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INTRODUCTION

In this volume, statements of the balance of international payments for twenty-nine countries are reproduced. Not all of these are complete. Several are preliminary and tentative. Owing to the nature of the enquiry, all are estimates and in all cases the figures given for certain of the items of which the balance of accounts is composed are to some extent conjectural in character. But it is believed that even in those statements where, owing to lack of essential data, no totals are given, information of value is supplied. The most instructive estimates are, however, those which are at once relatively complete and have been compiled for a series of years, for these throw light not only upon the problems of a country at a moment of time but on the trend of economic events. On this account, unless there has been some strong reason to the contrary, estimates for four or five years, when available, are shown side by side in the detailed tables. The summary tables in a number of cases give information for an additional two or three years.

The more recent compilations are, however, frequently more complete and more carefully verified than the earlier, so that differences in the magnitude of certain of the items may indicate not a change of fact but a growth of knowledge. The character of the changes, real or apparent, is indicated, as fully as the information supplied by the compilers of the estimates permits, in the explanations accompanying each account.

The detailed tables for each country have been divided into two parts, one showing the current and the other the capital account, including where possible both long-term and short-term capital operations.

The current account, as given in the more elaborate statements in this volume, aims at showing the value of goods and services exchanged with foreign countries during a given period (usually the calendar year). The capital account shows the purchase and sale of all long-term scrip and, secondly, short-term capital operations. Only the changes in outstanding short-term claims and debts are shown, not the totals of short-term capital operations during the year, as these would obviously duplicate payments on account of transactions included under other items.

Short-term capital operations very frequently represent floating credits received or granted in connection with other foreign transactions. In theory, adjustments for payments postponed or on account of the fact that a liability for payment may be subsequent to the recorded transaction after which that liability arises, should be assigned to the individual current and capital items concerned. In practice, it would be difficult to show only cash payments received from or paid to foreign countries (instead of the value of goods and services exchanged and the amounts raised or payable on account of long-term capital transactions), as the statistics which form the basis of the different items in the current account do not, as a rule, show real cash payments. Thus trade returns record the goods which have crossed the frontier, not payments therefor. On the other hand, short-term operations, which are generally calculated, *inter alia*, from the changes in the banks' accounts with foreign correspondents, cannot easily be attributed to the particular current and capital transactions

to which they are due. The complete statements aim at recording those business operations during a specific period, which involve future or immediate obligations of money payments between nations. The latter obligations are entered whether the proceeds of the payments are transferred from the paying to the recipient country or are left on account with the former or transferred elsewhere. The changes in the floating assets and liabilities on account of short-term credits raised or granted, or payments effected but not utilised by the recipients for purchases or long-term capital investments, are recorded separately as short-term capital items. The credit or debit balance of these items therefore indicates the extent to which commitments entered into during the period are offset or exceeded by claims arising.

The statements thus represent rather the balance of operations booked than of payments made or received. But the international payments effected can be calculated in the complete statements from the information furnished. For inward payments, the net decrease in the floating assets requires to be added to (or the net increase in these assets to be deducted from) the total of the current and long-term capital items on the credit side. The amount thus obtained should agree with the total outward payments.

Visible items (merchandise and gold) show the value of goods which have crossed the frontier, without adjustment on account of merchandise credits received or granted. Interest paid on national capital invested abroad is entered as a current item whether it is utilised for payment in respect of goods or services or invested abroad or left there on call. In the last-mentioned case the amount is offset by an increase in the floating assets abroad, appearing as a debit item in the short-term capital account. Similarly, the value of services exchanged, not payments in respect thereof, are shown in the current account. The long-term capital account shows all purchases and sales of long-term scrip and real estate; thus the item for new loans floated abroad shows the total net amounts raised, even when part of the proceeds of the loan is left abroad.

The whole account, including short-term capital operations, should, in theory balance, *i.e.*, the deficit or surplus on account of current items should agree with the inward or outward movement of capital. Any balance which in fact exists must therefore represent errors and omissions.

Any classification of the items is bound to be to some extent arbitrary, and this is true also of the distinction between current and capital items. Obligations on account of war debts and reparation engagements do not differ essentially from other public debts; but reparation payments have been included in a special rubric of the current account, because the distinction between amortisation and interest is frequently impossible to draw. The gold movement may be looked upon as a balancing item and is closely related to the capital account. Obviously, however, gold exported by gold-producing countries or imported for industrial purposes is merchandise and it is seldom possible to state with certainty that any given consignment of gold will be utilised for monetary purposes only. Gold has accordingly been treated throughout as any other commodity and entered into the current account — not when purchased or sold, but when physically imported into or exported from any country. Consequently, changes in the amount of gold held abroad, or in the amount of gold held in the country earmarked for the account of others, have, like changes in ordinary short-term assets and liabilities, been treated as short-term capital operations. As a result, when gold earmarked in favour of country A is withdrawn from country B, the latter's short-term net capital exports are *pro tanto* increased or net imports *pro tanto* reduced. This at first sight may appear anomalous as country B has been responsible for no operation other than the transport to its frontier of the gold in question. But the circumstances are similar to country A, to the withdrawal by it of bank assets on loan in B's money market.

Most of the statements are based on the form sent out to Member States, although nearly every statement in the case of special items presents some small deviations therefrom, necessitated either by the method of compilation or the nature of the transactions performed. When, in the original estimates, the general arrangement of the items differed from that proposed in the standard form — as, for example, in the statements for the United States, Czechoslovakia, and Hungary — the items have been rearranged according to that form. In such cases care has been taken in so far as possible to achieve comparability with the majority of the statements as regards the big group of items (current and capital items) and their sub-groups. The balances of the current or capital account therefore frequently differ somewhat from those shown in the original statements. Thus, for instance, the outward capital balance for the United States in 1928 is given at \$1,087 million and at \$962 million in the official American statement, which excludes from the capital items merchandise credits received and granted, amortisation receipts in respect of war debts and changes in the stock of gold earmarked for foreign account.

The statements for Australia and the United Kingdom are very summary and had to be reproduced in their original form.

In order to save space and render the tables easier to study, the wording of the items in the standard form has been shortened and the figures for inward and outward payments on account of similar transactions shown in parallel columns. The full wording of the debit and credit items concerned is reproduced below.

Contractions used (credit and debit items)	Full wording of the items given in the first column	
	Credit items	Debit items
Current items.		
<i>I. Merchandise.</i>		
1. Merchandise	Merchandise, including silver bullion and coins other than gold, exported (as per trade returns)	Merchandise, including silver bullion and coins other than gold, imported (as per trade returns)
2. Adjustment for wrong valuation	Adjustment for under- or over-valuation of 1 in order to arrive at the commercial value f.o.b.	Adjustment for under- or over-valuation of 1 in order to arrive at the commercial value c.i.f.
3. Contraband	Contraband	Contraband
<i>II. Gold coin and bullion.</i>		
4. Gold coin and bullion	Gold bullion and gold specie exported (as per trade returns)	Gold bullion and gold specie imported (as per trade returns)
5. Adjustment for wrong valuation	Adjustment for under- or over-valuation of 4 in order to arrive at the commercial value f.o.b.	Adjustment for under- or over-valuation of 4 in order to arrive at the commercial value c.i.f.
<i>III. Interest and dividends.</i>		
6. Interest on inter-governmental debts	Interest received on intergovernmental debts n.e.i. (Inter-allied debts, etc.)	Interest paid on intergovernmental debts n.e.i. (Inter-allied debts, etc.)
7. Interest on other public debts	Interest received on other foreign Government and municipal loans	Interest paid on other Government and municipal foreign debt
8. Other interest and dividends on long-term capital	Other interest and dividends received from long-term capital investments abroad	Interest and dividends paid on foreign long-term capital invested in the country
9. Interest on short-term capital	Interest received from short-term capital invested abroad	Interest paid on foreign short-term capital invested in the country

Contractions used (credit and debit items)	Full wording of the items given in the first column	
	Credit items	Debit items
Current items (continued.)		
IV. Other current items		
10. Shipping freights	Shipping freights, charter money, passage money and similar earnings, received by national ships on account of all foreign trade	Shipping freights, charter money, passage money and similar earnings, paid to foreign ships on account of all home and foreign trade other than imports into or exports from the country
11. Port fees	Port receipts from foreign shipping in national ports	Port expenses incurred by national shipping in foreign ports
12. Other transport fees	Transport and other charges received for foreign goods transhipped or in transit (if not included in group I)	Transport payments to foreign carriers, n.e.i.
13. Commissions, insurance, brokerage	Commissions, insurance, brokerage and similar receipts, n.e.i.	Commissions, insurance, brokerage and similar payments, n.e.i.
14. Post, telegraph and telephone	Post, telegraph and telephone earnings, n.e.i.	Post, telegraph and telephone payments, n.e.i.
15. Immigrants' and emigrant's funds	Funds brought in by immigrants and returned emigrants	Funds taken out by emigrants and returning immigrants
16. Immigrants' and emigrants' remittances	Emigrants' remittances and money gifts from abroad, n.e.i.	Immigrants' remittances and money gifts sent abroad, n.e.i.
17. Tourists' expenditure	Receipts from foreign tourists and travellers	Expenditure abroad by national tourists and travellers
18. Diplomatic and similar expenditure	Diplomatic, consular and similar expenditure in the country	Diplomatic, consular and similar expenditure abroad
19. Miscellaneous personal services	Receipts for services rendered in the country for "persons" domiciled abroad, n.e.i.	Payments for services rendered abroad for "persons" domiciled in the country, n.e.i.
20. Reparations in cash	Government receipts in cash on account of reparation payments : (a) amortisation (b) interest	Government payments in cash on account of reparations : (a) amortisation (b) interest
21. Counter-value of reparations in kind	Counter-value of reparation receipts in kind, included in merchandise imports above	Counter-value of reparation deliveries in kind, included in merchandise exports above
22. Other Government receipts and exp.	Government receipts from abroad, n.e.i.	Government expenditure abroad, n.e.i.
23. Other items	Other current items	Other current items
Capital items.		
I. Long-term operations.		
1. Amortisation :		
(a) of intergovernmental debts	Receipts on account of amortisation of intergovernmental debts, n.e.i. (inter-Allied debts, etc.)	Payments on account of amortisation of intergovernmental debts, n.e.i. (inter-Allied debts, etc.)
(b) of other public debts	Receipts on account of amortisation of other foreign Government and municipal loans	Payments on account of amortisation of other Government and municipal foreign debt
(c) of other debts	Receipts on account of amortisation of other loans	Payments on account of amortisation of other loans raised abroad
2. Purchases and sales :		
(a) of real estate abroad	Real estate (a) abroad	Real estate (a) abroad
(b) of real estate in the country	(b) in the country sold abroad	(b) in the country purchased from foreigners abroad

Contractions used (credit and debit items)	Full wording of the items given in the first column	
	Credit items	Debit items
Capital items (continued.)		
2. Purchases and sales (continued) :		
(c) of domestic securities	Existing domestic securities sold abroad	Repurchase of national securities formerly held abroad
(d) of foreign securities	Foreign securities resold abroad	Purchase of existing foreign securities issued abroad
3. New capital issues :	Sale of new domestic securities on account of new loans floated abroad :	New foreign capital issues subscribed in the country :
(a) Government and municipal	(a) Government and municipal loans	(a) on account of foreign Government and municipal loans
(b) other	(b) other loans	(b) other capital issues
4. Participation in new capital issues	Sale of new domestic securities on account of foreign participation in domestic capital issues	Participation of domestic capital in foreign capital issues
5. Other long-term investments	Other foreign long-term capital invested in the country	Other long-term capital investments made abroad
II. Short-term operations.		
6. Change in short-term debts	Net increase in foreign short-term debts on account of credits raised and repaid	Net decrease in foreign short-term debts on account of credits raised and repaid
7. Change in short-term assets	Net decrease in foreign floating assets on account of short-term credits granted and repaid	Net increase in foreign floating assets on account of short-term credits granted and repaid

The following notes concerning certain items refer to the statements compiled in accordance with the methods proposed in the circular letter sent out to Member States. Deviations have as far as possible been pointed out in footnotes to the tables for the countries concerned or in the explanatory notes given after these tables.

Current items.

Merchandise and gold. The figures refer when possible to general trade. For countries using the "Anglo-Saxon" system of trade statistics (1), the import figures are those for aggregate imports, and the export figures the total of exports of domestic produce and re-exports. Direct transit and transshipment are excluded.

Imports are shown at their c.i.f. value and accordingly include freight payments to national ships, which do not constitute a debit item in the balance of international payments. The resulting error on the debit side of the account is offset by the inclusion of the total freight receipts by national ships on the credit side (item 10 in the above table). Freight payments to foreign ships or other carriers on account of the transport of exported goods sold c.i.f. foreign destination are excluded from the statement (2). Exports are recorded f.o.b. in the merchandise group and the additional receipts from abroad on account of freights are accordingly also excluded.

(1) See *Memorandum on International Trade and Balances of Payments, 1912-26*, Volume II, p. 6.

(2) A different method is employed in the statements for the United States of America and Canada. The import values of these countries are recorded at the value of the place of dispatch (*cf.* pp. 49 and 195).

Insurance premia on imported goods, paid to national insurance companies (included in item 14 above), and such premia on exported goods, paid to foreign insurance companies, are treated in a similar manner as freights.

In accordance with the principles laid down by the International Statistical Conference of 1928, the import and export of gold bullion and specie is shown separately. All other specie as well as silver bullion is grouped with "merchandise", which accordingly has a somewhat wider conception in this volume than in Volumes I and III, where all "bullion and specie" is given separately.

The adjustments of the items for merchandise and gold (items 2 and 5 in the table given above) aim at correcting the value of goods included in trade returns, for instance, where official valuations are used, or at completing the trade figures for goods sometimes excluded from trade returns, as for example parcels post, Government stores, ships and vessels bought and sold, ships' stores and bunker fuel exported on foreign vessels, fish caught in extra-territorial waters and exported directly to foreign countries, etc. The information necessary for a complete adjustment of merchandise items is frequently lacking.

