8,712	2,239	5,534
Ceylon	45	68	2,320	171	431	1,164	34	30	2,777
French Indochina and French India	47	67	18	24	591	502	414	1,261	3,083
British Malaya	180	685	1,542	334	243	1,536	157	349	3,140
Netherlands Indies	293	796	10,296	1,914	1,622	1,948	347	1,201	17,896
Philippine Islands	3,628	7,679	64,372	3,645	10,377	27,939	11,517	17,738	71,637
China	[15] 5,291	[15] 5,917	51,701	[15] 8,282	[15] 7,601	34,690	[15] 22,144	[15] 15,782	127,232
Hong Kong	1,706	1,694	7,049	1,285	2,106	10,534	342	421	3,098
Japan	[16] 1,409	509	(x)	[16] 1,918	1,738	2	[16] 86,144	43,181	97,974
Oceania	722	1,288	1,674	3,335	10,649	19,425	1,247	2,339	6,521
Australia	146	416	57	2,446	8,448	14,332	1,057	1,870	4,031
New Zealand	526	753	825	859	2,131	4,707	129	420	1,617
Africa	1,839	3,075	59,672	3,529	5,912	24,084	2,436	7,278	118,152
French Morocco	[19] 51	[19] 65	11,034	[19] 148	[19] 190	1,303	[19] 37	[19] 55	4,229
Algeria	[20] 65	38	21,806	[20] 215	45	2,072	[20] 2	(x)	10,414
Tunisia	(21)	8	2,683	(21)	76	583	(21)	(x)	3,011
Egypt	[22] 522	[22] 739	3,111	[22] 215	[22] 1,152	3,749	[22] 93	[22] 335	2,132
British West Africa	359	612	873	1,145	969	2,659	27	23	4,016
Belgian Congo	32	99	1,121	19	52	1,075	23	90	8,810
Union of South Africa	480	988	10,217	581	1,949	5,740	2,008	6,445	58,951

See footnotes at end of table, p. 156.

TABLE 41.—*United States exports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Machinery and vehicles			Chemicals and related products			Miscellaneous		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	221,745	896,027	2,223,706	70,407	164,374	500,113	62,839	106,386	571,388
Northern North America	40,280	128,893	405,309	14,173	29,372	78,822	20,070	31,052	99,165
Canada	39,879	127,498	396,666	13,894	28,940	77,846	19,825	30,596	97,42
Newfoundland and Labrador	363	1,334	3,714	268	412	591	232	432	1,186
Southern North America	[1] 16,868	69,756	316,789	[1] 8,527	20,719	77,900	[1] 6,857	15,083	78,185
Mexico	8,372	32,298	211,381	2,713	7,102	35,415	2,717	4,970	41,593
Guatemala	276	1,870	5,640	188	772	2,788	144	323	1,830
El Salvador	189	792	2,845	156	370	1,878	135	250	1,127
Honduras	484	1,284	6,125	432	928	2,022	204	279	1,095
Nicaragua	122	1,093	3,087	203	348	1,612	80	190	1,029
Costa Rica	160	2,319	4,848	157	616	2,480	101	288	1,548
Panama, Republic of	[1] 2,249	2,886	16,169	[2] 1,094	945	3,562	[2] 919	914	3,677
Panama, Canal Zone	(3)	3,058	3,052	(3)	836	1,950	(3)	1,278	1,660
Cuba	[2] 2,282	10,033	40,788	1,933	4,994	17,581	1,007	3,438	15,664
Haiti	307	772	2,236	169	241	717	111	241	599
Dominican Republic	448	1,482	6,443	297	569	2,163	174	339	1,925
Curacao (Netherlands West Indies)	392	6,423	5,501	374	1,068	3,255	149	789	2,455
South America	27,179	146,382	468,706	6,377	21,946	91,783	4,650	12,563	82,767
Colombia	2,370	19,294	53,324	981	3,702	15,560	642	2,357	12,030
Venezuela	2,968	25,093	81,553	1,008	3,266	11,818	434	2,612	13,658
Ecuador	228	1,935	10,036	154	459	1,978	74	247	1,573
Peru	1,142	7,869	24,304	507	2,163	6,767	235	827	4,853
Bolivia	1,077	2,324	7,929	85	295	1,852	255	206	895
Chile	672	9,350	34,928	231	1,679	6,412	173	982	5,372
Brazil	7,267	39,457	160,458	1,045	4,297	26,347	1,266	2,754	28,626
Uruguay	556	1,621	14,396	208	341	2,678	152	236	2,463
Argentina	10,707	38,549	78,318	2,062	5,426	17,345	1,374	2,191	12,426
Europe	86,451	326,643	677,730	24,145	49,608	129,444	18,985	25,689	173,373
Sweden	2,628	25,460	47,333	637	4,246	14,698	745	1,745	13,835
Norway	1,005	5,759	10,132	162	1,643	2,904	274	829	3,741
Denmark (including Faroe Islands)	2,232	6,436	14,549	428	535	1,170	277	342	1,249
United Kingdom	19,053	119,000	47,179	6,625	21,924	22,749	9,119	12,948	8,281
Eire	242	1,699	5,018	128	143	966	68	199	786

Netherlands	4,410	16,965	53,758	1,709	3,251	6,764	420	1,220	11,621
Belgium and Luxemburg	10,417	14,494	33,356	1,092	3,710	8,942	496	766	8,137
France	14,408	73,399	219,763	6,514	5,107	24,152	3,175	2,458	17,415
Germany	4,998	[6] 2,641	198	3,058	[6] 3,628	136	1,297	[6] 879	11,546
Austria	247	(5)	1,649	46	(5)	432	74	(5)	4,730
Czechoslovakia	753	[redacted]421	3,353	51	105	3,267	137	76	6,377
Switzerland	3,201	4,321	13,236	196	871	12,090	371	730	5,082
Finland	306	4,596	[redacted] 3,746	37	460	1,063	[redacted]36	314	3,918
Poland and Danzig	410	4,150	[redacted]11,016	78	404	3,761	158	393	18,648
U. S. S. R. (Russia)	11,415	28,502	169,045	[9] 6	213	1,947	458	439	16,378
Spain	4,881	3,418	7,563	1,664	729	3,264	654	178	956
Portugal	558	2,817	12,793	144	400	3,393	76	209	3,651
Italy	3,678	3,568	3,774	1,125	1,480	8,738	725	505	11,447
Yugoslavia	209	730	10,744	31	113	2,836	123	71	8,203
Greece	394	2,771	7,674	58	311	4,636	137	161	12,056
Asia	33,171	140,043	199,349	13,980	32,773	95,354	9,191	13,083	96,963
Turkey	1,176	3,980	12,850	50	236	3,475	38	270	2,060
Syria	750	1,438	3,805	35	124	1,274	66	82	1,231
Iran	659	2,644	5,508	8	256	1,263	104	26	1,300
Palestine and Transjordan	1,079	4,937	5,360	51	269	915	150	154	1,835
Saudi Arabia	[13] 16	[13] 1,989	7,854	[13] 1	[13] 170	715	[13] 3	[13] 129	810
India and dependencies	4,644	18,149	21,733	2,402	4,697	18,151	1,157	2,029	15,370
Ceylon	114	305	315	139	234	412	52	87	153
French Indochina and French India	170	2,574	1,275	4	85	147	12	203	204
British Malaya	456	2,325	2,957	314	1,152	524	270	1,016	949
Netherlands Indies	1,945	17,329	27,861	730	3,426	1,168	308	1,291	1,389
Philippine Islands	6,902	17,405	26,966	2,975	8,620	20,030	2,319	4,865	23,734
China	[13] 3,532	[13] 9,255	73,045	[13] 2,412	[13] 3,317	40,079	[13] 1,741	[13] 957	40,406
Hong Kong	1,493	7,387	4,028	487	1,244	5,426	863	763	4,040
Japan	8,726	38,526	37	4,244	7,901	(x)	1,961	615	249
Oceania	5,346	29,798	36,555	1,369	4,724	7,057	1,645	4,330	6,349
Australia	4,044	23,408	28,326	1,102	4,175	5,075	1,299	3,390	4,534
New Zealand	1,212	5,961	7,220	244	507	1,799	283	874	1,554

See footnotes at end of table, p. 156.

