

THE TRANSFER PROBLEM

----- A SELECTIVE SURVEY

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AND ECONOMICS

P U N E - 411 004

DECEMBER 1984.

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A DISSERTATION SUBMITTED TO THE
UNIVERSITY OF POONA
IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF
MASTER OF PHILOSOPHY IN ECONOMICS

GOKHALE INSTITUTE OF POLITICS AND ECONOMICS
PUNE 411004

DECEMBER 1984

PREFACE

The Transfer Problem bulks large in the literature of international trade theory, both because international economic relations have abounded in transfer problems of various kinds and because the problem offers an attractive opportunity for the application of new theoretical techniques.

- Johnson (1961)

To begin with, we have made an effort to disentangle some of the important strands of customary theoretical economics, which have to do with the elucidation of major conceptual and operational aspects of the Transfer Process. It includes the elaboration of an application of the transfer theory, namely, "The Transfer Problem and Exchange Stability" by Johnson (1961), which is, in the opinion of Scammell (1974), "perhaps the most interesting single article" in the literature on the Transfer Problem. (Scammell, 1974, p. 567).

Machlup's (1964) later thinking has been highlighted, which unfolds the "Restatement of the Transfer Problem" and the formation of some new concepts. The information gained from the study of historical cases is used to assess the role of "Money Supply" and forces of "Economic Growth" on the Transfer Process. "Transfer Difficulties" have been identified

and their relative importance judged in the light of new experience. The link between the "Budgetary Problem" and the "Transfer Problem" is established, pointing out the futility of separating one from the other. He is an optimist and believes that "changes in real incomes" are normally enough to bring out the real transfer.

The relevance of transfer propositions in the context of such international issues of today as "Petrodollars", "The Dollar Crisis", and "Developmental Finance" has also been studied, keeping in view the observations of Jones (1979), Chacoliades (1981), Kindleberger (1971), Heller (1977), Scammell (1974), and others.

I take this opportunity to express my heavy indebtedness to Professor B. G. Bapat for the guidance and encouragement that he so happily extended to me during the course of preparing this study.

I am deeply grateful to the authorities of the Gokhale Institute for granting me the studentship and numerous other facilities including the excellent library.

Shri S. K. Athale deserves praise for the neat and efficient typing of the manuscript.

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December 1984

C O N T E N T S

	<u>Page</u>
PREFACE	(i)
<u>Chapter</u>	
I	STATEMENT OF THE PROBLEM 1
1.1	What Necessitates the Study of the 'Transfer Problem'? 1
1.2	Situations Requiring the "Transfer of Capital" 2
1.3	The Definition 3
1.4	Unilateral and Bilateral Transfers 3
1.5	Domestic Trade and International Trade in this Context 4
1.6	Financial Transfer Versus Real Transfer 5
1.7	The Factor of Causality 7
II	THE CLASSICAL THEORY - THE ROLE OF PRICES 9
2.1	The Classical Mechanism 9
2.2	Are Price Changes Essential to Bring Out an 'Effective Transfer'? 12
2.3	Factors Affecting Price Changes 13
2.4	Limits to Transfer through Price Changes - Keynes's Views (1929) 14

<u>Chapter</u>		<u>Page</u>
III	THE MODERN VIEW - A MAJOR ROLE FOR INCOMES	18
	3.1 Ohlin's (1929) Sharp Reaction to Keynes's (1929) Version	18
	3.2 Ohlin's (1929) Actual Treatment	19
	3.3 Comment	22
	3.4 Factors Helping the Real Transfer through Income Changes	23
	3.5 Metzler's (1942) Analysis of Real Income Adjustments	25
	<u>Table 3.1</u> Summary of Transfer Results	28
IV	RECONCILIATION OF THE CLASSICAL AND KEYNESIAN APPROACHES	29
	4.1 The Classical Transfer Problem	29
	4.2 The Keynesian Transfer Problem	31
	4.3 Reconciliation	36
	<u>Appendix</u> to Chapter IV	38
V	THE EXCHANGE STABILITY PROBLEM (AN APPLICATION OF THE TRANSFER THEORY)	43
	5.1 Statement of the Exchange Stability Problem	43
	5.2 The Exchange Stability Problem as Stated by Johnson (1961)	44
	5.3 Criteria for Stability under Classical Conditions	45

<u>Chapter</u>		<u>Page</u>
	5.4 Criteria for Stability under Keynesian Conditions	46
	<u>Appendix</u> to Chapter V	52
VI	TERMS OF TRADE AND TRANSFER PAYMENTS - SOME OBSERVATIONS	54
	6.1 Terms of Trade after Transfer without Impediments	54
	6.2 Terms of Trade after Transfer in the Presence of Real Impediments	56
	6.3 Equilibrium with Artificial (Tariff) Impediments	58
	6.4 Concluding Remarks and Relaxing Some Assumptions	59
VII	SOME RECENT ISSUES RELATED TO THE TRANSFER PROBLEM	62
	7.1 The Measure of the Severity of the Problem	62
	7.2 Money Supply and Trade Balance	64
	7.3 The Transfer Problem Restated by Machlup (1964)	69
	7.4 Transfer Difficulties Identified by Machlup (1964)	71
	7.5 Transfer under Conditions of Growth	74
	7.6 Recent OPEC Policies; Developed and Developing Countries	78

<u>Chapter</u>		<u>Page</u>
VIII	SUMMARY AND CONCLUSIONS	83
	8.1 "What" and "Why" of the Transfer Problem	83
	<u>Figure 8.1</u> The Transfer Problem	84
	8.2 The Transfer Literature	86
	8.3 Do Transfer Payments Pose an Insoluble Problem?	88
	8.4 Distinction between Classical and Keynesian Transfer Models	90
	8.5 Terms of Trade after Transfer and Less Developed Countries	92
	8.6 Transfer Propositions in the Context of Developmental Finance	94
	BIBLIOGRAPHY	97