Freight earnings and port fees. With the exception of the statement for the United States and Canada, the freight earnings include the total receipts on national ships on account of foreign traffic. Any part which may be derived from persons living in the country (for instance, freight on imported goods bought f.o.b. foreign port) is offset in the merchandise group (see above).

Port fees (item 11 above) include such items as light dues, canal dues, pilotage and port charges, shipping consular fees and ships' trade licences. In some cases, when it proved difficult to show these separately on the debit side of the balance-sheet, they have been included as a minus quantity in the freight income shown against the preceding item.

Emigrants' funds and remittances. Item 15 above refers to small cash holdings, intended for immediate use, of emigrants leaving or returning. Item 16 includes in certain cases, in addition to emigrants' remittances, money gifts such as famine relief and religious donations.

The transfer of ownership of capital from one country to another, resulting from gifts or inheritances, etc., or effected by emigrants returning to their mother country, since it involves no reciprocal transaction, does not affect directly the balance of payments — whether the capital is in the form of long-term investments, as, for example, in securities or real estate, or short-term, as in currency notes, cheques, etc., considered in the two items mentioned above. It is, of course, the more or less immediate disposal of this short-term scrip by the receiving country for payments abroad which justifies its inclusion in the account. Logically, this disposal — as well as the sale of long-term securities — belongs to the capital account, but in accordance with general practice the amounts concerned, which by their nature serve consumptive purposes, have been included in the current account.

If long-term capital acquired by countries through gifts, inheritances, emigration, etc., is disposed of for payments abroad, it is included among the long-term capital operations. Before such a disposal takes place, the capital acquired affects the account — more especially the interest and dividend items — only indirectly; it also affects, of course, the balance of international indebtedness of the countries concerned.

Miscellaneous personal services. Item 19 includes lawyers' fees, correspondence school fees and similar receipts and payments.

Reparations. Reparation deliveries in kind, received or delivered, do not involve any cash payments. They have therefore either been excluded from the merchandise

group or their value has been offset on the other side of the account under the group " Other current items " (see item 21 in the scheme).

Reparation payments in cash are shown under a special heading (item 20) in the current account, mainly because it is not possible to distinguish between interest and amortisation payments in respect of reparation obligations.

On the other hand, payments on account of war debts have been shown similarly to the service of other public debts, and the amounts in question have therefore been divided into interest and amortisation and assigned to the items concerned.

Diplomatic, consular and similar expenditure (item 18 above). The figures on the credit side show the expenditure incurred by foreign representatives in the country concerned, and those on the debit side the expenditure for the country's representatives abroad.

Other Government receipts and expenditure (item 22). This item includes pensions, colonial and similar expenditure incurred abroad (not belonging to the capital or interest items or included in the merchandise and gold items), and Government contributions to international institutions.

Other current items. Item 23 in the scheme includes such income and expenditure as trade in electric power, cinematograph film royalties, patents bought and sold and patent royalties, copyright sales and royalties, advertising, subscriptions to foreign press, etc. When possible the different amounts entered under this heading have been specified according to their nature.

Capital items.

It is obviously not easy to draw a definite line of division in all cases between short-term and long-term capital operations. In the circular letter sent out it was recommended that any credit granted for a term of over one year should be considered as long-term.

In a complete statement the inward or outward balance on the capital items in each year should, of course, equal the deficit or surplus on account of current items. The capital and current accounts therefore constitute a check on each other. The capital movements can, however, in many cases not be ascertained with accuracy, and they are frequently recorded with less completeness than the current items. Further, the methods employed often differ according to the economic organisation of the country and the activity of its economic relations with other countries. As, therefore, not only the classification of the capital items in many cases differs from the scheme given above, but also the accuracy of the figures varies considerably, it may be of interest to summarise briefly some of the methods utilised by the compilers.

Of the long-term capital items those referring to intergovernmental debts and to other central and local Government loans do not as a rule present any particular difficulty, as the information is generally available in the budget and other public documents. The statements for certain countries (Australia, Siam) are, in fact, confined to public debt operations.

The statistics obtained in connection with Government control of foreign borrowings or of supply of foreign currency have in a few cases (Germany, Yugoslavia, Italy) been utilised for ascertaining the capital operations of individuals and firms. But even where such data existed, they had to be supplemented with other information.

The amounts of new public capital issues floated abroad, or floated in the country for foreign account, are generally fairly well known, and borrowing countries are as a rule able to check the information derived from domestic sources on this point with the

statistics on capital issues in the main capital-exporting countries. The remaining capital items, of which the most important generally are the movement of existing securities and of short-term debts and assets, are more difficult to ascertain. Probably the information on this point is most complete for countries which annually collect data concerning the foreign debts and assets of banks and all important firms. This method, which renders it possible to establish each year not only the movement of capital but also the balance of foreign indebtedness, is employed in Denmark and Norway. In Denmark the firms are obliged by law to furnish the information in question. The number of companies in that country from which information was derived in 1928 was about one thousand.

In the United States the figures for these items have been obtained from the replies to a questionnaire sent out to a great number of leading financial institutions. They are far from complete, and the result obtained for short-term capital items in 1927 was not utilised as it was not believed to be in accordance with fact.

Similar enquiries amongst leading banks and bankers and in some cases a number of insurance companies and industrial or commercial firms, are regularly carried out by the compilers of the statements for a number of other countries such as Germany, Poland, Czechoslovakia, Hungary and Sweden. Certain private credit operations which are not performed through the intermediary of banks have had to be disregarded by these countries or only roughly estimated. The scope of these enquiries has, however, been expanding from year to year. The German official estimates, of which the first refer to 1924, have several times been revised in the light of new information received.

For special items the compilers have often utilised other information. In the Italian statement, for instance, the purchase of foreign securities is calculated from data concerning the amount of foreign scrip subject to stamp duty, and the movement of domestic Government bonds from the variations in the interest payments by the Public Debt Department on account of bonds held abroad. Merchandise credits are sometimes calculated on the basis of monthly trade statistics for the latter part of each year and available information concerning the normal periods of credit for imported and exported goods (the United States, Czechoslovakia, Poland). Particular care must of course be taken, in these and similar cases, to avoid duplicating credit operations included in data obtained by other methods.

The statement for the United Kingdom shows only current items; figures concerning the new overseas issues on the London market, which form perhaps the most important of the capital items, have, however, been added to the table for comparison. The study by Sir Robert Kindersley, which has been summarised in the section for the United Kingdom in this volume, gives some information concerning, *inter alia*, the amortisation receipts, based on data calculated from about sixty banks and several hundreds of companies.

In some cases, when direct evidence concerning the short-term capital operations could not be obtained, these have been calculated by a process of deduction from the rest of the account (India, Japan 1924-1926, New Zealand, South Africa). This procedure implies of course that the current and long-term capital accounts are fairly complete or that errors and omissions can be considered as offsetting each other.

Balance of international indebtedness.

Information concerning international indebtedness is generally required for calculating receipts and payments on account of interest and dividends. Similarly, the total of outstanding short-term assets and liabilities must as a rule be ascertained in order to calculate short-term capital operations during each year. Several countries

are therefore able to furnish summary figures of their international indebtedness as a supplement to their balance of payments account. In the circular letter referred to above the following classification of the obligations concerned has been suggested :

Liabilities	Assets
Liabilities on account of intergovernmental debts n.e.i. (inter-Allied debts, etc.)	Claims on abroad on account of intergovernmental debts n.e.i. (inter-Allied debts, etc.)
National securities held abroad on account of :	Foreign securities held in the country on account of :
(a) other Government and municipal debt	(a) other foreign Government and municipal debt
(b) private long-term loans	(b) foreign private long-term loans
National real estate owned by foreigners	Foreign real estate owned by nationals
Other long-term debt (foreign participation in national enterprises, and other foreign direct investments)	Other long-term assets (participation in foreign enterprises, and other direct investments abroad)
Floating foreign debt of :	Floating assets abroad of :
(a) central and local Governments	(a) central and local Governments
(b) banks :	(b) banks :
on current account with foreign correspondents	on current account with foreign correspondents
other debts	bills of exchange payable abroad
(c) other private enterprises and individuals	other assets
	(c) other private enterprises and individuals

The changes taking place in the foreign indebtedness are not entirely due to capital transactions. Floating balances may be affected by the insolvency of debtors or by variations in the value of the currency in which those balances are held, and changes due to these causes are independent of the transactions recorded in the balance of payments account. For the same reason, the balance of long-term operations during the year cannot be expected to agree with the change in the international indebtedness on account of long-term investments, and the discrepancy will often be considerable, owing to the fluctuations of the book value of securities.

It should be noted also that whereas capital issues are frequently included in the balance of indebtedness at their par value they enter into the balance of payments at the amount of their actual yield, that is, the nominal value less discount and commissions.

For these reasons it should not be expected that the balance of capital operations recorded during a certain period should agree exactly with the change in the situation of the foreign debts and assets.

Summary statement concerning certain items.

Attempts were made in previous issues of this *Memorandum* to co-ordinate certain of the data contained in the various national statements in the hope that the results thus obtained might at once throw some further light on the broad tendencies of the international exchange of goods and services and facilitate subsequent enquiries.

It must be borne in mind that the estimates differ very considerably in authority and value, and in each individual statement the figures given necessarily vary in kind from well-founded and carefully compiled administrative statistics to confessedly doubtful inferences drawn from an unavoidably inadequate basis of established fact. The figures supplied must therefore be accepted with reserve and any conclusions drawn be treated as preliminary and tentative.

Capital movements.

The information given in the sections for individual countries concerning the capital movement and outward and inward payments on account of interest and dividends has been summarised in the table on pages 15-18. Paper currencies have been converted into dollars at the average New York rates of exchange for the years in question and the countries placed in the order of the positive and inverse order of the negative balances for the latest year shown in the final column.

In accordance with the procedure adopted in the statements for individual countries given in this volume, the figures for capital and interest do not include payments in respect of war reparations. German reparation payments (in cash and in kind) were, in millions of dollars :

1924	67
1925	252
1926	284
1927	377
1928	476

War debts such as the inter-Allied debts are included, except in the case of the United Kingdom. In the official statement for that country all Government transactions are shown together under the current items, and the surplus on account of these items, which in the table now referred to is taken as a gauge of capital movements, thus represents the outward balance of private capital transactions only. The interest receipts shown for the United Kingdom represent the private net income from overseas long-term investments.

INTERNATIONAL CAPITAL MOVEMENTS AND PAYMENTS ON ACCOUNT
OF INTEREST AND DIVIDENDS.

Country	Year	Dollars (000,000's)						
		Capital movements				Interest and dividends		
		Long-term		Short-term	Total	Payments	Receipts	Balance
		Outward	Inward	Outward (—) or inward (+) balance	(6)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
UNITED KING- DOM (1)	1923	.	.	.	(— 699.8)	.	.	(+ 915.0)
	1924	.	.	.	(— 379.9)	.	.	(+ 971.5)
	1925	.	.	.	(— 260.7)	.	.	(+ 1,207.1)
	1926	.	.	.	— 43.8	.	.	+ 1,387.0
	1927	.	.	.	— 554.8	.	.	+ 1,387.0
	1928	.	.	.	— 725.1	.	.	+ 1,387.0
UNITED STATES OF AMERICA	1923	714.0	836.0	+ 4.0	+ 126.0	180.0	761.0	+ 581.0
	1924	1,487.0	777.0	+ 221.0	— 489.0	192.0	795.0	+ 603.0
	1925	1,603.0	1,069.0	— 88.0	— 622.0	229.0	849.0	+ 620.0
	1926	1,909.0	1,404.0	+ 365.0	— 140.0	268.0	900.0	+ 632.0
	1927	2,337.0	1,688.0	+ 179.0	— 470.0	281.0	960.0	+ 679.0
	1928	3,293.0	2,607.0	— 401.0	— 1,087.0	359.0	1,042.0	+ 683.0
NETHERLANDS	1923	139.0	68.8	.	(2)— 70.2	—	107.5	+ 107.5
	1926	331.2	206.9	.	(2)— 124.3	.	.	.
	1927	335.6	235.4	.	(2)— 100.2	.	.	.
SWITZERLAND	1924	.	.	.	(3)— 23.0	21.0	59.0	+ 38.0
	1925	.	.	.	(3)— 43.5	23.2	82.1	+ 58.9
	1926	.	.	.	(3)— 28.0	23.2	85.0-86.9	+ 61.8-63.7
IRISH FREE STATE .	1924	.	.	.	.	14.8	48.6	+ 33.8
	1925	.	.	.	.	17.9	53.1	+ 35.2
	1926	.	.	.	.	27.7	60.7	+ 33.0
	1927	.	.	.	.	25.8	58.3	+ 32.5
SWEDEN	1923	20.5	14.6	+ 39.0	+ 33.1	4.5	5.3	+ 0.8
	1924	19.7	26.6	+ 5.8	+ 12.7	4.3	5.8	+ 1.5
	1925	28.2	19.6	— 23.6	— 32.2	7.3	8.1	+ 0.8
	1926	34.0	38.3	+ 3.2	(4)+ 7.5	6.7	8.6	+ 1.9
	1927	68.9	98.2	— 53.6	(4)— 24.3	7.8	12.9	+ 5.1
	1928	100.5	51.5	+ 10.1	— 38.9	9.4	16.1	+ 6.7
LITHUANIA	1925	.	.	.	(3)— 1.1	0.4	—	— 0.4
	1926	.	.	.	(3)— 3.0	0.4	—	— 0.4
	1927	1.1	2.3	— 1.6	— 1.4	0.3	0.1	— 0.2
LATVIA	1923	.	.	.	(3)— 3.3	0.1	0.2	+ 0.1
	1924	2.5	4.9	+ 3.8	+ 6.2	0.7	0.2	— 0.5
	1925	0.6	3.3	+ 3.3	+ 6.0	0.9	0.3	— 0.6
	1926	0.4	2.7	+ 2.6	+ 4.9	1.2	0.3	— 0.9
	1927	0.5	1.8	— 3.2	— 1.9	1.4	0.2	— 1.2

(1) The capital balance shown for the United Kingdom refers to private capital operations only and is taken as equal to the surplus on account of current items and Government transactions. The balance of interest and dividends is represented by the net income from overseas long-term investments. The net receipts on account of short interest and commissions were estimated at \$228.7 million in 1923 and \$316.3 million in 1928. The figures shown above for 1923-25 in respect of capital as well as interest and dividends are probably too low, as they have not been revised in the light of recent private enquiries (cf. the section for the United Kingdom). The unrevised figures for 1926 were: Capital movements + 43.7; interest and dividends, + 1,311.7.