TABLE 41.—*United States exports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Machinery and vehicles			Chemicals and related products			Miscellaneous		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Africa	12,449	54,513	119,266	1,837	5,232	19,753	1,432	4,586	34,586
French Morocco	[10] 1,568	[10] 1,957	5,396	[10] 6	[10] 32	752	[10] 11	[10] 20	833
Algeria	[20] 1,470	1,281	9,113	[20] 31	22	1,607	[20] 18	5	1,820
Tunisia	([21])	825	4,411	([21])	11	287	([21])	13	231
Egypt	[22] 738	[22] 6,078	11,018	[22] 345	[22] 761	2,828	[22] 154	[22] 427	1,877
British West Africa	314	973	1,294	31	197	152	26	51	334
Belgian Congo	109	1,591	5,046	6	56	1,067	19	52	1,391
Union of South Africa	6,798	35,796	66,322	1,124	3,312	10,453	1,047	3,644	24,350

(x) Less than $500.00.
*Fiscal year 1914; calendar years 1932, 1939, and 1946.
[1] Includes trade with the Virgin Islands, which is excluded in 1939 and 1946.
[2] Includes Canal Zone.
[3] Included with Panama, Republic of.
[4] Excludes the northern part of Ireland.
[5] Includes the northern part of Ireland.
[6] Includes Austria.
[7] Austria-Hungary.
[8] Included with Germany.
[9] Serbia, Montenegro, and Albania.
[10] Includes Asia Minor, Armenia, Kurdistan, Mesopotamia, Syria, and Arabia.
[11] Included with Turkey.
[12] Included with Turkey.
[13] Includes Arabian Peninsula states n.e.s.
[14] Includes Burma.
[15] Includes Manchuria.
[16] Includes Chosen.
[17] Includes Spanish Morocco.
[18] Includes Tangier.
[19] Includes Tunis and other French Africa n.e.s.
[20] Included with Tunisia.
[21] Included with Algeria.
[22] Includes Anglo-Egyptian Sudan.
[23] Includes other British South Africa.

Source: Special Programs Division, Areas Branch, Office of International Trade, Department of Commerce.

TABLE 42.—*United States imports* by commodity groups and countries—1914, 1932, 1939, and 1946*

[NOTE.—The grand total and continent totals include countries not shown. Data by commodity groups not available for 1914.]

[Value in thousands of dollars]

Country	Total merchandise imports				Animal and animal products, edible			Animal and animal products, inedible		
	1914	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	1,893,926	1,322,774	2,276,099	4,934,645	45,028	95,424	152,495	80,112	149,750	466,955
Northern North America	162,133	181,737	341,194	915,166	10,653	39,673	72,580	5,532	16,260	40,774
Canada	160,690	174,101	332,568	882,222	9,967	29,093	64,101	5,148	14,881	35,467
Newfoundland and Labrador	1,315	7,133	6,592	26,213	673	1,262	6,865	170	257	1,450
Southern North America	[1] 265,353	[1] 157,109	226,180	732,018	[1] 1,815	7,618	27,303	[1] 1,454	2,909	17,538
Mexico	92,691	37,423	54,432	232,736	1,736	6,899	24,632	677	1,651	11,141
Guatemala	4,079	4,501	10,721	31,218	----------	----------	1	9	7	205
El Salvador	1,158	1,143	6,877	15,210	----------	----------	(x)	4	2	11
Honduras	3,130	9,004	7,016	9,409	(x)	(x)	----------	3	25	175
Nicaragua	1,395	1,964	2,903	6,436	5	24	7	17	47	212
Costa Rica	3,570	3,687	3,229	10,604	8	371	347	1	3	11
Panama, Republic of	[2] 4,510	[2] 3,530	3,583	5,801	[2] 2	(x)	----------	[2] 20	4	51
Panama, Canal Zone	(3)	(3)	480	2,071	(3)	33	(x)	(3)	2	45
Cuba	131,304	58,330	101,086	323,021	17	143	1,034	444	658	4,042
Haiti	692	611	3,034	17,685	----------	----------	----------	40	86	1,004
Dominican Republic	3,877	3,380	5,787	20,197	1	66	847	57	169	247
Curacao (Netherlands West Indies)	513	24,182	19,586	46,133	----------	----------	----------	45	17	16
South America	222,677	200,902	300,726	1,094,608	3,002	10,436	23,277	9,399	23,457	93,397
Colombia	16,051	60,846	48,944	156,563	----------	(x)	(x)	169	131	1,940
Venezuela	9,763	20,294	23,415	119,623	2	3	1,023	189	309	708
Ecuador	3,59[illegible]	2,386	3,523	13,219	(x)	----------	1	18	22	171
Peru	12,176	3,685	13,827	35,906	10	10	1,918	146	523	1,537
Bolivia	(x)	6	804	24,023	----------	----------	----------	1	17	124
Chile	25,722	12,278	30,951	83,880	77	123	1,011	200	440	2,314
Brazil	101,329	82,139	106,305	408,004	48	1,867	732	3,120	6,108	22,104
Uruguay	7,715	2,104	8,587	48,221	1,389	3,017	3,762	318	720	5,129
Argentina	45,124	15,779	58,549	194,254	1,387	4,835	14,673	5,237	15,140	59,128

See footnotes at end of table, p. 166.

TABLE 42.—*United States imports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Total merchandise imports				Animal and animal products, edible			Animal and animal products, inedible		
	1914	1932	1939	1946	1932	1939	1946	1932	1939	1946
Europe	889,709	389,246	609,928	796,179	22,726	32,976	20,062	43,188	53,772	114,661
Sweden	11,590	24,480	42,100	47,060	88	279	857	642	595	2,782
Norway	9,197	10,439	21,825	13,231	2,894	4,957	6,419	1,295	3,648	2,619
Denmark (including Faroe Islands)	3,270	1,328	3,775	4,276	297	1,018	622	262	201	560
United Kingdom	[4] 275,848	74,631	151,309	156,436	1,284	590	180	12,361	11,122	11,593
Eire	[5] 17,813	371	1,478	2,174	51	31	18	15	19	393
Netherlands	36,294	22,430	28,272	22,906	821	1,278	340	833	2,066	338
Belgium and Luxemburg	41,036	21,927	62,926	77,352	88	220	195	1,616	3,268	1,584
France	141,446	44,738	61,376	62,789	1,401	1,184	646	5,017	9,044	6,672
Germany	189,919	73,572	[6] 54,665	3,158	715	[6] 499	----------	11,892	[6] 1,617	6
Austria	[7] 20,111	2,611	(8)	1,494	36	(9)	----------	386	(9)	(x)
Czechoslovakia	----------	13,021	5,538	19,159	36	23	(x)	2,670	1,336	1,781
Switzerland	25,330	12,493	30,403	98,479	2,778	3,142	32	406	723	3,026
Finland	117	8,179	20,664	12,129	77	228	----------	344	418	56
Poland and Danzig	----------	1,256	11,790	258	8	7,369	----------	372	1,355	----------
U. S. S. R. (Russia)	23,320	9,735	24,494	100,572	2,191	1,610	1,763	2,114	13,630	71,196
Spain	24,659	11,406	10,060	48,310	510	215	932	604	144	1,835
Portugal	6,165	2,798	6,347	23,273	1,129	1,236	6,627	61	199	310
Italy	56,408	42,403	38,808	68,657	7,997	6,798	1,378	1,619	965	6,099
Yugoslavia	[9] 1,950	438	5,547	1,225	12	154	----------	141	731	694
Greece	3,867	7,550	15,891	23,662	175	130	14	170	222	2,394
Asia	310,922	361,848	694,633	907,676	5,843	10,214	3,085	16,310	33,698	125,980
Turkey	[10] 20,843	5,388	15,294	68,321	280	274	257	360	569	4,680
Syria	(11)	806	3,096	8,541	84	257	333	46	129	256
Iran	1,948	2,764	4,482	31,192	113	205	885	10	623	9,343
Palestine and Transjordan	----------	91	647	22,947	(x)	33	29	1	34	178
Saudi Arabia	(12)	[13] 201	[13] 896	1,792	(12)	[13] 1	7	(12)	[13] 395	180
India and dependencies	[14] 73,631	[14] 33,204	66,329	237,664	[14] 33	198	138	[14] 3,014	6,144	33,006
Ceylon	11,965	5,915	21,066	31,875	----------	----------	----------	(x)	[p] 6	13
French Indochina and French India	----------	76	9,596	41,840	----------	2	----------	9	10	228
British Malaya	26,308	34,806	149,059	126,801	(x)	102	----------	11	116	54
Netherlands Indies	5,334	29,827	93,156	33,770	1	1	----------	1,246	895	91
Philippine Islands	18,162	80,877	91,906	39,712	26	444	27	49	41	605
China	[15] 39,383	[15] 26,177	[15] 60,341	92,691	[15] 1,207	[15] 1,284	666	[15] 8,330	[15] 13,786	37,529
Hong Kong	3,086	4,277	3,549	1,481	271	112	131	203	51	28
Japan	[16] 107,364	[16] 134,011	161,095	109,883	[16] 3,709	6,758	----------	[16] 2,548	3,980	808

Oceania	23,982	7,691	27,893	182,376	896	2,392	4,900	2,582	11,013	38,343
Australia	17,089	4,643	15,753	145,477	415	1,107	586	1,584	5,101	28,319
New Zealand	5,125	2,158	11,554	34,772	480	1,285	4,308	990	5,870	9,273
Africa	19,149	24,241	75,544	305,622	92	1,115	1,289	1,647	8,641	36,263
French Morocco	[17] 150	[19] 472	[18] 1,405	1,692	[19] 80	[18] 612	57	[18] 27	[18] 196	124
Algeria	[19] 845	[20] 1,211	2,031	1,719	[20] 1	71	----------	[20] 73	233	----------
Tunisia	(21)	(21)	724	619	(21)	1	----------	(21)	60	437
Egypt	[22] 13,311	[23] 4,849	[22] 6,818	23,922	[22] 1	[22] 61	47	[22] 361	[22] 273	163
British West Africa	633	8,932	17,483	36,553	----------	----------	----------	349	2,029	1,835
Belgian Congo	35	1,204	1,582	18,533	----------	----------	----------	(x)	9	40
Union of South Africa	[22] 2,470	2,302	27,750	150,575	9	355	1,136	549	4,346	23,664

See footnotes at end of table, p. 166.