(2) Long-term investments only.

(3) Surplus on account of current items.

(4) Incomplete figures. There was a surplus on account of recorded current items of \$32.7 million in 1926 and \$65.7 million in 1927.

Country	Year	Dollars (000,000's)								
		Capital movements				Interest and dividends				
		Long-term		Short-term	Total	Payments	Receipts	Balance		
		Outward	Inward	Outward	(-) or inward (+) balance					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
ESTONIA	1924	0.1	0.6	.	(1)+	0.5	0.8	—	—	0.8
	1925	0.7	0.2	.	(1)—	0.5	0.8	—	—	0.8
	1926	—	0.8	.	(1)+	0.8	1.2	—	—	1.2
	1927	0.1	0.9	.	(1)+	0.8	1.8	—	—	1.8
	1928	.	.	.	.	.	2.1	—	—	2.1
TURKEY	1926	—	4.9	+ 2.2	+	7.1	4.3	0.4	—	3.9
JAPAN	1924	177.9	276.0	+ 127.6	+	225.7	35.2	32.1	—	3.1
	1925	77.7	103.9	+ 47.4	+	73.6	44.9	40.6	—	4.3
	1926	107.1	124.5	+ 110.1	+	127.5	51.3	43.1	—	8.2
	1927	131.1	71.3	+ 81.9	+	22.1	50.7	43.7	—	7.0
FINLAND	1923	.	.	.	(2)+	6.7	7.0	0.7	—	6.3
	1924	.	.	.	(3)—	6.8	7.0	0.5	—	6.5
	1925	.	.	.	(3)—	2.3	9.2	1.0	—	8.2
	1926	.	.	.	(3)—	0.5	8.6	1.4	—	7.2
	1927	.	.	.	(3)—	2.0	9.3	1.3	—	8.0
1928	.	.	.	(2)+	40.4	10.1	1.3	—	8.8	
DENMARK	1923	12.0	26.6	.	(1)+	14.6	12.0	1.5	—	10.5
	1924	3.5	5.9	.	(1)+	2.4	12.5	5.0	—	7.5
	1925	33.8	31.1	.	(1)—	2.7	22.2	7.4	—	14.8
	1926	19.7	28.8	+ 2.6	+	11.7	22.3	7.9	—	14.4
	1927	12.0	50.8	— 27.5	+	11.3	22.7	9.4	—	13.3
	1928	48.2	89.8	— 41.5	+	0.1	24.1	10.7	—	13.4
CZECHOSLOVAKIA ..	1924	.	.	.	.	.	21.7	1.9	—	19.8
	1925	32.6	50.3	— 27.9	—	10.2	25.9	3.7	—	22.2
	1926	65.5	56.7	— 46.5	—	55.3	31.1	7.0	—	24.1
	1927	129.6	68.6	— 7.3	—	68.3	30.3	9.9	—	20.4
	1928	132.3	83.8	— 2.3	—	50.8	30.2	12.4	—	17.8
NORWAY	1923	8.7	43.4	.	(1)+	34.7	12.5	3.8	—	8.7
	1924	7.4	30.1	.	(1)+	22.7	11.9	3.2	—	8.7
	1925	30.1	57.2	.	(1)+	27.2	14.3	3.2	—	11.1
	1926	36.9	29.0	+ 14.5	+	6.6	14.7	3.3	—	11.4
	1927	33.9	70.6	— 14.1	+	22.6	19.6	3.9	—	15.7
	1928	24.0	70.0	— 11.2	+	34.8	22.7	4.0	—	18.7
ITALY	1923	42.8	18.9	.	(4)	— 23.9	11.5	8.1	—	3.4
	1924	43.1	26.1	.	(4)	— 17.0	16.6	7.8	—	8.8
	1925	26.0	67.9	— 72.6	—	30.7	16.7-19.9	11.9-13.1	—	4.8-6.8
	1926	56.5	106.0	.	.	.	21.4-26.4	20.2-27.2	—	0.7-1.2
	1927	47.7	177.7	.	.	.	47.6-63.1	30.9-33.5	—	16.7-29.6
S. H. S.	1926	8.1	13.4	+ 2.9	+	8.2	15.9	—	—	15.9
	1927	9.2	34.5	+ 0.5	+	25.8	20.1	0.1	—	20.0

- (1) Long-term investments only.
(2) Deficit on account of current items.
(3) Surplus on account of current items.
(4) Included in the figures for long-term investments.

Country	Year	Dollars (000,000's)							
		Capital movements				Interest and dividends			
		Long-term		Short-term	Total	Payments	Receipts	Balance	
		Outward	Inward	Outward (—) or inward (+) balance					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
ROUMANIA.....	1926	8.2	16.1	}	(1)	+ 7.9	18.2	1.7	(2)— 16.5
	1927	16.8	22.0			+ 5.2	27.1	2.3	(2)— 24.8
	1928	18.3	46.6			+ 28.3	26.9	2.7	(2)— 24.2
HUNGARY.....	1923	5.0	6.6	+ 0.9	+ 2.5	0.4	1.3	+ 0.9	
	1924	36.4	33.8	+ 22.0	+ 19.4	4.7	1.9	— 2.8	
	1926	6.7	36.1	— 3.7	+ 25.7	17.0	1.6	— 15.4	
	1927	15.0	63.6	+ 35.3	+ 83.9	24.4	3.9	— 20.5	
	1928	22.7	77.6	+ 32.6	+ 87.5	29.4	3.7	— 25.7	
POLAND.....	1923	2.5	6.3	+ 20.0	+ 23.8	4.2	0.02	— 4.2	
	1924	3.0	21.7	+ 29.8	+ 48.5	12.5	0.02	— 12.5	
	1925	7.7	55.8	+ 13.4	+ 61.5	13.6	0.7	— 12.9	
	1926	9.1	7.5	—	— 1.6	19.5	0.7	— 18.8	
	1927	14.5	75.5	— 10.1	+ 50.9	26.9	2.0	— 24.9	
	1928	17.2	45.9	+ 89.6	+ 118.3	35.0	3.6	— 31.4	
NEW ZEALAND ...	1923	25.6	55.4	— 4.8	+ 25.0	27.4	1.4	— 26.0	
	1924	3.1	45.8	— 18.1	+ 24.6	30.2	1.5	— 28.7	
	1925	1.0	46.4	— 12.3	+ 33.1	33.1	1.2	— 31.9	
	1926	—	35.1	+ 32.1	+ 67.2	38.2	1.6	— 36.6	
	^a) 1927-28	11.8	37.1	— 28.2	— 2.9	41.3	1.8	— 39.5	
UNION OF SOUTH AFRICA.....	1923	—	17.3	— 12.8	+ 4.5	71.7	0.5	— 71.2	
	1924	—	31.0	+ 3.4	+ 34.4	75.6	0.6	— 75.0	
	1925	5.4	20.2	+ 5.6	+ 20.4	77.4	0.7	— 76.7	
	1926	0.7	20.5	+ 52.3	+ 72.1	84.0	0.8	— 83.2	
	1927	1.0	31.4	— 4.8	+ 25.6	80.9	0.7	— 80.2	
INDIA.....	1923-24	43.0	113.0	— 88.6	— 18.6	110.0	8.3	— 101.7	
	(Economic years ending March 31st.)	1924-25	54.3	13.0	+ 123.2	+ 81.9	117.8	10.8	— 107.0
	1925-26	67.4	6.4	— 9.1	— 70.1	123.6	16.6	— 107.0	
	1926-27	33.5	173.3	+ 38.1	+ 177.9	123.9	15.4	— 108.5	
	1927-28	66.2	12.7	— 23.8	— 77.3	124.5	10.1	— 114.4	
	1928-29	52.8	50.9	+ 2.6	+ 0.7	126.3	8.1	— 118.2	
DUTCH EAST INDIES.....	1926	34.3	18.2	+ 28.7	+ 12.6	175.3	—	— 175.3	
	1927	35.7	12.8	— 7.2	— 30.1	164.0	—	— 164.0	
AUSTRALIA.....	1922-23	.	.	.	(4)+ 17.8	123.2	.	— 123.2	
	(Economic years ending June 30th.)	1923-24	.	.	(4)+ 212.7	126.1	.	— 126.1	
	1924-25	.	.	.	(4)+ 0.6	140.9	.	— 140.9	
	1925-26	.	.	.	(4)+ 182.4	155.6	.	— 155.6	
	1926-27	.	.	.	(4)+ 57.1	161.1	.	— 161.1	
	1927-28	.	.	.	(4)+ 264.5	170.3	.	— 170.3	

- (1) Included in the figures for long-term investments.
(2) Incomplete figures.
(3) Economic year ending March 31st.
(4) Net change in the funded public debt only.

Country	Year	Dollars (000,000's)						
		Capital movements				Interest and dividends		
		Long-term		Short-term	Total	Payments	Receipts	Balance
		Outward	Inward	Outward (—) or inward (+) balance				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
GERMANY ⁽¹⁾	1924	—	238.0	+ 216.3	+ 454.3	53.6	77.4	+ 23.8
	1925	2.9	297.0	+ 628.6	+ 922.7	102.3	76.1	— 26.2
	1926	28.1	383.7	— 116.9	+ 238.7	152.3	80.9	— 71.4
	1927	74.3	476.0	+ 729.9	+ 1,131.6	194.0	76.2	— 117.8
	1928	486.4	906.8	+ 646.5	+ 1,066.9	252.2	76.5	— 175.7
ARGENTINE (Economic years ending September 30th.)	1922-23	15.9	40.9	+ 7.4	⁽²⁾ + 32.4	⁽⁴⁾ 131.5	3.0	— 128.5
	³ 1923-25	8.0	70.7	+ 22.6	+ 85.3	⁽⁴⁾ 137.4	0.8	— 136.6
	1925-26	5.3	51.8	— 15.1	⁽²⁾ + 31.4	⁽⁴⁾ 142.9	0.9	— 142.0
	1926-27	9.9	152.5	— 8.4	+ 134.2	⁽⁴⁾ 170.1	0.9	— 169.2
	1927-28	—	109.6	+ 25.2	⁽²⁾ + 134.8	⁽⁴⁾ 181.9	0.7	— 182.2
CANADA	1923	.	.	.	⁽⁵⁾ — 45.9	258.5	39.3	— 219.2
	1924	.	.	.	⁽⁵⁾ — 109.3	258.6	41.9	— 216.7
	1925	234.6	57.9	⁽⁶⁾	— 176.7	259.0	51.2	— 207.8
	1926	276.6	191.3	⁽⁶⁾	— 85.3	280.4	66.4	— 214.0
	1927	489.0	470.3	⁽⁶⁾	— 18.7	296.5	80.8	— 215.7

The annual payments to the United States from all countries on account of war debts have risen from \$186 million in 1925 to \$210 million in 1928, of which amounts \$160 million in each year represented interest. The contribution from the United Kingdom has been about \$160 million annually, of which \$135 million were on account of interest. The payments from all other countries in 1928, although they were nearly 90 per cent greater than in 1925, amounted to only \$48 million ⁽⁷⁾.

Only the balance of short-term capital operations is shown, as the total of these operations is in fact never recorded. In some cases direct evidence could not be obtained and the short-term operations have been simply derived from the balance of the total account (Japan, New Zealand, Latvia in 1924 and 1927, South Africa, India and Germany). For the United Kingdom, Switzerland, Lithuania in 1925-26, Latvia in 1923 and Finland in 1923-27, the total capital movement is calculated in this manner. In all these cases the capital balance equals the calculated surplus or deficit on the current account. For some countries the figures for short-term capital had to be omitted altogether.

It is not necessary to recapitulate here the analysis of the exact composition of the various sums entered in the table given in the sections for the individual countries.

The last two years shown in the table — 1927 and 1928 — are characterised by very considerable capital transfers, probably greater than in any previous year. The amount of new capital issues for foreign account in the main lending countries culminated in 1927, but sales of securities and other capital operations were greater in 1928. The net export of capital probably amounted in each of these two years

(1) The "undefinable capital movement" (cf. the section for Germany) is included in the figures for short-term capital. The interest on the Dawes loan, amounting to some \$16 million annually, is not included in col. 7 and 9.

(2) Incomplete figures. There was a deficit on account of current items of \$227.7 million in 1922-23, \$226.2 million in 1925-26 and \$251.8 million in 1927-28.

(3) The figures are averages for the two economic years 1923-24 and 1924-25.

(4) Including amortisation in respect of the public debt and certain mortgage loans.

(5) Surplus on account of current items (the corresponding figure for 1925 was 277.2 and for 1926, 1915.)

(6) Included in the figures for long-term investments.

(7) See table on page 199.

to \$1.5-2 milliards, apart from short-term capital. These two years were preceded and succeeded by abnormal monetary conditions. In 1926 the capital supply of borrowing countries in Europe was heavily reduced on account of withdrawals by the United Kingdom and various political disturbances, and in 1929 the boom on the American market caused a decrease in new capital issues for foreign account in the United States and attracted short-term capital from various parts of the world.

Information for a number of important lending and borrowing countries, the balance of payments of which has not been reviewed in the recent issues of this *Memorandum*, is not contained in the table. France is believed to have been capital-exporting during a number of years; according to private estimates ⁽¹⁾ the surplus on account of current items in the French balance of payments has been as follows (after conversion into dollars according to average exchange rates ruling in each year):

	1925	1926	1927	1928
	Dollars (000,000's)			
Surplus on account of current items (excluding reparation receipts)	379	401	326	(²)—16
Reparation receipts	122	124	165	203
Total	501	525	491	187

The instability of the franc during the first two years given above renders the conversion into dollars somewhat uncertain, but it would appear that the capital export during the years 1925-27 averaged some \$500 million annually. In 1928, the amount fell on account of the great gold purchases by the Bank of France; in 1929 the growth of the passive trade balance and the increase in French capital flotations on the home market also point to a comparatively low export of capital. The amount of new capital issues for foreign account in France has been comparatively small and the capital export was largely in the form of amortisation of inter-Allied debts, participation in new issues abroad, purchase from abroad of existing securities and finally the creation of large floating assets in the main foreign capital markets.

Another capital exporting country not included in the table is Belgium, which would appear to invest considerable amounts, particularly in Belgian enterprises abroad. To some extent these investments have been offset by new Belgian capital issues in foreign markets.

For Italy only the movement of long-term capital is indicated during the two last years given in the table (1926 and 1927). The inward movement of such capital was largely offset by the creation of foreign short-term assets, and it was probably not until 1928 that these were used for purchases to any great extent. In that year the foreign long-term borrowing would appear to have fallen off.

The main borrowing countries for which no information is given in the table are Brazil, Chile, Colombia, Peru and Cuba. The new capital issues in leading capital markets (the United States, the United Kingdom, the Netherlands and Switzerland) for these five countries during 1926, 1927 and 1928 averaged about \$360 million, excluding issues for the conversion of old loans.

For some countries the figures point to a recent change in their economic balance. Sweden, which during a number of years following on the war imported capital, has in the last few years recorded a net outflow of capital. Canada, in spite of her heavy interest payments, exported capital during the periods shown in the table (1923-1927); in the years 1920-1922 she imported capital. In 1926 and 1927 her

(1) By P. Meynial in *Revue d'Economie politique*.
 (2) Deficit (due to heavy imports of gold).

outward balance of capital fell off rapidly. Her capital export has naturally taken the form of amortisation payments and re-purchase of Canadian securities. Czechoslovakia is another debtor country which is gradually reducing its foreign indebtedness. Germany, Poland and Hungary are all borrowing countries, but, in contrast with that of most borrowers outside Europe, their indebtedness has accumulated in the course of the last few years. In the following table the inward and outward capital balances for a number of countries has been calculated per head of population during the years 1925-1928.

	Net inflow (+) or outflow (—) of capital in dollars per head of population				
	1925	1926	1927	1928	Total 1925-28
Australia (1)	+ 0.1	+ 29.9	+ 9.2	+ 42.7	+ 82
Germany	+ 14.7	+ 3.8	+ 17.9	+ 16.8	+ 53
Argentina (2)	+ 8.3	.	+ 12.7	.	.
Norway	+ 9.9	+ 2.4	+ 8.1	+ 12.5	+ 33
Hungary . . . . .	.	+ 3.0	+ 9.9	+ 10.3	.
Poland	+ 2.1	— 0.05	+ 1.7	+ 3.9	+ 8
Union of South Africa	+ 2.7	+ 9.5	+ 3.3	.	.
Denmark	— 0.8	+ 3.4	+ 3.2	+ 0.03	+ 6
S.H.S. . . . .	.	+ 0.6	+ 2.0	.	.
Roumania . . . . .	.	+ 0.5	+ 0.3	+ 1.6	.
Japan	+ 1.2	+ 2.1	+ 0.4	.	.
New Zealand	+ 23.0	+ 46.7	(3)— 2.0	.	.
Canada	— 18.8	— 9.1	— 2.0	.	.
Czechoslovakia	— 0.7	— 3.8	— 4.7	— 3.5	— 13
Sweden	— 5.3	+ 1.2	— 4.0	— 6.4	— 15
U.S.A.	— 5.4	— 1.2	— 4.0	— 9.1	— 20
Netherlands . . . . .	.	— 16.6	— 13.2	.	.
France	(— 12.3)	(— 12.8)	(— 12.0)	(— 5.3)	(— 42)
U.K. (4)	— 5.8	— 1.0	— 12.2	— 15.8	— 35

Of the European countries included in the table, Germany, Norway and Hungary show the highest borrowing per head. Poland, Yugoslavia and Roumania have, during the years in question, had to confine their requirements of foreign capital largely to credits of short duration and their net borrowings per head have been comparatively low. The net lending of the United Kingdom, the Netherlands and France per head of population has been considerably higher than that of other capital-exporting countries.

The international capital movements are primarily dependent upon the supply of fresh capital from the main capital-exporting countries. The net capital export of the United States and the United Kingdom, which was abnormally small in 1926, increased substantially in 1927. In 1928 that of the United Kingdom increased by nearly one third and that of the United States more than doubled. The results are to a considerable extent influenced by short-term capital operations. The new capital issues for foreign account in both countries were greater in 1926 than in the preceding year, but there appears to have been an influx of short-term money, mainly in the form of deposits by foreign borrowers, out of the yield of the loans raised by them. Also in 1927 both countries would appear to have attracted some short-term money. In view of the tightness of the New York money market which began to

(1) Years ending June 30th. The figures show the net increase in the funded public debt only.

(2) Years ending September 30th.

(3) Year ending March 31st, 1928.

(4) Excluding Government transactions. The figure for 1925 is unrevised and probably somewhat too low.

make itself felt in the middle of 1928; it might have been expected that the United States should have attracted considerable amounts of short-term capital from Europe in that year. Nevertheless, the table shows the enormous outflow of \$400 million of short-term capital, representing more than 30 per cent of the total net capital export in the year. It should be remarked, however, that in calculating this export of short-term capital the amount of gold held in the United States earmarked for foreign account is reckoned as belonging to their short-term indebtedness (see page 6); indeed \$120 million out of the total \$400 million represent a decrease in the amount of such gold, due to the fact that the heavy net exports of gold from the United States in the year (\$392 million) were in excess of gold purchases by foreign countries. Merchandise credits increased by \$55 million and helped to support the larger export of goods. Details of the composition of the remaining \$226 million are given in the table on page 204; it appears that although certain items indicate an increase in foreign short-term investments in the United States (foreign funds employed in banks' acceptances rose by \$164 million and foreign loans to brokers by \$106 million) (1), the reductions of such investments predominate (the "foreign deposits with Americans" fell by \$187 million and foreign investments in American Treasury certificates by \$270 million). The main explanation of these withdrawals of foreign funds at a time when the American market offered a relatively high return on certain forms of short-term investments is no doubt to be found in the close connection which exists between the American long-term lending and short-term borrowing. The bulk of foreign short-term funds invested in the American market generally represents the proceeds of loans issued in the country for foreign account, remaining there for perhaps a couple of months or more before being finally withdrawn by the borrower. The foreign issues in the United States fell off from \$847 million in the first half of 1928 to \$404 million in the second, or by \$443 million; probably therefore the normal withdrawals by borrowers were far in excess of the amounts by which the foreign funds grew on account of deposits of the proceeds of new issues.

It is pointed out further in the official balance of payments statement for the United States that, although the average New York rate for call loans (renewals) reached 6.67 per cent in November and 8.6 per cent in December, these rates were "less alluring to European funds than might be supposed, considering that in Germany money for one month averaged 8.77 per cent during December and that the Austrian and Hungarian rates were around the German level". At the same time, in consequence of the growing American exports and the reduced outflow of long-term capital, the exchange value of the dollar rose towards the end of the year and hampered the inflow of foreign funds.

It would seem that it was not until the following year that an influx of European money of considerable proportions took place for speculation on the Stock Exchange or to reap the benefit of the high rates commanded by brokers' loans.

When in October-November brokers' loans were reduced by more than half, large quantities of short-term money, both American and European, were released. But before that date there had been considerable withdrawals of European monies which earlier in the year had been attracted by the high rates ruling in New York.

The movement of funds in the early part of the year is to some extent reflected in the statistics of new capital issues. In the following table monthly averages of issues floated in the United States and some of the most important European markets are shown for each year since 1924 and for quarters during 1928 and 1929.

(1) It has been suggested that the increase in foreign funds lent to brokers is not quite representative of the development which in fact had taken place, *inter alia* because "a number of foreign lenders in the call market withdrew funds on December 31st, 1928, probably for 'window-dressing' purposes" (*Monthly Review of the Federal Reserve Bank of New York for May 1st, 1929*). The foreign funds withdrawn from the call market were probably, however, largely invested elsewhere in the country.

New capital issues in some capital markets.

Monthly average	Dollars (000,000's)									
	U. S. A. (1)		U. K. (2)		France (3)	Netherlands (4)		Switzerland (5)	Sweden (4)	Germany (6)
	Domestic	Foreign	Domestic	Foreign		Domestic	Foreign			
1924	382	84	32.7	49.5	31.6	11.5		9.3	5.3	3.0
1925	427	91	53.1	35.3	15.7	7.6	5.5	10.8	4.3	13.1
1926	433	96	56.8	45.7	13.4	6.4	12.9	11.4	3.5	17.8
1927	518	131	71.0	56.4	24.5	5.1	12.1	14.1	5.9	27.2
1928 1st quarter . . .	475	124	80.5	78.0	30.3	12.0	11.8	12.0	7.8	16.0
2nd "	594	188	100.6	61.0	30.6	7.0	9.9	20.7	11.8	32.7
3rd "	333	53	60.2	47.6	28.4	4.6	6.2	4.4	6.4	25.7
4th "	843	76	104.8	46.1	51.2	20.2	8.0	7.3	6.9	30.5
Year	566	110	89.0	57.9	35.0	10.9	9.0	11.0	8.3	26.3
1929 1st quarter . . .	821	110	111.6	73.3	41.9	12.2	7.5	20.0	3.7	28.2
2nd "	781	78	89.3	42.2	46.9	5.7	2.5	27.6	7.7	26.8
3rd "	655	22	28.6	17.5	38.9	2.3	3.6	5.8	4.0	13.1
4th "	522	44	28.8	19.5	68.4	11.8	1.5	9.1	8.6	8.3
Year	786	64	64.6	38.4	49.0	8.0	3.8	15.6	6.2	19.1

Since the first half of 1928 foreign issues have constituted a substantially lower percentage of total issues in the United States than in the preceding eighteen months.

	Foreign as percentage of domestic issues
In 1927	20.2
» 1928 1st half year	22.6
2nd " "	9.9
» 1929 1st quarter	11.8
2nd " "	9.1
3rd " "	3.2
4th " "	7.8

The total of foreign and domestic issues was in fact growing during both 1928 and 1929; the increase over the amount for the previous year was \$324 million and \$2,088 million respectively. The fall in foreign issues is undoubtedly accounted for by the fact that foreign financing in the United States has been in the main by means of bond issues. As the speculative tendency specially favoured industrial shares and high money rates restricted bond issues, foreign borrowers were largely shut out of the American money market.

In the United Kingdom the floating of new issues, both domestic and foreign, was very active in 1928 and the first half of 1929. A decline then took place in both domestic and foreign issues and lasted during the rest of the year. The total amount of new issues during the second half year was only 30 per cent of that during the first. The stringency of the British money market was accompanied by a considerable discount of the sterling exchange up to the end of September, and the Bank of England

(1) Series of *Commercial and Financial Chronicle*. The figures for foreign issues differ from those of the U. S. Commerce Department given elsewhere in this volume; conversion operations are included; the amounts represent the issue price.
 (2) Issue price; conversions excluded.
 (3) Nominal value; conversion operations and issues of the Government and the large railway companies are excluded.
 (4) Nominal value; conversions excluded.
 (5) Nominal value; conversions included.
 (6) Issue value of issues of joint Stock Companies and "Kommanditgesellschaften auf Aktien". Conversions are excluded.

lost some \$100 million of its gold reserve to France, the United States and Germany. During the last quarter, however, the exchange went at premium, and the gold reserve rose by \$77 million.

The other important capital markets — with the exception perhaps of the Dutch — appear to have been less affected by the conditions in the United States. Issues in France and Belgium in 1929 were exceptionally large. The curtailment noticeable in some markets during the third quarter was largely a normal phenomenon which recurs every year in connection with the financing of the harvest.

The continental distribution of new capital issues floated in the main lending countries throws further light on recent tendencies. The following table gives figures for foreign issues in the United States and the United Kingdom. Issues for refunding purposes are excluded ⁽¹⁾.

Issues in	Dollars (000,000's)						Total
	Europe	Asia and Oceania	Africa	North America ⁽²⁾	Latin America	Issues not specified	
U. S. A. 1924	526	98	—	134	120	—	878
1925	612	145	—	138	136	—	1,031
1926	495	38	—	239	363	—	1,135
1927	571	159	—	268	378	—	1,376
1928	598	137	—	185	331	—	1,251
1929	154	2	—	288	225	14	683
U. K. 1924	159	314	66	20	31	3	593
1925	53	216	72	10	68	5	424
1926	120	226	32	29	129	10	546
1927	105	238	136	34	126	35	674
1928	164	232	80	98	96	28	698
1929	105	51	74	78	139	12	459
Total (U. K. and U. S. A.):	⁽³⁾						
1924	685	412	66	154	151	3	1,471
1925	665	361	72	148	204	5	1,455
1926	615	264	32	268	492	10	1,681
1927	676	397	136	302	504	35	2,050
1928	762	369	80	283	427	28	1,949
1929	259	53	74	366	364	26	1,142

The British lending is mainly directed towards the British possessions and Dominions in Asia, Africa and Oceania, although the share of her lending to South America has substantially increased in recent years. The United States lend comparatively small amounts to Asiatic and Oceanic countries, and during the six years shown in the table they did not float any African issues.