TABLE 42.—*United States imports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Vegetable food products and beverages			Vegetable products, inedible, except fibers and wood			Textile fibers and manufactures		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	361,863	508,752	1,184,987	125,206	352,244	632,043	244,038	359,822	809,720
Northern North America	10,392	30,468	85,474	892	2,049	16,815	1,192	2,181	10,115
Canada	10,301	30,148	85,174	892	2,043	16,813	1,089	2,157	9,887
Newfoundland and Labrador	91	321	301	(x)	2	2	6	3	(x)
Southern North America	[1] 89,519	143,556	394,485	[1] 11,113	15,734	75,656	[1] 7,709	6,944	45,501
Mexico	11,232	13,547	63,760	1,831	4,976	21,963	6,995	5,584	37,162
Guatemala	4,419	9,600	24,941	1	759	4,456	(x)	1	884
El Salvador	1,077	6,796	14,936	25	29	109	23	34	127
Honduras	8,832	6,709	7,803	11	3	428	----------	(x)	385
Nicaragua	1,810	2,525	4,513	31	97	1,094	----------	(x)	4
Costa Rica	3,598	2,719	9,138	----------	19	285	----------	----------	197
Panama, Republic of	[2] 3,133	3,394	4,429	[2] 3	16	384	[2] 3	(x)	645
Panama, Canal Zone	(3)	109	1,000	(3)	12	10	(3)	(x)	32
Cuba	46,929	86,230	230,221	8,236	8,472	43,982	433	770	1,273
Haiti	179	2,403	10,444	106	39	1,117	168	448	4,450
Dominican Republic	3,038	5,349	17,340	3	5	173	5	4	95
Curacao (Netherlands West Indies)	4	6	5	66	228	184	60	38	4
South America	133,999	134,106	478,350	8,768	41,019	113,054	1,721	18,612	127,894
Colombia	48,744	46,593	136,951	96	134	1,594	147	22	512
Venezuela	6,006	3,250	23,832	31	113	1,415	(x)	----------	1
Ecuador	1,093	2,516	4,139	132	353	1,367	298	409	6,053
Peru	17	1,134	3,657	64	286	3,794	232	1,090	8,281
Bolivia	----------	32	----------	3	68	2,149	----------	----------	8
Chile	702	486	3,642	7	37	337	(x)	221	4,880
Brazil	76,857	78,636	292,170	1,427	15,499	57,841	3	524	9,052
Uruguay	----------	6	122	5	807	6,980	65	3,905	31,669
Argentina	513	1,314	13,732	6,900	22,570	33,916	974	12,439	67,372
Europe	33,137	79,403	103,433	27,971	34,668	57,051	72,552	101,636	132,067
Sweden	153	249	95	5	343	169	10	90	2,819
Norway	18	54	38	4	123	255	13	45	689
Denmark (including Faroe Islands)	105	494	1,153	235	530	650	(x)	113	9
United Kingdom	7,152	37,096	21,732	2,694	1,609	1,161	22,716	47,280	48,077

Eire	21	702	185	13	(x)	12	78	894	1,086
Netherlands	1,657	2,584	1,082	6,061	4,953	9,279	871	2,469	1,141
Belgium and Luxemburg	273	782	82	627	487	515	4,542	14,864	15,902
France	2,873	11,530	24,445	1,402	1,926	3,392	12,130	13,334	7,708
Germany	1,088	[6] 1,140	34	3,449	[6] 2,184	2,229	9,486	[6] 1,999	4
Austria	21	([5])	----------	18	([5])	12	604	([5])	61
Czechoslovakia	62	110	21	469	615	3,656	4,683	1,664	1,315
Switzerland	102	243	263	66	20	351	3,958	4,829	15,971
Finland	6	9	43	----------	4	----------	2	5	978
Poland and Danzig	236	675	17	182	558	----------	20	642	----------
U. S. S. R. (Russia)	478	73	----------	475	1,229	4,297	832	960	5,183
Spain	6,295	7,536	37,161	1,245	200	1,316	150	8	54
Portugal	393	828	3,076	67	549	537	7	386	90
Italy	11,113	10,928	11,639	4,735	2,240	2,414	11,209	11,265	30,073
Yugoslavia	105	225	150	82	2,285	376	(x)	104	1
Greece	732	2,602	2,093	5,966	11,953	18,932	23	21	3
Asia	85,251	102,688	81,106	71,538	250,711	333,049	154,250	209,855	285,232
Turkey	588	487	6,805	3,545	12,635	51,242	219	246	395
Syria	133	271	2,311	170	461	1,246	329	1,931	4,284
Iran	150	253	1,383	96	1,284	4,890	2,353	2,057	14,337
Palestine and Transjordan	32	82	204	14	16	62	4	9	57
Saudi Arabia	[12] 200	[12] 476	38	[12] (x)	[12] 1	11	[12] (x)	[12] 18	10
India and dependencies	3,589	8,475	34,599	4,771	6,447	26,268	20,341	40,340	126,290
Ceylon	3,092	7,354	16,420	2,627	13,270	13,923	15	31	448
French Indochina and French India	12	23	408	22	9,404	41,155	----------	31	46
British Malaya	276	230	773	24,068	101,272	122,967	(x)	9	253
Netherlands Indies	10,740	15,761	3,775	12,900	64,124	20,735	3,551	5,515	189
Philippine Islands	59,336	57,118	1,217	14,800	19,757	30,196	5,604	11,297	6,455
China	[15] 1,301	[15] 3,356	5,247	[15] 3,486	[15] 12,120	14,555	[15] 10,245	[15] 23,160	25,697
Hong Kong	1,080	633	439	506	1,308	202	44	29	51
Japan	[16] 2,993	6,405	2,845	[16] 3,747	7,093	216	[16] 111,299	122,536	99,734
Oceania	113	260	1,326	1,049	782	3,084	1,672	11,135	128,702
Australia	23	19	460	186	223	1,312	1,436	7,441	109,379
New Zealand	76	48	382	195	521	1,262	236	3,689	19,316
Africa	9,452	18,270	40,813	3,875	7,282	32,734	4,943	9,459	80,208
French Morocco	[19] 106	[19] 186	281	[19] 76	[19] 150	285	[19] 123	[19] 132	271
Algeria	[20] 100	71	62	[20] 356	365	96	[20] 54	2	(x)
Tunisia	([21])	352	27	([21])	221	(x)	([21])	43	2
Egypt	[22] 104	[22] 86	15	[22] 301	[22] 715	271	[22] 3,963	[22] 5,373	22,451
British West Africa	6,668	11,503	25,241	1,519	340	521	15	79	274
Belgian Congo	----------	506	331	1,203	701	4,830	----------	20	28
Union of South Africa	59	18	207	23	248	1,993	206	2,343	43,222

See footnotes at end of table, p. 166.