Of the new issues in the United States and the United Kingdom, the part taken by Europe decreased steadily from 47 per cent in 1924 to 33 per cent in 1927, rose to 39 per cent in 1928 and fell again to 23 per cent in 1929. The share of Asia and Oceania has fallen from 28 per cent in 1924 to 19 per cent in 1928 and 5 per cent in 1929. The greatest increase is recorded by Latin and North America which both accounted for 10 per cent in 1924, and 32 per cent in 1929.

(1) See also pp. 187 and 201.

(2) Canada and Newfoundland.

(3) The total for Europe comprises (a) issues in the United States for the account of all European countries; (b) issues in the United Kingdom for the account of the Irish Free State and the European continent. No British issues were floated in the United States during 1924-26; in 1927, 1928 and 1929 the amounts of such issues were \$6, \$25 and \$20 million respectively.

Considering Europe as a whole, and taking into account also the comparatively small issues in the Netherlands and Switzerland, etc., for the account of countries outside the continent, it appears that in the years 1924 and 1926–1928 the new European issues in the United States were practically offset by issues floated in Europe for other continents. In 1925 there was, on account of new issues, a net capital inflow to Europe of some \$200 million and in 1929 there was a net outflow from Europe of a similar amount.

The new capital issues floated represent, however, only one of the items constituting the movement of long-term capital, and there is no reason to believe that they should indicate with any degree of exactitude the distribution of total capital exports. The most important capital operations, apart from those involving new capital issues, are sales and purchases of outstanding securities, amortisation payments, direct investments and finally short-term capital movements, the last constituted mainly by changes in international banking accounts.

The lack of information for a number of countries and the defectiveness of such data as are available render any estimate of the balance of inter-continental capital operations of all kinds rather uncertain, but there is some ground for the belief that European imports and exports of capital during the last six or seven years have practically balanced, although there has been a marked disparity between individual years.

Thus, in 1923, when the British surplus on account of current items was unusually great and when the United States recorded a net import of capital, there was no doubt an appreciable net outflow of capital from Europe. The heavy German borrowings, which began with the Dawes Loan in the latter part of 1924, greatly reduced the European capital exports in that year, and in 1925 perhaps gave the capital balance of the continent an inward turn. In 1926 again, in spite of the increase in the British trade deficit caused by the British coal conflict, there was a net outward flow of capital from Europe, mainly on account of reduced borrowings and increased exports of goods by Germany. The resumption of borrowings on an increased scale probably implied a moderate net inward movement into Europe in 1927 and 1928. In 1929 the reduced supply from the United States, the causes of which have been indicated above, is likely to have occasioned once again a net capital outflow from Europe.

North America has been exporting capital since 1923, and Latin-America, Asia, Africa and Oceania importing capital. It may be interesting to consider also the position of the British Empire taken as a whole with regard to capital movements. On account of the considerable variations which have taken place in the capital exports of the United Kingdom in recent years, and the varying capital requirements of some countries within the Empire, the value of whose exports is largely dependent upon fluctuations in harvests and prices, the balance of capital movements between the Empire and the outside world has fluctuated considerably. In 1925, when the Canadian capital exports reached their maximum and India also had an outward capital balance, the Empire was probably exporting capital. In 1926, when the British surplus on account of current items was quite inconsiderable, whereas the inflow of capital into India, Australia, New Zealand and South Africa would appear to have been particularly great, the Empire was undoubtedly importing capital on a large scale. The situation was reversed again in 1927, when the lendings by the United Kingdom rose, India and New Zealand exported capital and the borrowings of South Africa and Australia fell off. Available information does not permit of a survey of the position in the two following years.

The price of capital. The movement of capital from country to country is, of course, largely determined by relative interest rates. The special rates which best

indicate the variations in the prices at which capital transactions take place vary appreciably from country to country — and the rates in any particular area which in fact exercise the greatest influence on capital movements to or from that area are necessarily determined by the general economic and financial organisation which exists there. Any comprehensive study of the problem would necessitate therefore a careful and detailed analysis of a number of widely different markets. No such analysis can be attempted here ; but it may be of some interest to give a quite rough indication of the broad major movements of recent years. For this purpose the yield of bonds for long-term investments, and the market discount rates on three months' bank bills for short-term investments, will be taken into consideration.

A collection of data concerning bond yields is given in the two tables on pages 26-28. Table A relates to the yield of certain Government and similar bonds payable in £'s, the prices of which are believed to be determined mainly by quotations on the London market. Table B shows the yield of bonds the prices of which are mainly dependent on the national demand. The rates quoted in both tables are determined by the demand and supply of capital in the markets in which the bonds are quoted, markets which are of course in no sense watertight, and by the estimates of the risks involved. The essential difference between the two tables lies in the fact that the first represents a market common to all the bonds, with a common estimate of the varying risks, while in the latter there are as many markets as countries. But it must not be presumed from this that the differences in the quotations in Table A represent simply the differences in the estimated risk covered by each bond, still less in the credit of each country to which those bonds relate. Although an attempt has been made to select bonds for Table A the conditions of which are as similar as possible, in fact those conditions vary widely and necessarily help to determine the price at which the bonds are quoted. Since, however, the conditions remain unaltered, changes in relative yields indicate largely changes in the momentary estimates of relative risk.

The bonds taken into account in Table A were all quoted below par. When possible the figures are based on the price of bonds with no fixed date of redemption. When this proved impossible the profit on redemption at or above par has been included in the yield. Allowance has been made for accrued interest. Most of the figures in Table B are indices derived from various sources, each comprising a number of bonds. Profits on account of redemption, and interest accumulated in the prices of the bonds have, so far as it has been possible to ascertain, been treated in a similar manner as in Table A, but different methods used in calculating the adjustments to be made on this account or in averaging may to some degree affect the comparability of the different series.

The data for different countries are naturally influenced not only by the economic or political position of the countries concerned, but also by the collateral behind the individual loans. Other circumstances, above all the influence of taxation and stamp duties, probably account for part of the discrepancies between the series given. The figures accordingly cannot be taken as an exact expression of the price of long-term capital in different countries.

The tables suggest a general tendency towards cheapening of long-term capital during the four years considered, though naturally the price of bonds is affected by the fluctuations in the short-term market, the influence of which is particularly marked at the end of 1929. The influence of the short-term capital market on the price of bonds tends to be greater as conditions generally become more stabilised.

The lowest yield — that is, the highest price of the bonds — in nearly all the countries was reached in the course of 1928 or during the first quarter of 1929 ; subsequently the yield rose (bond prices fell). The reaction which followed upon the New York Stock Exchange slump is hardly noticeable from the figures in the tables

Actual percentage yield of bonds (averages).

A. EXTERNAL STERLING LOANS, ACCORDING TO LONDON QUOTATIONS.

	BELGIUM	DENMARK	ESTONIA	FINLAND	GREECE
	3 % sterling bonds	3 % Gov. loan 1894	7 % sterling loan 1927	Average for 4 ½ % railway bonds and 6 % Gov. loan 1923	4 % railway loan 1902
1926.	6.23	5.46	.	6.83	8.16
1927.	5.29	5.30	.	6.56	7.62
1928.	5.01	5.11	7.37	6.29	6.65
1929.	5.23	5.06	7.86	6.24	6.62
1928 : 1st quarter.	5.08	5.19	7.58	6.39	6.90
2nd "	4.96	5.10	7.34	6.33	6.52
3rd "	4.97	5.12	7.29	6.22	6.66
4th "	5.00	5.03	7.26	6.21	6.52
1929 : 1st quarter.	5.19	5.10	7.51	6.06	6.45
2nd "	5.22	5.01	7.77	6.24	6.66
3rd "	5.24	5.05	8.03	6.26	6.69
4th "	5.26	5.06	8.13	6.41	6.68

	GERMANY	ITALY	NORWAY	POLAND	PORTUGAL
	Hamburg 6 % State loan	5 % Marem. rail	Average for five Govt. loans	7 % stabilisation loan	3 % ext. loan 1902
1926. . . . .	.	7.93	5.65	.	9.36
1927.	6.06	7.84	5.33	.	7.84
1928.	6.06	7.50	5.32	.	7.34
1929.	6.32	7.73	5.33	8.50	7.01
1928 : 1st quarter.	6.23	7.55	5.34	.	7.53
2nd "	6.01	7.47	5.35	.	7.35
3rd "	5.91	7.49	5.31	7.85	7.26
4th "	6.07	7.49	5.26	8.06	7.23
1929 : 1st quarter.	6.26	7.71	5.28	8.22	7.14
2nd "	6.31	7.74	5.34	8.47	6.90
3rd "	6.31	7.74	5.34	8.43	6.94
4th "	6.40	7.74	5.37	8.88	7.07

	S. H. S.	ARGENTINE	CANADA	INDIA	JAPAN
	Servia 4 % unified	Average for six 4 % Govt. loans	Average for 7 Govt. loans	3 ½ % Gov. Stock	Average for 5 ext. Govt. loans
1926.	9.04	5.78	5.06	5.03	6.61
1927.	7.41	5.70	4.98	4.98	6.44
1928.	7.43	5.34	4.96	4.91	6.08
1929.	7.64	5.39	5.08	5.27	6.23
1928 : 1st quarter.	7.40	5.35	4.95	4.91	6.06
2nd "	7.43	5.30	4.96	4.91	6.08
3rd "	7.44	5.31	4.96	4.91	6.05
4th "	7.45	5.41	4.97	4.92	6.13
1929 : 1st quarter.	7.45	5.34	5.01	5.03	6.28
2nd "	7.45	5.39	5.06	5.21	6.32
3rd "	7.64	5.35	5.09	5.38	6.23
4th "	8.00	5.47	5.14	5.44	6.07

Actual percentage yield of bonds (averages).

B. DOMESTIC BONDS.

	BELGIUM	CZECHOSLO- VAKIA	FRANCE		GERMANY	
	3 % rentes	Average for Gov. bonds	3 % rentes	52 fixed int. securities (Gov. and private)	Average for 48 "Gold- pfandbriefe"	Average for fixed int. securities
1926.	(¹) 7.17	.	6.01	8.76	7.75	.
1927.	(¹) 5.20	5.87	5.32	6.58	7.33	.
1928.	4.61	5.72	5.16	5.33	7.75	7.88
1929.	4.53	5.75	5.07	4.89	.	8.18
1928 : 1st quarter.	4.79	5.63	5.18	5.65	7.61	7.74
2nd »	4.44	5.77	5.10	5.41	7.72	7.85
3rd »	4.54	5.77	5.17	5.14	7.81	7.92
4th »	4.68	5.70	5.19	5.13	7.88	7.99
1929 : 1st quarter.	4.58	5.74	5.15	5.15	.	7.99
2nd »	4.51	5.76	5.10	5.04	.	8.14
3rd »	4.53	5.76	5.04	4.84	.	8.21
4th »	4.52	5.76	5.00	4.52	.	8.36

	NETHER- LANDS	ITALY	POLAND	ROUMANIA		
	2 ½ % Gov. stock	3 ½ % rentes	Average for 3 Gov. loans	Average for 4 Gov. bonds	Average for 3 mortgage bonds	Average for other bonds
1926.	4.03	4.68	11.04	11.80	11.97	8.98
1927.	4.00	5.53	8.38	10.08	10.77	9.11
1928.	3.96	5.55	8.06	7.95	8.54	7.18
1929.	3.99	5.64	(²) 8.46	8.87	9.61	8.64
1928 : 1st quarter.	3.98	5.50	8.10	8.42	8.72	7.02
2nd »	3.95	5.50	8.03	7.06	7.93	6.56
3rd »	3.95	5.60	8.03	8.17	8.76	7.26
4th »	3.95	5.60	8.08	8.16	8.74	7.86
1929 : 1st quarter.	3.97	5.62	8.09	8.17	8.74	8.33
2nd »	3.98	5.65	8.15	8.88	9.49	8.92
3rd »	4.00	5.65	9.13	9.12	10.13	8.82
4th »	4.00	5.65	.	9.30	10.09	8.48

(1) Figures for July.
(2) January-September only.

Actual percentage yield of bonds (averages) (continued).

B. DOMESTIC BONDS *(continued)*.

	SPAIN	SWITZERLAND	SWEDEN		U. K.
	4 % Gov. bonds	3 ½ % Chemin de fer	Average for 7 Gov. loans	Average for 5 (6) industrial bonds	2 ½ % Consols
1926.	5.85	4.70	4.68	5.36	4.54
1927.	5.28	4.62	4.58	5.19	4.55
1928.	5.05	4.43	4.59	5.07	4.47
1929.	5.47	4.38	4.56	5.06	4.60
1928 : 1st quarter.	5.20	4.46	4.54	5.06	4.51
2nd "	5.19	4.45	4.61	5.11	4.43
3rd "	4.93	4.45	4.62	5.08	4.47
4th "	4.88	4.37	4.60	5.05	4.47
1929 : 1st quarter.	4.94	4.37	4.61	5.06	4.49
2nd "	5.40	4.39	4.58	5.07	4.57
3rd "	5.70	4.40	4.53	5.06	4.68
4th "	5.83	4.36	4.51	5.04	4.66

	U. S. A.			
	Average for Liberty and Treasury bonds	Average for 20 municipal bonds	Average for 10 railroad bonds	Average for 60 high- grade bonds
1926.	3.95	4.13	4.47	4.60
1927.	3.47	3.99	4.25	4.47
1928.	3.44	4.05	4.28	4.49
1929.	3.65	4.32	4.54	4.70
1928 : 1st quarter.	3.34	3.89	4.14	4.38
2nd "	3.36	4.00	4.22	4.43
3rd "	3.53	4.16	4.38	4.57
4th "	3.52	4.16	4.38	4.57
1929 : 1st quarter.	3.67	4.25	4.48	4.65
2nd "	3.68	4.29	4.55	4.70
3rd "	3.70	4.44	4.60	4.74
4th "	3.56	4.30	4.53	4.69

which relate to quarters, but monthly figures show in a number of cases a slightly falling yield during November and December 1929.

In some cases the prices of bonds have been directly affected by currency conditions, a fact which is naturally noticeable in Table B; thus the prices of Belgian and French rentes and bonds payable in francs were depressed in 1926 and the yield was accordingly high. Allowing for the influence of currency stabilisation in these two countries, the decrease in yields has as a rule been less pronounced for lending than for borrowing countries. The discrepancies between yields of bonds of different origin have therefore in many cases decreased — a fact which is particularly noticeable when comparing the data given for Greek, Portuguese, Roumanian and Yugoslav bonds with those for bonds of lending countries. This development is, however, not universal; the

yield of Italian and German bonds has fluctuated little during the period and has not approached that of bonds issued by lending countries.

The table on the next page shows the market discount rate for three months' bills in different countries.

The discount rates given represent, of course, a somewhat lower interest rate than that actually paid by the borrower, the discount being deducted by the lender from the face value of the bill. Other small deviations between the discount rates for bills may be due to differences in stamp duties and bank charges.

For the United States two rates have been shown — first, the rates of bankers' acceptances which, although not so characteristic of the American market as the somewhat lower rates for commercial paper, are the most comparable with the European market discount rates, and secondly, for comparative purposes, the rate of Stock Exchange call loans (renewals). The call loan rate, which fluctuates considerably from day to day and on some occasions during 1928 and 1929 reached a level two or three times as high as the averages shown in the table, has, particularly during the boom in 1928 and 1929, been kept on a level considerably higher than the market discount rate. The maintenance of an average discrepancy of more than 2 per cent between the rates on these two forms of investment is rendered possible, first, by the fact that security loans are not eligible for discount at the reserve banks and, secondly, by the credit policy of the reserve banks in support of the ordinary requirements of industry and agriculture. The importance of the call loan market grew in the latter part of the period reviewed, partly on account of the increase in loans made by other lenders than banks, and the high call loan rates attracted considerable amounts of foreign short-term capital. But owing to the reduced safety in this form of investment, part of the call loan rates no doubt represent a premium for risk. The increase of the English market discount rate by just under 1 per cent to about 6.25 per cent in the latter part of September, 1929, was enough to cause the withdrawal of large amounts of European capital from the United States — in spite of the fact that the New York call loan rate at that time averaged 8.5 to 9 per cent.

The French market discount rate in 1926 was naturally influenced by the fluctuations in the exchange value of the franc. The exceptionally low rates which began to rule in 1927 were largely due to the suppression of short-term State bonds in connection with the *de facto* stabilisation of the franc and the resulting abundance of capital available for short-term investment. The amount of such capital was increased by the influx of foreign funds for speculation in francs; after the legal stabilisation in the middle of 1928 the discount rate rose.

An inspection of the tables will show that in the majority of countries money rates declined during the period 1926-28. In most cases this decrease has been less than 1 per cent, but in some (Austria, Belgium, Japan) considerably more, and in Poland, Roumania, Yugoslavia, where very high rates have ruled during the whole period under review, the range of movement has been wide. In another group, formed particularly by capital exporting countries such as the United Kingdom, the United States, the Netherlands, Switzerland and Sweden, where money rates at the beginning of the period were relatively low, they have increased slightly. The result of these two contrary movements has been to lessen the spread between rates ruling in different markets. The greater stability which this phenomenon indicates must be attributed in part to the considerable international capital transfers of 1927 and 1928. In Germany, however, market rates have shown a tendency to increase since the middle of 1926.

The exceptional conditions of the money market in 1929 and the more or less swift reaction in different countries to the happenings in the last two quarters of that year checked the general tendency of recent years and in some cases increased the spread between rates ruling in different markets. The following table, showing

Market discount rates (3 months' bills).

	AUSTRIA			BELGIUM			CZECHO-SLOVAKIA		DENMARK		FINLAND		FRANCE		
	Min.	Max.	Average	Min.	Max.	Average	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Average
Jan. 1926	7.56	8.75	8.16	.	.	6.56	5.88	5.88	.	.	.	.	4.13	5	4.57
June »	6.25	6.50	6.37	.	.	6.58	5.88	5.88	.	.	.	.	4.75	5.75	5.73
Dec. »	6.38	6.75	6.62	.	.	4.32	5.25	5.25	.	.	.	.	4.75	6	5.77
June 1927	5.38	5.81	5.47	.	.	4.15	4.75	4.75	.	.	.	.	1.88	2.25	2.25
Dec. »	6.13	6.31	6.25	.	.	4.25	4.75	4.75	5	6.50	8	13	2.75	3.13	2.95
June 1928	5.69	5.81	5.70	(¹)3.88	(¹)3.97	4.40	4.94	4.94	5	6.50	7.50	10.50	2.75	3	2.90
Dec. »	6.25	6.38	6.31	3.97	3.97	3.97	4.94	4.94	5	6.50	7.50	11	3.38	3.38	3.41
June 1929	7.19	7.25	7.25	3.97	4	3.97	4.88	4.88	5	6.50	7.50	11	3.50	3.50	3.50
Aug. »	7.25	7.44	7.37	4.88	4.94	4.93	4.88	4.88	5	6.50	7.50	11	3.50	3.50	3.50
Dec. »	7.25	7.75	7.41	4.38	4.44	4.41	5.50	5.50	5.50	7	7.50	11	3.50	3.50	3.50

	GERMANY		HUNGARY		ITALY	NETHERLANDS			NORWAY		POLAND	ROUMANIA	
	Min.	Max.	Min.	Max.	Average	Min.	Max.	Average	Min.	Max.	Min. (3)	Min.	Max.
Jan. 1926	6	6.50	9.25	9.25	8.18	2.25	3.44	3.07	.	.	.	.	.
June »	4.37	4.63	9	10	8.17	2.67	3	2.87	.	.	.	.	.
Dec. »	4.50	4.88	7	8.50	9.25	3.12	3.50	3.39	.	.	.	.	.
June 1927	4.88	6	7	7.75	7.60	3.50	3.63	3.52	.	.	.	.	.
Dec. »	6.75	7	7.50	8.50	6	4.37	4.56	4.49	5	5.50	19	.	.
June 1928	6.50	6.88	7.12	8.50	5.25	4	4.44	4.18	5.50	6	16.75	(2) 24	(2) 30
Dec. »	6.25	6.37	7.87	8.75	5.50	4	5	4.40	5.50	6	19		
June 1929	7.50	7.50	8.75	9.75	6.75	5.19	5.37	5.38	5.50	6	20	14	18
Aug. »	7.12	7.25	8.75	10.25	6.85	4.75	5.31	5.05	5.50	6	18.50	14	18
Dec. »	6.88	7	8.50	9.75	7	3.12	4	3.50	5.50	6	10	14	18

	SWEDEN		SWITZERLAND	UNITED KINGDOM			S. H. S.		ARGENTINE		JAPAN	U. S. A. (Bankers' acceptances)			U. S. A. Call loans (renewals)
	Min.	Max.	Average	Min.	Max.	Average	Min.	Max.	Min.	Max.	Average	Min.	Max.	Average	Average
Jan. 1926	4.50	5.50	2.44	4.56	4.94	4.75	.	.	6	7.25	7.94	3.63	4	3.68	4.33
June »	4.50	6	2.38	4.25	4.31	4.25	.	.	5.75	7.25	7.94	3.37	3.75	3.37	4.15
Dec. »	4.50	6	3.35	4.50	4.63	4.53	.	.	5.50	7	7.76	3.88	4	3.83	5.16
June 1927	4	6.50	3.42	4.31	4.37	4.31	.	.	6	7.50	7.67	3.75	3.88	3.75	4.33
Dec. »	4	6.50	3.40	4.25	4.37	4.31	.	.	5.75	7.50	6.58	3.37	3.37	3.37	4.38
June 1928	4	6.50	3.40	3.75	3.94	3.81	11	15	5	6.50	4.57	4.12	4.25	4	6.32
Dec. »	4.50	6.50	3.32	4.31	4.44	4.38	14	16	5	6.50	5.57	4.63	4.75	4.56	8.60
June 1929	4.50	6.50	3.26	5.25	5.44	5.31	10	12	5.75	7	.	5.63	5.63	5.37	7.70
Aug. »	4.50	6.50	3.33	5.37	5.50	5.47	9	12	6	7	.	5.25	5.25	5.09	8.23
Dec. »	5	7	3.15	4.50	4.94	4.75	9	12	.	.	.	4	4	3.77	4.83

(1) July.
 (2) Year 1928.
 (3) Approximate figures.

discrepancies between minimum discount rates in the United Kingdom and similar rates in other countries ⁽¹⁾ in August of each year, permits a comparison which is at least not affected by the New York slump in the last quarter of 1929. For the United States a second column has been added, representing the difference between the average discount rate in the United Kingdom and the call loan rate on the New York market. Owing to the fact that the discount rates are somewhat lower than the actual rate on the borrowed amount, the call loan rates have, before the calculation, been reduced in the proportion existing between discount rates and actual interest rates on bills.

Discrepancy between minimum private discount rates in the United Kingdom and other countries.

	AUS-TRIA	BELGIUM	CZE-CHO-SLOVAKIA	DEN-MARK	FIN-LAND	FRANCE	GER-MANY	HUN-GARY	ITALY	NE-THERLANDS
August 1926	+1.50	(²) + 2.06	+1.63	.	.	+2.50	+0.25	+4.00	(²) + 4.06	-1.81
August 1927	+1.94	(²) - 0.45	+0.44	.	.	-2.31	+1.44	+3.19	+2.69	-0.94
August 1928	+2.06	-0.31	+0.75	+0.69	+3.31	-1.06	+2.44	+3.06	+1.06	-0.19
August 1929	+1.88	-0.56	-0.49	+0.50	+2.13	-1.87	+1.75	+3.38	+1.38	-0.62

	NOR-WAY	POLAND (³)	ROU-MANIA	SWE-DEN	SWITZER- LAND (²)	S. H. S. (³)	ARGEN-TINE	JAPAN (²)	U. S. A.	
									Bank accept- ances(²)	Call loans (renew- als) (⁴)
August 1926 . . . . .	.	.	.	+0.25	-2.10	.	+1.50	+3.14	-0.91	-0.12
August 1927 . . . . .	.	.	.	-0.31	-0.90	.	+1.44	+2.42	-1.22	-0.79
August 1928	+1.31	+7 to 15	(⁵) +20	+0.31	-0.84	+ 6	+0.81	+0.32	+0.32	+2.18
August 1929	+0.13	+ ? to 12	+9.81	-0.87	-2.11	+ 4	+0.63	.	-0.32	+2.16

The table illustrates not only the reduction of discrepancies between money rates in 1927-1928, but also the relation which exists between such rates and international capital movements. Reference to the previous section will show that the countries in the table where either lower or only slightly higher money rates than in the United Kingdom have ruled during the period, namely, Belgium, Czechoslovakia, the Netherlands, Sweden, Switzerland and the United States, have all been exporting capital. But on account of differences in risk and other circumstances, the capital transfers which have actually taken place are by no means proportionate to existing discrepancies between rates. The rates in some borrowing countries, such as Norway and Denmark, are not considerably higher than in lending countries, and the extremely high rates in Poland, Roumania and Yugoslavia — countries which have only been

(1) Where minimum rates in those countries were not known, the discrepancies refer to average rates.
 (2) Discrepancy between average rates.
 (3) Approximate figures.
 (4) Discrepancy between average private discount rates in the United Kingdom and average call loan rates in the United States. In calculating these figures the call loan rates have been reduced so as to correspond to a discount rate implying the same actual rate (see the text).
 (5) Year 1928.

able to fill their most urgent capital requirements from abroad — are examples of the extent to which capital fails to flow freely.

It is interesting to note that the discrepancies correlate to the aggregate capital balances of the countries concerned better than to short-term capital movements only. Even for countries which are exporting capital it is natural that the direction of short-term capital should change from year to year. A great proportion of short-term capital movements effected is, in fact, determined by other factors than relative interest rates. Credits received or granted by a country on account of merchandise imported and exported thus generally fluctuate with the value of its foreign trade. The movement of exchange rates may provoke or hamper capital transfers and, finally, regular withdrawals of short-term funds take place, irrespective of money rates, in connection with long-term capital operations. As explained above, all these factors contributed to the outward movement of capital from the United States in 1928.

International indebtedness ; interest and dividends.

Information concerning the outstanding foreign debts and assets of a number of countries at the end of the last year for which figures are available is given in the following table.

Country	End of year	Dollars (000,000's)							Net liabilities (—) or assets (+)
		Liabilities				Assets			
		Long-term		Short-term	Total	Long-term	Short-term	Total	
		Government and municipal	Other						
U.K.	1927	.	.	.	.	(¹)19,484	.	.	.
U.S.A. (²) . . .	1928	3,700	.	3,035	6,735	(²)12,555-14,555	1,709	14,264-16,264	+ 7,529-9,529
Sweden	1928	.	.	(⁵) 33	.	.	(³) 171	.	.
Latvia	1927	22	18	20	60	—	10	10	— 50
Czechoslovakia.	1928 (³)	194	32	128	354	48	236	284	— 70
Finland	1927	88	(⁴) 312	(⁵) 12	132	—	(³) 46	46	— 86
Denmark	1928	260	103	111	474	60	148	208	— 266
Italy	1924	172	172-258	(⁶) 172	516-602	202-271	43-86	(⁶) 245-357	— 159-357
Norway	1928	268	136	162	566	54	111	165	— 401
Hungary	1928	220	84	122	426	—	—	—	— 426
S.H.S.	1927	460	105	22	587	—	19	19	— 568
Poland	1928	440	.	290	.	—	144	144	.
New Zealand . .	(⁷)1928	.	918	.	.	49	.	.	.
India	1929 (⁸)	1,716	.	.	.	(⁸) 260	.	.	.
Canada	1926	1,304	4,196	(⁹)	5,500	.	.	1,331	— 4,170

(1) Nominal value of British holdings of loan and share capital listed on the London Stock Exchange.
 (2) Excluding assets on account of inter-Allied debts, liabilities on account of ear-marked gold and certain merchandise credits.
 (3) Including short-term Government liabilities.
 (4) Bonded loans only (the amount of other loans outstanding is stated to be appreciable).
 (5) The figures relates to banks only.
 (6) Banking accounts only (certain other short-term investments are included in the figures for long-term).
 (7) March 1st.
 (8) Government foreign assets only.
 (9) Included in the figures for long-term liabilities.