TABLE 42.—*United States imports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Wood and paper			Nonmetallic minerals			Metals and manufactures, except machinery and vehicles		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	168,115	260,268	554,350	96,138	136,624	432,369	74,156	227,272	385,961
Northern North America	112,835	175,741	457,196	5,214	16,763	36,677	14,649	38,795	108,293
Canada	107,169	171,305	443,583	5,040	16,143	35,849	14,172	38,616	104,646
Newfoundland and Labrador	5,667	4,435	13,613	----------	62	12	477	179	3,517
Southern North America	[1] 557	1,871	20,153	[1] 32,667	22,810	64,986	[1] 6,385	19,251	52,179
Mexico	265	346	14,655	6,679	3,812	12,092	5,142	15,645	36,850
Guatemala	15	161	634	----------	----------	2	(x)	34	9
El Salvador	1	----------	7	----------	(x)	(x)	(x)	(x)	1
Honduras	2	118	498	(x)	(x)	(x)	(x)	----------	2
Nicaragua	26	143	543	----------	----------	----------	1	(x)	(x)
Costa Rica	23	(x)	428	----------	----------	(x)	----------	(x)	(x)
Panama, Republic of	[2] 32	20	158	[2] 4	(x)	2	[2] 3	(x)	16
Panama, Canal Zone	(3)	(x)	17	(3)	1	8	(3)	(x)	52
Cuba	59	247	592	145	105	7,592	1,234	3,518	15,027
Haiti	(x)	7	358	1	(x)	29	(x)	(x)	2
Dominican Republic	67	47	1,048	(x)	2	67	2	2	4
Curacao (Netherlands West Indies)	----------	(x)	(x)	23,770	18,510	44,739	2	24	127
South America	277	917	3,860	25,991	22,345	117,269	11,500	33,507	109,489
Colombia	(x)	(x)	78	11,091	898	13,118	453	744	1,917
Venezuela	2	14	49	13,873	19,102	90,569	24	5	60
Ecuador	37	193	552	790	----------	(x)	(x)	8	839
Peru	123	145	173	102	(x)	55	2,412	10,346	15,999
Bolivia	----------	----------	(x)	----------	1	----------	2	662	21,728
Chile	(x)	(x)	42	----------	1	8	7,328	16,901	58,760
Brazil	74	372	2,536	78	2,227	12,678	205	512	3,255
Uruguay	----------	1	(x)	----------	2	23	----------	1	20
Argentina	10	114	245	44	84	501	43	605	999
Europe	51,413	75,168	64,644	27,983	50,098	96,056	25,015	59,484	53,142
Sweden	20,766	32,411	31,116	46	278	730	1,627	5,829	5,525
Norway	4,274	5,558	21	20	103	70	1,621	4,326	2,009
Denmark (including Faroe Islands)	13	45	422	128	711	143	55	302	163
United Kingdom	1,477	2,190	3,179	4,469	5,842	14,878	6,388	22,394	19,149

Eire	2	1	7	(x)	----------	11	1	3	20
Netherlands	130	291	98	2,331	4,797	7,983	2,341	2,015	145
Belgium and Luxemburg	415	550	464	7,600	24,207	51,513	1,856	7,481	2,491
France	5,459	5,083	289	1,846	2,694	3,746	1,429	2,622	2,186
Germany	6,442	[8] 2,469	1	5,183	[8] 6,215	46	6,661	[8] 5,514	4
Austria	312	(8)	(x)	206	(8)	1,398	173	(8)	4
Czechoslovakia	849	294	22	1,739	541	8,207	406	293	976
Switzerland	79	116	59	21	208	2,562	435	1,891	1,596
Finland	7,541	19,058	10,860	67	172	144	3	302	9
Poland and Danzig	208	471	----------	55	178	11	24	224	85
U. S. S. R. (Russia)	895	317	55	1,550	1,469	1,163	950	3,309	16,556
Spain	579	627	4,183	702	743	586	327	285	771
Portugal	994	2,887	11,217	(x)	8	546	(x)	60	270
Italy	532	842	2,617	1,018	1,492	2,292	326	188	1,153
Yugoslavia	56	23	----------	7	63	----------	15	1,940	1
Greece	(x)	21	32	5	121	19	378	290	7
Asia	2,273	4,316	2,982	3,357	7,565	39,819	14,060	64,169	29,722
Turkey	1	(x)	128	6	31	55	362	985	4,625
Syria	4	7	4	1	(x)	(x)	8	4	57
Iran	(x)	(x)	(x)	(x)	8	166	(x)	1	22
Palestine and Transjordan	2	9	15	(x)	4	22,103	7	38	53
Saudi Arabia	(12)	[12] (x)	(x)	(12)	[12] 1	1,514	(12)	(12)	1
India and dependencies	38	193	1,008	460	1,327	9,084	587	2,833	6,072
Ceylon	23	27	35	76	304	1,016	49	52	3
French Indochina and French India	----------	4	1	32	49	(x)	----------	34	(x)
British Malaya	25	28	32	(x)	(x)	201	10,353	47,254	2,492
Netherlands Indies	173	257	28	665	1,032	14	288	5,463	8,938
Philippine Islands	286	1,049	553	1	6	2	(x)	1,141	268
China	[15] 145	[15] 373	1,002	[15] 207	[15] 348	2,209	[15] 537	[15] 4,156	2,235
Hong Kong	155	133	74	22	24	56	1,546	1,009	16
Japan	[16] 1,407	1,833	25	[16] 1,873	4,207	1,188	[16] 319	1,172	4,781
Oceania	146	383	44	44	45	237	393	1,163	3,824
Australia	145	379	36	41	45	235	307	882	3,399
New Zealand	(x)	4	2	(x)	(x)	(x)	(x)	(x)	16
Africa	614	1,873	5,471	882	16,999	77,325	2,153	10,904	29,312
French Morocco	[19] 38	[19] 74	535	[19] (x)	[19] (x)	3	[19] (x)	[19] 20	19
Algeria	[20] 433	837	1,197	[20] 4	10	1	[20] 99	31	296
Tunisia	(21)	2	(x)	(21)	11	(x)	(21)	10	122
Egypt	[22] 7	[22] 99	273	[22] 2	[22] 47	20	[22] 2	[22] 9	33
British West Africa	5	309	2,700	(x)	6	709	350	3,193	5,253
Belgian Congo	(x)	(x)	17	----------	217	1,669	----------	123	11,584
Union of South Africa	----------	1	4	729	15,894	72,467	450	4,317	7,329

See footnotes at end of table, p. 166.

TABLE 42.—*United States imports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Machinery and vehicles			Chemicals and related products			Miscellaneous		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Total	8,493	15,095	44,596	47,852	79,479	100,044	71,771	91,369	171,128
Northern North America	614	2,457	27,973	5,284	11,769	30,735	14,477	14,039	28,535
Canada	614	2,457	27,961	5,284	11,769	30,693	14,423	13,955	28,048
Newfoundland and Labrador	(x)	(x)		(x)		42	49	70	411
Southern North America	[1] 101	71	266	[1] 469	805	21,761	[1] 5,321	4,611	12,191
Mexico	51	47	213	282	448	2,806	2,532	1,478	7,463
Guatemala	(x)		1				58	160	86
El Salvador						4	13	15	15
Honduras	(x)	(x)	(x)			(x)	155	162	118
Nicaragua	(x)	(x)					74	68	63
Costa Rica			(x)			(x)	[2] 58	117	198
Panama, Republic of	[2] 2	(x)	1	[2] 1		11	[3] 328	148	104
Panama, Canal Zone	(3)	2	2	(3)		(x)		319	902
Cuba	43	13	22	129	316	17,922	661	614	1,315
Haiti		(x)	(x)		(x)	69	118	50	211
Dominican Republic	2		3	1		2	205	143	270
Curacao (Netherlands West Indies)			(x)	3	38	723	232	720	334
South America	8	12	30	4,581	14,062	21,659	1,655	2,254	6,329
Colombia		1	1			(x)	145	419	449
Venezuela	4	1	(x)	55	29	45	107	588	1,921
Ecuador			(x)	3	(x)		14	23	96
Peru	2		(x)	484	206	117	92	86	376
Bolivia			(x)			9	1	24	5
Chile	(x)	1		3,812	12,661	12,667	151	79	219
Brazil	(x)	3	5	10	132	5,655	317	423	1,978
Uruguay		(x)		15	108	426	311	21	90
Argentina	2	4	23	202	923	2,742	468	520	923