The figures, of course, vary in exactitude and special attention should be paid to the indications in the footnotes. The actual value of British net long-term investments abroad for private account, calculated on the basis of the same yield as that anticipated for the United States foreign long-term investments, or 5.6-6.5 per cent, would be \$21.3-24.7 milliard. The British private long-term investments abroad, which were estimated to have fallen from £4 milliard, or \$19.5 milliard, in 1913 to £3.2-3.7 milliard in 1919⁽¹⁾, that is \$12.1-14.0 milliard at the conversion rate ruling at the end of that year, should accordingly have increased by \$9.2-10.7 milliard, or on an average \$1,000-1,200 million annually, during the period 1920-28. It is interesting to compare this amount with the surplus recorded on account of the British current items and Government transactions in the same period. For 1921 no official estimate was made, but during the remaining eight years of the period this surplus totalled \$8,756 million, or \$1,095 million annually; as the figures for 1920-25 have not been revised in the light of certain recent enquiries⁽²⁾, the last-mentioned figure is somewhat too low and should be increased by an amount which can scarcely have exceeded \$40 million.

A calculation of the German net liabilities, excluding those on account of reparations, on the basis of the above-mentioned interest rates (5.6-6.5 per cent) works out at \$3-3.5 milliard at the end of 1928.

In cases where it has been possible to divide long-term liabilities into government and private, the former prove to be predominant. An important exception is Canada, which has attracted foreign long-term capital mainly for investment in industries and railways. Although no division is made for the United States, it is known that her liabilities are also mainly private, the United States Government debt having been largely redeemed.

In this connection the following figures representing the proportion of government loans in the foreign issues floated in the United States and the United Kingdom may be of interest.

	1925	1926	1927	1928	1929
Percentage of government loans in foreign issues floated in :					
U. S. A.	60	45	48	57	.
U. K.	35	42	46	40	32

The outstanding short-term investments play a very important role in the balance of indebtedness of most countries and would appear generally to constitute the main item on the assets side of borrowing countries — a fact which is no doubt explained by the temporary investments by those countries of the proceeds of long-term loans raised abroad. For the same reason the short-term liabilities of the main lending countries, such as the United States and the United Kingdom, are very considerable. On the other hand, short-term credits often anticipate long-term operations.

Of particular importance for the short-term capital market in recent years have been the big funds, largely consisting of French capital accumulated before the French currency reform, which move from country to country according to the conditions of the money market, without being directly connected with long-term loans or current transactions. Little is definitely known about the extent to which such operations

(1) *Board of Trade Journal*, March 29th, 1923. The capital value in 1919 was estimated on the basis of an annual yield of 5.4 - 6.25 per cent or slightly less than the rates applied above for 1928.

(2) See the section for the United Kingdom.

have been carried out. Considerable investments of such funds in the German market are believed to have taken place at the end of 1928.

Outward and inward movements of short-term credits raised in connection with current operations, such as merchandise credits, or with long-term loans, would naturally be expected to offset each other to a large extent in the course of a number of years. It is interesting therefore to note that this has not been so in a number of cases during the period 1924-1928, a fact which must be attributed largely to the changed conditions for speculative capital transfers which followed upon the currency stabilisation in the majority of countries, and to the change in the economic balance of some countries during this period of rapid development. Some borrowing countries, such as Germany, Hungary and Japan, would appear to have steadily increased their short-term debt during these years. Italy is believed to have considerably increased her foreign short-term assets. Denmark's short-term liabilities have, during the same period, steadily fallen, whereas her foreign assets have increased, with the result that the country has changed from debtor to creditor in respect of short-term capital. Sweden has, during the same years, more than doubled her net foreign assets.

Further information concerning the foreign indebtedness of a number of countries and the changes which have taken place therein in recent years can be derived from the figures for interest and dividends in the last three columns of the table on p. 15).

Only the first six countries in the table enjoy a net income from foreign investments. The United Kingdom is by far the biggest recipient; the figures given for that country are, however, not comparable with those for other countries as they exclude interest on short-term investments and outstanding intergovernmental debts. The British income on account of private long-term investments (\$1,387 million) alone covers one-third of Europe's passive balance of trade as recorded by national trade statistics (1). The corresponding private net receipts by the United States amounted to about \$565 million in 1928 or only 41 per cent of the receipts by the United Kingdom.

The United States gross receipts on the interest account are growing rapidly. Although they are very largely offset by outward payments, the net income rose by \$100 million during the period 1923-1928.

The total net interest receipts of the Netherlands in recent years are unknown. The amounts accounted for in the section for the Netherlands in this volume amount to about \$26 million in each of the years 1926 and 1927, but, as income from Dutch possessions and from direct investments elsewhere are not included, this balance only represents a fraction of the total.

The most recent information for Switzerland relates to 1926. Swiss net receipts increased rapidly during the period 1924-1926, but even in the latest of these years they represented only about one-fifth of the pre-war amount.

The heavy capital export of France during a number of years has greatly increased the French interest receipts from abroad. In the private estimates of the French balance of payments mentioned above (2), French investments abroad and foreign private investments in France are estimated to have resulted in the following net interest receipts :

	Dollars (000,000's)
1925	86.0
1926	91.0
1927	117.6
1928	136.9

(1) If account is taken of certain defects in trade statistics and of freight and insurance of goods in inter-European trade, the European trade deficit is reduced to a figure considerably less than that recorded, and the British interest and dividend receipts from long-term investments cover [some 40-45 per cent thereof (*cf.* Volume I of this *Memorandum*, p. 13.).

(2) By P. Meynal in *Revue d'Economie politique*.

After deduction from these figures of the outward payments on account of interest on French Government debts — in both 1927 and 1928 these payments amounted to some \$75 million — there remains a steadily growing surplus on the interest account.

The net income from interest of the Irish Free State has recently shown a tendency to decline, owing mainly to the rapid inflow of foreign capital into the country. Sweden enjoys a small but growing income on this account ; a few other countries which are not included in the table, such as Austria, are creditor countries.

Most countries are, however, debtors to a greater or less extent. Those with the biggest interest charge are India, the Dutch East Indies, the Argentine, Australia, Germany and Canada. High interest charges are also due by Brazil, Cuba, Chile, Bolivia and China, none of which are included in the table. The Canadian net interest payments have not shown any considerable changes during a number of years. As has been pointed out above, Canada, although owing more than any other country, has been reducing her indebtedness since 1923. The Indian interest payments have, during the last five years, grown by 16-17 per cent. The outward interest payments of the Argentine, as given in the table, are somewhat too high, as they include amortisation payments in respect of the public debt and certain mortgage loans. The net payments for the Argentine loan service have, during the four years shown, increased by \$54 million, or 43 per cent. Nearly as great an increase (38 per cent) has taken place in the Australian interest payments. But the most rapid radical change is that of Germany, which in 1924 still derived a small net income from foreign investments, while in 1928 her net outgoings on this account were \$176 million. There has been a similar development in Hungary since 1923. The increase in the Hungarian outward payments is, however, partly due to the resumption of the suspended payments on certain pre-war Government bonds. The Polish net payments have multiplied sevenfold in five years and the Norwegian more than doubled. The increase reported in the Italian net payments in 1927 is explained, not by a rise in the indebtedness of the country, but by a simultaneous increase in her floating foreign assets and her foreign indebtedness. The former, however, yielded less than the interest which had to be paid on the latter.

The charge of foreign indebtedness in different countries may be further illustrated by showing the average net interest payments per head of population.

Country	Net interest payments (—) or receipts (+) in \$ per head of population		
	1926	1927	1928
Australia	— 25.5	— 26.0	— 27.5
New Zealand	— 25.4	— 27.2	.
Canada	— 22.8	— 22.7	.
Argentine	— 13.8	— 16.0	— 16.9
Union of South Africa	— 10.9	— 10.4	.
Norway	— 4.1	— 5.7	— 6.7
Denmark	— 4.2	— 3.8	— 3.8
Hungary	— 1.8	— 2.4	— 3.0
Germany	— 1.2	— 1.9	— 2.8
Poland	— 0.6	— 0.8	— 1.0
Japan	— 0.1	— 0.1	.
U. S. A.	+ 5.4	+ 5.7	+ 5.7
U. K. (1)	+ 30.4	+ 30.4	+ 30.3

(1) Private receipts on account of long-term investments only.

The figures bring out clearly the great differences that exist between the burden of the foreign indebtedness of European countries and of certain countries with comparatively low populations in other continents.

Gross shipping income.

The estimated gross income of a number of countries from maritime freights in foreign traffic in 1927 and 1928 is shown in the table below, together with the gross active tonnage — that is, the actual less the laid up tonnage ⁽¹⁾ — of the merchant marines of the countries concerned on June 30th of each year.

Country	Gross shipping earnings in foreign traffic \$ (000,000's)						Gross registered tons of active tonnage (000's)	
	1927			1928			1927	1928
	Goods	Passen- gers	Total	Goods	Passen- gers	Total		
United Kingdom ⁽²⁾	593	117	710	563	94	657	18,688	19,137
U. S. A. ⁽³⁾	233	89	322	250	89	339	11,766	11,595
Germany . . . . .	.	.	160	.	.	159	3,363	3,777
France ⁽⁴⁾	157	.	.	133	3,379	3,191
Italy	44	57	101	.	.	.	3,219	3,000
Norway . . . . .	.	.	110	.	.	107	2,800	2,908
Japan . . . . .	.	.	88	.	.	.	4,009	4,119
Sweden	66	5	71	65	5	70	1,366	1,448
Denmark . . . . .	.	.	51	.	.	51	1,060	1,067
Greece ⁽⁵⁾	30	3	33	.	.	30	950	1,091
Finland . . . . .	.	.	8	.	.	.	241	281
<i>Total for 1927</i>	.	.	1,811	.	.	.	50,841	
<i>Of which European coun- tries</i>	.	.	1,401	.	.	.	35,066	
<i>Total for countries given in 1928</i>	.	.	1,614	.	.	1,546	43,372	44,214
<i>Of which European coun- tries</i>	.	.	1,292	.	.	1,207	31,606	32,619

As far as has been possible to ascertain from the information furnished by the compilers of the individual statements, the actual freight earnings, not the income of the shipowner, have been taken into account for ships engaged in time charter traffic. One or two countries whose income from such traffic is of little importance, however, may form an exception to this rule.

The earnings given in the table do not, of course, represent the total earnings of the tonnage indicated in the last two columns, as they only relate to foreign traffic and exclude tonnage engaged in domestic (internal or coastal) trades. It is not possible, therefore, to calculate from the above figures the average annual earnings per ton

(1) According to statistics of idle tonnage published by *Commerce Reports*.
(2) The relation between earnings on account of goods and passengers is taken at 6 : 1 in accordance with an estimate referring to 1924.
(3) The earnings on account of goods relate to economic years ending June 30th.
(4) Private estimates of the shipping income (by P. Meynial in *Revue d'Economie politique*).
(5) Private estimate of the shipping income (by the Bank of Athens). The tonnage figures refer to steam and motor ships only.

of the marine of each country given. The main variations, however, in the ratio between earnings and active tonnage of the different countries in each year are undoubtedly due to differences in quality of the tonnage, in freight rates for different routes and kinds of goods, etc.

Of European countries, Italy shows the lowest estimate of earnings in relation to her active tonnage. The earnings per ton of Japan and the United States are lower than those of European countries.

The average earnings per ton — disregarding domestic trade — for those countries for which data in respect of both 1927 and 1928 are available, fell from \$37.22 to \$34.97 per ton, or by 6.1 per cent. The decline in the earnings per ton of the European marines given was somewhat greater — 9.5 per cent. Existing index numbers of ocean freight rates fell in 1928 by amounts similar to the last mentioned figure; the index for twelve world routes compiled by the United States Department of Commerce fell by 9.3 per cent and *The Economist's* freight index by 10 per cent.

The data for 1927 represent 83.2 per cent of the world active tonnage and 86.7 per cent of European active tonnage. On the assumption that the relative freight income by the merchant fleets excluded was the same as that of those accounted for, the total amount of maritime freight earnings in foreign trade in 1927 works out at \$2,175 million of which \$1,615 million were earned by European ships.

The United States and Italy account for relatively high income from passenger fares. The world income from passenger fares by ships in foreign traffic was probably in the neighbourhood of \$350 million in 1927.

Deducting from the world gross shipping income of \$2,175 million these \$350 million, and adding world transit earnings on account of foreign goods forwarded by rail and river, which, on the basis of information available, may be roughly estimated at \$250-350 million, the total freight payments on goods in foreign trade for transport outside the countries of origin and destination work out at \$2,075-2,175 million in 1927 ⁽¹⁾ or 6.6-6.9 per cent of the adjusted f.o.b. value of world exports of merchandise.