Europe	6,890	11,679	16,147	34,701	48,409	20,279	42,969	62,635	118,638
Sweden	364	1,075	1,064	60	346	214	718	604	1,601
Norway	6	78	57	134	2,440	211	159	493	843
Denmark (including Faroe Islands)	42	90	72	54	108	67	137	164	414
United Kingdom	1,269	3,110	11,721	2,775	5,276	4,766	11,847	14,798	19,999
Eire	146	(x)		3	8	(x)	41	119	443
Netherlands	86	112	166	6,354	4,288	858	946	3,419	1,505
Belgium and Luxemburg	159	308	395	3,609	6,277	2,231	1,143	4,482	1,978
France	253	554	688	2,945	5,055	4,785	9,982	8,349	8,231
Germany	3,802	[6] 5,192	23	14,562	[6] 15,792	46	10,292	[6] 12,045	764
Austria	31	([6])		35	([6])	(x)	790	([6])	18
Czechoslovakia	49	72	4	108	47	35	1,950	544	3,142
Switzerland	228	774	1,664	2,331	6,131	4,071	2,090	12,327	68,883
Finland	51	183	(x)	(x)	164		88	120	38
Poland and Danzig	4	1		23	79		124	238	146
U. S. S. R. (Russia)	(x)	4	(x)	86	1,163	142	165	731	217
Spain	1		2	725	174	751	266	128	718
Portugal		(x)	1	126	125	352	21	68	248
Italy	99	124	277	675	757	1,617	3,078	3,208	9,097
Yugoslavia				17	7		4	15	2
Greece		(x)	(x)	58	2		44	530	168
Asia	1,161	863	147	2,612	3,899	3,623	5,194	6,656	2,932
Turkey				3			24	66	133
Syria				1	2	2	31	34	47
Iran				1			42	38	166
Palestine and Transjordan		(x)	(x)	14	344	16	17	78	229
Saudi Arabia	([12])	([12])	(x)	([12])	([12])		[12] (x)	[12] 5	31
India and dependencies	(x)		1	38	3	765	333	368	435
Ceylon			(x)	1		5	30	22	11
French Indochina and French India					7		2	32	4
British Malaya	(x)					1	72	48	28
Netherlands Indies	1	(x)		178			83	107	1
Philippine Islands		3		44	142	1	730	908	388
China	[15] 1	[15] 12	114	[15] 159	[15] 58	2,192	[15] 560	[15] 1,164	1,245
Hong Kong	(x)	4		289	90	418	162	155	65
Japan	[16] 1,159	843	33	[16] 1,873	2,726	168	[16] 3,085	3,541	85
Oceania	18	13	30	107	49	1,385	671	658	901
Australia	2	12	20	12	29	1,294	492	517	438
New Zealand	16	1	11	25	21	90	140	114	112

See footnotes at end of table, p. 166.

TABLE 42.—*United States imports* by commodity groups and countries—1914, 1932, 1939, and 1946*—Continued

[Value in thousands of dollars]

Country	Machinery and vehicles			Chemicals and related products			Miscellaneous		
	1932	1939	1946	1932	1939	1946	1932	1939	1946
Africa	1	(x)	3	98	485	602	485	515	1,602
French Morocco	(16)	(16)		(16)	[16] 29	92	[16] 22	[16] 4	25
Algeria	(20)			[20] 88	400	18	[20] 3	9	48
Tunisia	(21)			(21)	23	19	(21)	1	13
Egypt	(22)	(22)	2	[22] 5	[22] 4	210	[22] 103	[22] 150	438
British West Africa			(x)				25	24	19
Belgian Congo						20	1	6	14
Union of South Africa	1	(x)	1	1	5	101	275	222	624

x Less than $500.
*General imports, 1914, 1932, and 1946; imports for consumption, 1939.
[1] Includes trade with the Virgin Islands, which is excluded in 1939 and 1946.
[2] Includes Canal Zone.
[3] Included with Panama, Republic of.
[4] Excludes the northern part of Ireland.
[5] Includes the northern part of Ireland.
[6] Includes Austria.
[7] Austria-Hungary.
[8] Included with Germany.
[9] Serbia, Montenegro, and Albania.
[10] Includes Asia Minor, Armenia, Kurdistan, Mesopotamia, Syria, and Arabia.
[11] Included with Turkey.
[12] Included with Turkey.
[13] Includes Arabian Peninsula states n. e. s.
[14] Includes Burma.
[15] Includes Manchuria.
[16] Includes Chosen.
[17] Includes Spanish Morocco.
[18] Includes Tangier.
[19] Includes Tunis and other French Africa n. e. s.
[20] Includes Tunisia.
[21] Included with Algeria.
[22] Includes Anglo-Egyptian Sudan.
[23] Includes other British South Africa.

Source: Special Programs Division, Areas Branch Office of International Trade, Department of Commerce.

B. American Loans and Grants to Foreign Countries in the International Transactions of the United States

It can be assumed, in response to item 15, that all aid—whether in the form of loans or grants—made available to foreign countries since the end of World War II has been spent on American goods and services, whether directly by the receiving country or by other countries to which the funds were transferred.

The amounts involved are approximately 15.6 billion dollars for the period covered—July 1, 1945, to June 30, 1947. Of this total, loans and credits accounted for about 7.9 billion dollars and gifts and grants-in-aid for about 7.7 billion dollars. Government loans and credits included as major items, lend-lease credits, surplus property credits, disbursements by the Export-Import Bank, dollar disbursements by the World Bank and Fund, and advances under the British loan are included under this heading.

Capital outflow on private account consists mainly in the repurchase, redemption, or amortization of United States obligations to foreigners. A list of new loans by private persons in the United States to foreigners since June 30, 1945, is given in table 44.

Gifts and grants-in-aid, or unilateral transfers as they are called in technical terminology, included straight lend-lease, contributions to UNRRA, and other transfers by the Government, and gifts in cash and in kind by private individuals and organizations in this country.

With two significant exceptions, all loans and grants made by the United States Government have been "tied" to the export of American goods and services. The first of these exceptions was the 10-percent "free fund" contribution to UNRRA, amounting to about $270,000,000, which that organization was free to spend where it wished. Actually, the money was spent mostly in Canada and Latin-American countries, which, since they were importing more from us than we were from them, must be considered to have respent the money in the United States.

The second major exception was the British loan, which in effect became part of the general dollar resources of the United Kingdom. As of August 20, 1947, the British had drawn $3,350,000,000 on the loan, of which $3,115,000,000 had been spent. During the same period, according to public statements by the Chancellor of the Exchequer, the British spent $1,800,000,000 on United States goods and services for their own use and for shipment to Germany. Against this they had sales to us of $450,000,000, leaving a net of $1,350,000,000. Of the remaining $1,765,000,000 (i. e., $3,115,000,000 minus $1,450,000,000), $960,000,000 was used to make purchases in Canada and Latin America, $150,000,000 for dollar purchases elsewhere, mainly in Europe. An additional $620,000,000 (net) was made available to other sterling area countries for expenditures in the United States and foreign countries. The remaining $35,000,000 is accounted for by the subscription to the International Bank.

Between August 20 and December 1, 1947, the United Kingdom drew upon its gold reserves by $412,000,000 and purchased $240,000,000 of dollars from the International Monetary Fund. Canada and the sterling area countries had also used part of their reserves to pay for excess imports from this country.

Thus it is fair to say that as of December 1, substantially all of the postwar loans and grants by the United States Government have been used, directly or indirectly, to purchase American goods and services. The amounts of such loans and aid by quarters from July 1, 1945, to June 30, 1947, are shown in table 43.

TABLE 43.—*Outflow of United States long-term capital and unilateral transfers, July 1, 1945 to June 30, 1947*

[In millions of dollars]

	1945		1946				1947		Total July 1, 1945 to June 30, 1947
	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	
Loans and other investments:									
Government:									
Lend-lease credits	495	321	271	173	78	24	14	6	1,382
Credits on sales of surplus property	.....	71	135	414	110	201	113	89	1,133
Export-Import Bank	5	25	137	333	231	270	280	249	1,530
Dollar disbursements by World Bank and Fund	.....	.....	.....	.....	.....	.....	.....	148	148
British loan	.....	.....	.....	.....	400	200	500	950	2,050
Other	1	1	.....	.....	17	2	27	48	96
Total Government	501	418	543	920	836	697	934	1,490	6,339
Private	178	251	177	226	201	69	325	116	1,543
Total outflow of United States long-term capital	679	669	720	1,146	1,037	766	1,259	1,606	7,882
Gifts and grants-in-aid (unilateral transfers):									
Government	1,627	988	768	736	636	391	590	567	6,303
Private	119	140	184	203	191	220	185	209	1,451
Total gifts and grants-in-aid	1,746	1,128	952	939	827	611	775	776	7,754
Grand total	2,425	1,797	1,672	2,085	1,864	1,377	2,034	2,382	15,636

Source: International Economics Division, Office of Business Economics, Department of Commerce.

POSTWAR FOREIGN LENDING BY PRIVATE UNITED STATES SOURCES

A list of foreign loans by private lenders in the United States is attached as table 44. It is believed to be relatively complete. Except for the stock issues and a few short-term loans, the issues were predominantly for refunding purposes and did not supply foreign countries new capital. The figures for each issue represent the principal amount of bond and debentures and the amount at offering price for stock issues. Approximately 85 percent of these amounts were subscribed in the United States. The other 15 percent were subscribed abroad and do not represent foreign lending by this country.

TABLE 44.—*Foreign credits* [1] *by private United States lenders from June 30, 1945, to July 1, 1947*

Country	Date	Description of credit	Amount
			Mil. of dol.
Argentina	February 1947	Swift International Co., Ltd., certificates for capital shares.	3.9
Australia	August 1946	Commonwealth of Australia bonds, 10 years—3¼ percent due 1956; to redeem State of N. S. W. external 5 percent of 1958.	20.0
	December 1946	Commonwealth of Australia bonds, 3½ percent—20 years due 1966; to redeem State of N. S. W., 5 percent of 1959 and State of Queensland, 6 percent of 1947.	25.0
	January 1947	Sydney County Council, N. S. W., external sinking fund, 3½ percent 10 years due 1957; to redeem city of Sydney external sinking fund, 5½ percent due 1955.	8.5
	February 1947	Commonwealth of Australia, 3¾ percent—15 years due 1962; to redeem 4½ percent bonds due 1946.	45.0
	June 1947	Commonwealth of Australia, external sinking fund bonds, 3¼ percent—10 years due 1957; to redeem external 5 percent due 1957.	19.0
	do	Commonwealth of Australia, external sinking fund bonds 3½ percent 20 years due 1967; to redeem external 5 percent due 1957.	19.0
Bolivia	April 1947	Based on gold collateral	5.0
Canada	June 1945	Province of Alberta serial bond, 2¾-3¼ percent, maturing 1951-60; to provide funds for debt reorganization plan of 1945.	26.1
	September 1945	New Brunswick debentures, 2¼ percent, due 1961, to redeem 4 percent debentures due 1947.	4.5
	October 1945	Canadian Pacific Ry., 2 percent equipment trust certificates, series H, due 1955; to redeem all the collateral trust 4½ percent, due 1946.	20.0
	December 1945	Province of Alberta, serial debentures	2.0
	January 1946	Northwestern Utilities, Ltd., first mortgage 4 percent sinking fund bonds A Jan. 1, 1966.	1.0
	do	Newcor Mining & Refining, Ltd., common shares (no par value).	.2
	February 1946	Canadian Utilities Co.:	
		First mortgage 4 percent series 1971	1.0
		First mortgage 3¾ percent B Feb. 1, 1971	2.5
	do	Canadian Pacific Ry, series F, equipment trust certificates. 1.6 percent due August 1946 to February 1953.	12.6
	March 1946	British Columbia Telephone Co. (1971) first mortgage 25-year bonds, 3¾ percent, series A.	3.5
	do	Dominion Steel & Coal Corp., Ltd., first mortgage 15-year 3½ percent bonds, series A, 1961.	1.8
	do	Saguenay Power Co., Ltd., first mortgage 3 percent sinking fund bonds, series A, Mar. 1, 1971.	23.2
	do	Gaspe Oil Ventures, class A common stock	.7
	do	Shawinigan Water & Power Co. (Mar. 15, 1971) first mortgage coll. tr. bonds, series M, 3 percent.	23.3
	April 1946	Winnipeg Electric Co. 4 percent, series sinking fund first mortgage bonds, 1971.	3.0
	May 1946	MacLaren-Quebec Power Co., 3 percent first mortgage sinking fund bonds, series A, May 1, 1969.	1.0
	do	Nova Scotia Light & Power Co., Ltd., 3¾ percent first mortgage sinking fund bonds, May 1, 1971.	5.0
	June 1946	Canadian Pacific Ry., series G, equipment trust certificates, 1½ percent, due December 1946 to December 1953.	19.5
	July 1946	Saguenay-Quebec Telephone Co., 3¼ percent, series A and 4 percent series B, 1966.	.3
	July 1946	Great Lakes Paper Co., Ltd., first mortgage sinking fund bonds, 3½ percent, 1966.	4.3
	do	Gatineau Power Co., 3 percent first mortgage bonds, series C, June 15, 1970.	45.0
	do	2¾ sinking fund debenture, June 15, 1961	9.5
	do	Gold City Porcupine Mines, Ltd., common stock (P. V. $1 Canadian).	.1
	September 1946	Cardiff Fluorite Mines, Ltd., common stock P. V. $1	.2
	do	McCall-Frontenac Oil Co., Ltd. (Oct. 1, 1971) 3 percent first mortgage and coll. tr. bonds 1946 series.	.4
	November 1946	Northwestern Utilities, Ltd., 25-year 3½ percent bonds	1.7
	do	Buffonta Mines, Ltd., common capital stock (P. V. $1 Canadian).	.5
	do	Giant Yellowknife Gold Mines, Ltd., common shares (P. V. $1).	.2
	December 1946	Housing Enterprises of Canada, Ltd., 2½ percent fixed interest debentures, Mar. 1, 1966.	3.7
	do	Fraser Companies, Ltd., 3 percent first mortgage and coll. tr. bonds Jan. 1, 1967.	3.5
	January 1947	Northern Electric Co., Ltd., 3¼ percent first mortgage bonds due January 1967.	6.0
	do	Canadian Admiral Corp., Ltd., common stock	.1

TABLE 44.—*Foreign credits*[1] *by private United States lenders from June 30, 1945, to July 1, 1947*—Continued

Country	Date	Description of credit	Amount
			Mil. of dol.
Canada	February 1947	The City of Montreal refunding debentures Oct. 15, 1967	77.8
	April 1947	Province of New Brunswick 5 year 2½ percent debentures May 1, 1952.	5.0
	May 1947	Donnacona Paper Co., Ltd., 15-year 3½ percent bonds	5.5
	June 1947	Gurney Foundry Co., Ltd., 3 percent mortgage bonds Apr. 1, 1948 to 1952.	.2
	Do	New Brunswick Oil Fields, Ltd., capital shares (no par value).	.3
Chile	1947	Advances for taxes on copper as follows: Mar. 21, 1947—$10,000,000; Feb. 1947—$7,000,000.	
		Taxes on copper sales for 1946 totaled $13,300,000 thereby leaving a balance of $3,700,000.	3.7
China	April 1947	To finance shipments of raw cotton	40.0
Cuba	November 1946	Expreso Aereo Inter-Americano S. A., 4 percent convertible notes, due November 1951.	.3
	January 1947	Orange-Crust de Cuba, S. A. (Cuba), common stock, P. V. $1.	.1
Newfoundland	May 1946	Bowater's Newfoundland Pulp & Paper Mill 3½ percent bonds due June 1, 1968: to retire other bonds and to finance improvements and additions.	7.5
Netherlands	Do	Export-Import Bank and 50 commercial banks each to participate in about half of $200,000,000 loan—1 and 2 years at 2¼ percent.	93.3
	July 1946	10-year informal agreement between KLM Airlines, Netherlands, and Kidder Peabody, New York, for purchase of new equipment in the United States.	8.0
	May 1947	10-year external sinking fund, 3¾ percent; to finance postwar reconstruction.	20.0
Norway	July 1946	3-year revolving credit, 2 percent for 2 years and 2½ percent thereafter.	16.0
	April 1947	Kingdom of Norway External 10-year, 3½ percent due April 1957, to increase dollar exchange reserves.	10.0
Nicaragua	June 1947	Loan to National Bank of Nicaragua to rehabilitate agriculture, 3½ percent for 8 years. Based on gold.	4.5
Panama	May 1946	TACA Airways, S. A., capital stock P. V. $5	0.8
Peru	January 1947	Peruvian International Airways, 50-cent convertible preferred stock, and common stock.	2.1 .1
Panama	do	TACA Airways, S. A. 4 percent convertible notes July 15, 1959.	1.0
Rumania	March 1947	4 years at 2½ percent over current American discount rates; to finance grain shipment. Based on gold.	7.0
Spain	October 1946	To Spanish Exchange Institute to finance cotton purchases in United States.	2.2
Union of South Africa.	November 1946	American-Anglo Transvaal Investment Corp., Ltd., capital stock.	1.0

[1] Excludes the $250,000,000 International Bank debentures sold to the American public in July, 1947.

C. POSTWAR FOREIGN LENDING BY FOREIGN COUNTRIES

Several countries have made foreign loans since VJ-day and have made advances to other countries connected with the financing of current trade balances. Principal among these lending countries is Canada as a result of loans to eight countries amounting to $594,000,000 plus the $1,250,000,000 credit to the United Kingdom. The total amount advanced by Canada under these loans was, as of June 18, 1947, $1,059,000,000 (see table 45). Sweden also has made financial aid available to foreign countries in substantial amount. The largest credits were to the U. S. S. R., Norway and the United Kingdom. Total utilization of all Swedish loans as of December 31, 1946, amounted to $204,000,000. The amounts authorized totaled $765,000,000. Loans by the Argentine Government (as listed in table 46) totaled about $970,000,000 but no data are available relative to the amount utilized.

Many of these credits have been the result of payments agreements which provide for the accumulation of balances by either country depending on the relative volume of imports and exports. In most

cases a maximum amount to be accumulated was specified, any excess to be paid in gold or some transferable currency. The usual period is 1 year with the possibility of renegotiation after that time.

Others among the listed loans are still in the course of negotiation, or have not been ratified by one or by either of the countries involved. This is particularly true of the Argentine loans. Even among the loans or credits that have been made effective there is a scarcity of current data regarding the extent of utilization.

Lists of the available data regarding foreign loans made by countries other than the United States are given in tables 46 to 49. They are not complete but are given primarily for purposes of illustration.

TABLE 45.—*Postwar Canadian loans and advances to foreign governments* [1]

[In millions of Canadian dollars]

Country	Amounts authorized	Drawn to Dec. 31, 1946	Advanced as of June 18, 1947	Encumbered as of June 18, 1947
Export credits:				
Belgium	100.0	52.6	56.0	.....
China	60.0	16.5	23.3	10.5
Czechoslovakia	19.0	3.9	5.2	6.2
France	242.5	143.8	169.3	.....
Netherlands	125.0	64.0	87.1	.....
Netherlands Indies	15.0	5.4	6.7	.....
Norway	30.0	16.4	18.9	.....
U. S. S. R.[2]	3.0	2.9	2.9	.....
Other loans: United Kingdom	1,250.0	540.0	690.0	.....
Total	1,844.5	845.5	1,059.4	16.7

[1] The terms of the export credits were 2¼ to 3 percent interest, 54 years maturity, and payments of principal beginning 1 to 6 years from date of loan. The loan to Britain bears 2 percent interest, and is repayable in 50 annual installments beginning in December 1951.

[2] Excluding the wheat loan to U. S. S. R. of $10,000,000 which was granted in 1943 and 1944 and thus was not a postwar loan.

TABLE 46.—*Postwar foreign loans by Latin-American countries*

ARGENTINA

Borrowing country	Amount	Date	Remarks
	In millions		
Belgium-Luxemburg.	110 (pesos)	May 14, 1946	Maximum accumulation of balances, no interest. Repayment in goods within 3 years.
Bolivia (in 3 parts)	50 (pesos)	Signed Mar. 26, 1947, ratified by Bolivia May 26, 1947, and Argentina, Sept. 23, 1947; not yet effective as of Sept 30, 1947.	Finance balance of trade. Interest, 3.5 percent. Repayment in 10 semiannual installments.
	100 (pesos)	do	Finance development corporation. Interest, 4 percent.
	do	do	Finance public-works program. Interest, 3.75 percent. Repayment in 50 years through semiannual payments beginning in tenth year.
Chile (in 3 parts)	do	Negotiated Dec. 13, 1946 (not yet ratified).	Finance trade deficit. Revolving credit. Interest, 3.5 percent. Repayment in 5 years beginning at end of 3 years.
	300 (pesos)	do	Finance public-works program. Bonds to be purchased at 96 percent of par. Interest, 3.75 percent. Repayment in 25 years.
	do	do	Finance economic development. Interest, 4 percent.

TABLE 46.—*Postwar foreign loans by Latin-American countries*—Continued

ARGENTINA—Continued

Borrowing country	Amount	Date	Remarks
	In millions		
Czechoslovakia	20 (pesos)	July 2, 1947	Finance exchange of goods. Interest, 3 percent. Repayment, end of each year.
Finland	75 (pesos)	Not yet formalized. May 1947.	Finance purchase of Argentine products.
France	150 (pesos)	Oct. 22, 1945	Finance balance of payments deficit. Utilized Dec. 31, 1946: 150,000,000 pesos. Interest, none. Repayment after 3 years.
	450 (additional pesos).	July 23, 1947	Finance balance of payments deficit. Provides 600,000,000 peso credit which incorporates previous 150,000,000 peso credit. Repayment after 3 years (or 5 years by mutual consent). Utilized Dec. 31, 1946—94,000,000 pesos (in advance of formal signature).
Italy	700 (pesos)	Oct. 13, 1947	To finance purchases of cereals, raw materials, etc. Agreement runs through 1951. Terms apparently similar to other recent Argentine agreements.[1]
Rumania	25 (pesos)	Oct. 10, 1947	For purchase Argentine products. Credit available only against gold collateral. Interest: 3½ percent. Repayment not specified. Agreement expires July 31, 1950.
Spain	30 (pesos)	Apr. 30, 1946	Finance purchases of foodstuffs. Interest, 2.75 percent. Repayment, 3 years.
	350 (pesos)	Oct. 30, 1946	Revolving credit to finance purchases of Argentine products. Interest, 2.75 percent. Repayment, subject to negotiation after 3 to 5 years.
	400 (pesos)	do	Bonds purchased at 90 percent to repay outstanding debts. Interest, 3.75 percent. Repayment in 25 years.
United Kingdom	Open end until Sept. 17, 1946; no further credit under Sept. 17, 1946, arrangement.	June 14, 1940 and Sept. 17, 1946.	Cover all trade and payments; balances also used for debt repatriation. Argentina's blocked sterling rose from equivalent of 1.4 billion pesos in August 1945 to 1.75 billion at the end of 1946, representing a credit extension of 350 million pesos or about 100 million dollars. The Sept. 17, 1946, agreement provided convertibility of current sterling and some blocked sterling; the blocked balance in August or September 1947 was reported as 1.58 billion pesos—a decline of about 50 million dollars since Dec. 31, 1946. The balance now blocked, plus about 180 million dollars more, is to be used for purchase of British-owned utilities under present plans.

[1] New York Times, Oct. 14, 1947.

BRAZIL

Belgium	10 (Belgian francs)[1]	May 17, 1946	Finance current payments. Repayment within 3 years after expiration of agreement. Agreement duration 2 years and thereafter until terminated on 3 months' notice.
Czechoslovakia	20 (United States dollars).	Oct. 16, 1946	Finance current payments. Interest, 2 percent. Repayment in 5 years beginning in 1952. $10,000,000 available in 1947.
Finland	10 (United States dollars).	May 31, 1946	Finance purchase of Brazilian products. Interest, 4 percent. Repayment by 1960 beginning in 1951.
France	25 (United States dollars).	Mar. 8, 1946	Finance balance of payments deficits. Utilized Dec. 31, 1946, $3,700,000. Utilized June 30, 1947, $25,000,000. Interest and repayment terms not known.

[1] A confidential agreement apparently provides either that the credit may reach 1,000,000,000 Belgian francs or perhaps that the equivalent of 500,000,000 cruzeiros shall be the maximum.

TABLE 46.—*Postwar foreign loans by Latin-American countries*—Continued

BRAZIL—Continued

Borrowing country	Amount	Date	Remarks
	In millions		
United Kingdom	Open end until June 2, 1947; no further credit under June 2, 1947, arrangement.	June 20, 1940, and June 2, 1947.	Cover all trade and payments; balances also used for debt repatriation. Brazil's blocked sterling rose from about $181,000,000 in August 1945 to roughly $200,000,000 at the end of 1946, an increase of about $20,000,000. The partial agreement effective June 2, 1947, provided convertibility for current sterling. Brazilian blocked sterling on Apr. 1, 1947, was $245,000,000.

URUGUAY

Belgium	5 (Belgian francs)	June 14, 1946	Effective on ratification. Finance current payments. Interest, none mentioned. Repayment within 3 years after expiration of agreement. Agreement duration 1 year and thereafter until terminated on 3 months' notice.
Czechoslovakia	1 (United States dollars).	Jan. 2, 1947	Not effective until ratified. Finance current payments. Interest and repayment terms not known.
France	6 (pesos)	Sept. 17, 1946	Finance purchases of Uruguayan products. Terms not available.
Italy	3 (pesos)	Signed Feb. 26, 1947, but not yet effective.	Finance purchases of wool. Terms not available.
United Kingdom	Open end	Sept. 16, 1940 (July 1947 agreement never signed.)	Covers all trade and payments. Uruguay's blocked sterling rose from 52.4 million dollars in August 1945 to 68.7 million dollars on Dec. 31, 1946, an increase of 16.3 million dollars. As of June 30, 1947, this balance was 69 million dollars.

VENEZUELA

Ecuador	1 (United States dollars).	June 6, 1946	Finance Ecuador's investment in shipping concern. Utilized Dec. 31, 1946, 0.2 million dollars. Repayment in 18 annual payments ending 1966.

TABLE 47.—*Postwar foreign credits by private British lenders*

Country	Amount	Date	Description of credit
	Dollar equivalent in Mil. of dol.		
Austria	6	November 1946	To finance Austrian purchase of wool from Australia or United Kingdom, processed wool to be delivered by Austrian factories to United Kingdom interests for sale.
Czechoslovakia	4	March 1946	For raw material imports; arranged by principal Czechoslovak banks and guaranteed by National Bank of Czechoslovakia to be renewed from year to year.
France	50	January 1947	For French woolen industry; revolving credit with all London banks participating.
	4	Late in 1946	For raw material imports. Exchange risks guaranteed by Bank of France.
Hungary	2	1947	For purchase of certain raw materials of sterling area origin.
Italy	40	Unknown	Cidino construction firm received amount for construction of hydroelectric plant near Costa.

TABLE 48.—*Swedish contributions to the reconstruction of other countries*

[Million kronor]

1. Gift contributions:		
(a) Government appropriations for—		
help to refugees in Sweden (Sw. kronor)	165	
relief work abroad (partly in Sw. kronor)	132	
contributions according to the Washington Agreement of 1946 (not yet disbursed)	125	
		422
(b) Private contributions: Financial aid to relief work abroad (about)		500
Total (about)		922

2. Credits granted before or in close connection with the cessation of hostilities.

	Amounts granted	Disbursed as per June 30, 1947	Disbursed July 1, 1946 to June 30, 1947
(a) Credits to Finland during the war	218	218	.....
(b) Credits for noncommercial purposes (consumption expenses in Sweden):			
Denmark:			
Expenses of Danish legation in Stockholm, including training of police corps	70	61	1
Expenses for Danish refugees in Sweden (credit written off)	50	50	.....
Netherlands: Expenses for repatriation, shipping expenses	25	24	2
Norway:			
For auxiliary purposes and other expenses for refugees in Sweden (credits written off)	100 50	100 50	....
Expenses of Norwegian legation in Stockholm	15	3.5	−2
Training of police corps, etc	[1] 80	80	.....
Total (b)	390	368.5	1
(c) Commercial credits extended before the cessation of hostilities (in some cases final agreements have, for technical reasons, not been concluded until somewhat later):			
Denmark, reconstruction purposes	110	94	12
Finland, reconstruction purposes	150 9	150 8	....
Netherlands, reconstruction purposes	75	73	6
Norway:			
Reconstruction purposes	200	129	11
Shipbuilding credit	[1] 40	40	.....
Great Britain, sterling balances to be held by Sweden in accordance with a special payments agreement of 1947	190	190	.....
Total (c)	774	684	29
(d) Other commercial credits extended before Aug. 1, 1945:			
France, current payments	80	80	.....
Netherlands, current payments	13.5	13.5	11
Total (d)	93.5	93.5	11
(e) Other credits extended:			
Great Britain (this credit was extended during the war and is in this respect referable to (a) above; it was, however, consolidated during the spring of 1945 and is therefore included under (c)	50	50	.....
Ethiopia (this credit is intended for salaries to Swedish officials and is therefore of a noncommercial nature—as in the case of the credits under (b)—but was granted at a later date)	7.5	7.5	.....
Total (e)	57.5	57.5	.....
Total credits (a) to (e)	1,533	1,421.5	41

[1] Credits extended against receipts of sterling, tied up for a period to be settled at a later date. The amounts are quoted on the basis of the exchange rates prevailing in 1945.

TABLE 48.—*Swedish contributions to the reconstruction of other countries*—Con.

3. Credits granted during the postwar period:

	Amounts granted	Disbursed as per June 30, 1947	Disbursed July 1, 1946–June 30, 1947
Denmark (purchases of wooden barracks)	10		
Finland (current payments)	30	25	19
Yugoslavia (current payments)	5	4	4
Poland:			
Current payments	100	90	47
Financing specified Swedish exports to Poland	21.6		
Great Britain (see under 2 (c) above).			
U. S. S. R. (financing specified Swedish exports to U. S. S. R.)	1,000	49	49
Czechoslovakia (current payments)	24	12	2
Total	1,190.6	180	121

4. Reciprocal overdraft facilities within the framework of general payments agreements:

	Mutual overdraft facilities
Belgium	100
Denmark	30
France	60
Netherlands	31.6
Norway	30
Hungary	5
Total overdraft facilities	256.6

Source: Memorandum on The Long-Run Economic Outlook from the Board of Directors of Sveriges Riksbank to the King-In-Council, dated Oct. 17, 1947, pp. 14 to 16, inclusive, Stockholm, 1947.

TABLE 49.—*Postwar foreign loans and advances by Switzerland*

[Amounts authorized in millions of Swiss francs]

Commercial credits by Government of Switzerland:[1]	
Belgium-Luxemburg	[2] 41.0
France	[3] 300.0
United Kingdom	[4] 260.0
Netherlands	26.0
Norway	5.0
Czechoslovakia	10.0
Total	642.0
Private loans:	
Belgium telegraph and telephone service	50.0
Denmark	30.0
Netherlands [5]	50.0
Total	130.0
Total, all types	772.0

[1] Mostly credits under payments agreements, to be utilized within from 1 to 5 years; repayment terms have in general been left for later negotiation.
[2] Original credit of 50,000,000 reduced.
[3] Original credit of 250,000,000 and raised August 1946.
[4] Credit expressed as 15,000,000 pounds sterling.
[5] 85 percent guaranteed by the Swiss Confederation, duration 5 years.

CHAPTER VI. PROBLEM OF SERVICING THE DEBT

This chapter is limited to a discussion of the problem raised by item 17 of the proposed Senate Resolution 103—the problem of servicing the debt.

Item 17. What changes are necessary in this country's import tariffs to make possible the repayment of the loans and investments already made and contemplated by the United States and by private interests?

It is impossible to state in precise quantitative terms the effect of tariff changes on the flow of imports. Tariff reductions, by augmenting the outflow of dollars, increase the ability of foreign countries to meet interest and amortization payments on external obligations. However, the problem of servicing such obligations is not one of tariffs alone, nor should the effects of tariff changes be considered in isolation from other factors bearing on the international transactions of the United States. The most favorable conditions for debt service include not only the reduction of tariffs but related objectives of United States economic policy, notably:

1. The continuance of conditions of high employment in the United States and of normal long-term growth of the economy.
2. The recovery and expansion of European production and foreign trade.
3. The recovery of devastated areas elsewhere in the world and the development of relatively unindustrialized areas.
4. A reduction in the obstacles to the freer flow of goods and capital across national boundaries.
5. The continuing investment abroad of a small percentage of United States net savings.

There are two possible means by which foreign countries can service their debts to the United States: First, by utilizing their existing gold and dollar assets; and, second, by acquiring additional foreign exchange. The acquisition of additional dollars by the outside world depends on the ability of foreign countries to market goods and services in this country and to attract United States capital. Individual countries can undertake measures to increase their foreign exchange earnings by stimulating exports and decreasing imports, but it is only by an over-all increase in dollar disbursements by the United States that foreign countries as a whole can increase their dollar receipts and service their external debts without sacrificing imports of goods and services from this country.

Consideration should be given, among other factors, to prospective population growth, which will add to the need for expansion of production and foreign trade in many countries and will, where excessive, hamper their efforts to achieve the necessary balance in their international payments.

PROBABLE VOLUME OF DEBT SERVICE

As of the end of 1946 American private investments in and obligations due from foreign countries, plus those due to this Government other than World War I debts, amounted to $21,260,000,000. At that time commitments had been made which when utilized will add $5,100,000,000 to that figure. During 1946 the investment income received in the United States from foreign countries amounted to $611,000,000;[1] preliminary estimates indicate that the 1947 total was about $200,000,000 higher. Of the 1946 receipts about $21,000,000 was interest from obligations due to the Government. Receipts from the latter will increase on the basis of present commitments to a peak of about $200,000,000 in 1951–52. Receipts on private investments are particularly difficult to forecast. However, it is estimated that total investment income received in 1952 will probably be between $800,000,000 and $1,000,000,000—excluding income on any loans not yet committed as of December 1, 1947.

Existing contracts require annual repayments (amounting in 1952 to $250,000,000) of principal on the debt due this Government. To this must be added about $160,000,000 of repayments of private portfolio investments. In 1952, therefore, foreign countries should be paying to the United States as service (interest and amortization) on loans and investments about $1,200,000,000 to $1,400,000,000. Additional loans in connection with the European recovery program will add to these amounts.

CONCLUSION

If the conditions stated above as the objectives of United States economic policy are realized, it is reasonable to expect that the magnitude of our imports, tourist expenditures, and capital exports will be such as to provide enough dollars to enable the world to pay for a high level of dollar imports and to service existing and contemplated foreign investment. Under these conditions, any adjustments which foreign countries as a whole might be required to make to insure payment of interest and amortization would entail little sacrifice. However, failure to realize any of the foregoing objectives would make such expectations less reasonable.

[1] Department of Commerce, Survey of Current Business, March 1947, International Transactions of the United States in 1946.

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