This amount may be compared with the excess of world imports by value over world exports, which amounted to \$2,432 million in 1927. Several adjustments of this figure must, however, be made before it can be taken as representing freights. Gold included in merchandise exports of some gold-producing countries and freights on imports of countries which show these at their f.o.b. value, raise the amount by about \$300 million and \$400 million respectively; from the total of over \$3,100 million thus obtained should be deducted an amount representing the undervaluation in the trade statistics of some countries of recorded exports, the exports of fishery produce direct from fishing grounds, commissions and profits of middlemen on account of goods which are not sold directly from the producing to the consuming country, and insurance premia. After making the necessary estimates of the amounts to be deducted on account of these items, a figure for freight earnings somewhat higher than the \$2,075-2,175 million given above is obtained.

Emigrants' remittances.

The estimated receipts in different countries of remittances from emigrants in 1923-28 are shown below together with the American estimates of sums remitted from the United States in 1927.

(1) In Volume I of this *Memorandum* these freight payments were estimated at \$2,000-2,100 million (p. 10). The figures above now been revised in view of more recent information.

Country	Dollars (000,000's)						
	Estimates of emigrants' remittances received						Estimates of immigrants' remittances from U. S. A.
	1923	1924	1925	1926	1927	1928	1927
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bulgaria . . . . .	.	.	.	0.9	.	.	0.8
Canada	12.4	13.8	15.2	15.6	15.4	.	(1)
Czechoslovakia	(6.0)	(4.5)	13.4	12.9	15.9	17.8	7.0
Denmark	0.4	0.3	0.4	0.5	0.5	2.7	1.0
Finland	3.8	5.0	4.8	5.0	5.0	5.0	4.0
Greece	25.0	36.9	30.4	28.5	.	.	24.0
Hungary	(2) 3.9	(2) 4.3	.	(2) 5.0	(2) 4.3	(2) 6.2	5.3
Irish Free State . . . . .	.	13.3	14.5	14.6	11.7	.	12.0
Italy	104.4	103.3	138.5	118.8	98.9	.	25.0
Japan . . . . .	.	(4) 39.6	(4) 26.8	24.8	26.0	.	(1)
Latvia	1.6	1.6	1.5	1.5	1.5	.	1.5
Lithuania	1.0	3.0	4.3	4.2	4.2	.	1.0
Norway . . . . .	.	.	.	(5) 3.1	(5) 3.6	(5) 4.0	4.6
Poland	26.7	29.8	27.4	26.9	25.4	25.9	17.3
S.H.S. . . . .	.	.	.	11.5	12.0	(3) 16.6	4.5
Sweden	(2) 8.0	(2) 8.0	(2) 8.9	(2) 9.4	(2) 9.4	(2) 9.4	9.5
Other countries . . . . .	.	.	.	.	.	.	103.9
Total accounted for	193.2	263.4	290.6	283.2	233.8	.	221.4
Total of countries given in col. 2	193.2	210.5	(6) 249.3	228.3	.	.	97.6
Total of countries given for the years 1924-1927 (6) . . . . .	.	226.5	260.2	239.2	218.2	.	85.6

The \$103.9 million shown above as remittances from the United States to "other countries" include \$15 million to China, \$12 million to Mexico, \$11.7 million to Japan, \$10 million to Germany, \$10 million to Russia, \$7.8 million to the United Kingdom, \$7 million to Roumania, \$5 million to Portugal, and \$3 million to Austria.

The changes in the totals for 1924-1927 in the above table are almost exclusively due to variations in the receipts by Italy, which rose by 35 per cent in 1925 but fell during the two following years.

The estimated outward remittances from the United States, the Argentine and Canada are shown below. The figures for the United States include funds brought out by returning immigrants; these funds were estimated at \$20 million in 1927.

	Dollars (000,000's)					
	1923	1924	1925	1926	1927	1928
U. S. A.	295.0	285.0	275.0	253.0	241.0	217.0
Argentine	31.0	28.6	28.5	27.8	35.3	32.8
Canada	17.8	17.9	18.7	20.5	22.4	.

The decline in the remittances from the United States is attributed to the growing prosperity in Europe and the restriction of emigration.

Most of the figures for emigrants' remittances are, of course, estimates.

- (1) "Negligible".
- (2) Remittances from the United States only.
- (3) Estimate by the Emigration Commissariat in Zagreb.
- (4) Including funds brought in by returning emigrants.
- (5) Including sailors' remittances, amounting to \$1.0 million in 1926.
- (6) Remittances to Hungary interpolated at \$4.5 million in 1925.

Tourists.

Outgoings and receipts on account of tourists and other travellers are summarised in the table below :

COUNTRY	Year	§ (000,000's)		
		National tourists' expenditure abroad	Receipts from foreign tourists	Balance
FRANCE (1)	1926	.	.	+ 422.5
	1927	58.8	294.0	+ 235.2
	1928	58.8	352.1	+ 293.3
CANADA	1926	90.1	190.5	+ 100.4
	1927	103.8	242.8	+ 139.0
ITALY	1926	15.6-17.5	116.7-130.3	+ 99.2 to 114.7
	1927	15.5	139.1-144.2	+123.6 to 128.7
SWITZERLAND	1925	12.6	52.2	+ 39.6
	1926	11.6	50.2	+ 38.6
AUSTRIA	1926	7.0-8.4	30.7	+ 22.3 to 23.7
	1927	7.0-8.4	38.0	+ 29.6 to 31.0
	1928	7.0-8.4	44.3	+ 37.3 to 35.9
JAPAN	1925	11.0	12.3	+ 1.3
	1926	11.7	15.9	+ 4.2
LATVIA	1926	2.8	5.2	+ 2.4
	1927	2.3	3.7	+ 1.4
CZECHOSLOVAKIA	1926	23.7	16.6	- 7.1
	1927	18.9	21.3	+ 2.4
	1928	20.7	23.1	+ 2.4
TURKEY	1926	1.7	2.4	+ 0.7
ESTONIA	1926	0.9	1.2	+ 0.3
	1927	0.8	1.2	+ 0.4
	1928	0.8	1.3	+ 0.5
GREECE	1926	3.4	3.8	+ 0.4
FINLAND	1926	3.5	3.4	- 0.1
	1927	4.3	4.0	- 0.3
	1928	4.5	4.3	- 0.2
LITHUANIA	1926	0.6	0.3	- 0.3
	1927	0.9	0.6	- 0.3
S. H. S.	1926	9.0	5.9	- 3.1
	1927	8.0	7.2	- 0.8

(1) According to estimates by P. Meynial in *Revue d'Economie politique*.

COUNTRY	Year	\$ (000,000's)		
		National tourists' expenditure abroad	Receipts from foreign tourists	Balance
DENMARK	1926	5.2	1.3	— 3.9
	1927	2.7	1.3	— 1.4
	1928	4.0	2.7	— 1.3
HUNGARY	1926	2.3	(¹) 0.5	— 1.8
	1927	7.1	(¹) 1.5	— 5.6
	1928	6.6	3.6	— 3.0
NEW ZEALAND	1926	7.3	3.5	— 3.8
	(²)1927-28	8.1	3.3	— 4.8
SWEDEN	1926	.	.	— 6.6
	1927	.	.	— 6.4
	1928	.	.	— 7.5
POLAND	1926	8.6	6.8	— 1.8
	1927	13.7	8.0	— 5.7
	1928	19.0	11.0	— 8.0
UNION OF SOUTH AFRICA.	1926	19.2	4.2	— 15.0
	1927	19.4	4.6	— 14.8
INDIA (economic years ending March 31st) . .	1926-27	.	.	— 16.4
	1927-28	.	.	— 16.4
	1928-29	.	.	— 16.4
GERMANY	1926	47.6	32.1	— 15.5
	1927	61.9	38.1	— 23.8
	1928	62.1	43.0	— 19.1
ARGENTINE (economic years ending September 30th)	1925-26	13.9	7.4	— 6.5
	1926-27	26.7	5.7	— 21.0
	1927-28	.	.	— 19.3
DUTCH EAST INDIES . .	1926	21.4	1.6	— 19.8
	1927	38.9	1.6	— 37.3
U. S. A.	1926	(³) 623	148	— 475
	1927	(³) 696	163	— 533
	1928	(³) 782	168	— 614
NORWAY	1926	.	5.6	.
	1927	.	6.0	.
	1928	.	6.7	.
ROUMANIA	1926	.	5.8	.
	1927	.	6.3	.
	1928	.	5.2	.

(1) Foreign students and visitors to Budapest only. The figure for 1926 is considered to be too low.
 (2) Economic year ending March 31st, 1928.
 (3) Including passenger fares paid to American ships (\$69, 89 and 89 million during the three years given).

The unrecorded import and export of goods by tourists is as a rule not accounted for as a merchandise item (contraband) in the balance of payments statements, but included with tourists' expenditure.

The above figures for France, which are derived from a private source, are admittedly uncertain. Considerable discrepancies exist between different estimates of French receipts from foreign tourists. If the present estimates are taken as correct, the outward payments by countries included in this table totalled some \$1,150 million in 1927. As Great Britain is not included, the world expenditure probably exceeds this total by a substantial amount. The receipts by the above countries in the same year were in the neighbourhood of \$1,100 million, but this does not include passage money to steamship companies, which is reckoned by the receiving country as receipts from freights.

ARGENTINE

Estimates of the Argentine balance of payments have been made for a considerable number of years by Mr. C. A. Tornquist, and published in the *Revista de Economía Argentina*, *The Review of the River Plate* and the periodical reports on the *Business Conditions in Argentina* (issued by Messrs. Tornquist and Co.).

The new statement for the economic year 1926-27 is given below, together with earlier statements which have already appeared in previous issues of this *Memorandum*.

All the statements refer to economic years ending September 30th.

Current items.

Items	\$ (000,000's) (1)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1922-23	1923-24 and 1924-25	1925-26	1926-27	1922-23	1923-24 and 1924-25	1925-26	1926-27
<i>I. Merchandise.</i>								
1. Merchandise . . .	767.0	1,848.0	792.5	960.95	846.0	(2) 1,670.5	844.7	816.6
<i>II. Gold coin and bullion.</i>								
2. Gold coin and bullion (net)	1.9	31.0	—	—	—	—	1.65	35.8
<i>III. Interest and dividends.</i>								
3. Interest on credit to France and United Kingdom	1.7	(3) 1.9	(3) 0.95	(3) 0.95	—	—	—	—
4. Service of the public debt	—	—	—	—	52.0	108.0	47.0	58.0
5. Service of "Cedulas Hipotecarias"	—	—	—	—	6.9	9.8	5.0	7.5
6. Railway dividends	—	—	—	—	69.5	152.9	77.3	78.0
7. Other interest and dividends	2.0	—	—	—	32.8	65.8	25.0	35.0
<i>IV. Other current items.</i>								
8. Immigrants' remittances	—	—	—	—	38.0	70.0	30.0	37.0
9. Tourists' expenditure	6.0	14.0	8.0	6.0	12.0	30.0	15.0	28.0
Total . . .	778.6	1,894.9	801.45	967.9	1,057.2	2,107.0	1,045.65	1,095.9
Deficit (—) . . .	— 278.6	— 212.1	— 244.2	— 128.0				

(1) Throughout this section the figures given refer to Argentine gold pesos, indicated by the sign \$.
100 paper pesos = 44 gold pesos.
(2) Less losses of foreigners on merchandise imported into Argentina (\$30 million).
(3) Interest on credit to France only.

Capital items.

Items	\$ (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1922-23	1923-24 and 1924-25	1925-26	1926-27	1922-23	1923-24 and 1924-25	1925-26	1926-27
I. Long-term operations.								
1. Amortisation of :								
(a) mortgage loans	—	—	—	—	1.9	0.3	—	—
(b) other loans	—	—	—	—	0.8	—	—	—
2. Purchases and sales of :								
(a) domestic securities	14.0	11.2	6.4	3.0	16.0	19.4	5.7	10.4
(b) foreign securities	—							
3. Credit to France and United Kingdom (increase of balance)	—	—	—	—	0.8	—	—	—
4. Public borrowings	13.1	99.0	29.5	127.0	—	—	—	—
5. Issues of existing companies	8.0	23.0	20.0	30.0	—	—	—	—
6. Other new long-term capital	15.0	40.0	.	.	—	—	—	—
II. Short-term operations.								
7. Merchandise credits	—	(1) 50.0	.	.	—	—	—	—
8. Change in bank balances with foreign correspondents	9.0	4.9	—	2.4	—	—	16.3	—
9. Other banking credits	—	—	—	—	—	—	—	11.2
Total	59.1	228.1	55.9	162.4	19.5	19.7	22.0	21.6
Net inward movement of capital (+).	+ 39.6	+ 208.4	+ 33.9	+ 140.8				

SUMMARY TABLE

	\$ (000,000's)								
	Current items					Capital items			All items
	Mer- chandise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
1920-21 and 1921-22 } Credit	1,393.8	18.7	10.6	9.5	1,432.6	255.9	1.5	257.4	1,690.0
Debit	1,504.8	—	271.7	111.0	1,887.5	72.4	—	72.4	1,959.9
Balance	— 111.0	+ 18.7	— 261.1	— 101.5	— 454.9	+ 183.5	+ 1.5	+ 185.0	(2) — 269.9
1922-23 } Credit	767.0	1.9	3.7	6.0	778.6	50.1	9.0	59.1	837.7
Debit	846.0	—	161.2	50.0	1,057.2	19.5	—	19.5	1,076.7
Balance	— 79.0	+ 1.9	— 157.5	— 44.0	— 278.6	+ 30.6	+ 9.0	+ 39.6	(2) — 239.0
1923-24 and 1924-25 } Credit	1,848.0	31.0	1.9	14.0	1,894.9	173.2	54.9	228.1	2,123.0
Debit	1,670.5	—	336.5	100.0	2,107.0	19.7	—	19.7	2,126.7
Balance	+ 177.5	+ 31.0	— 334.6	— 86.0	— 212.1	+ 153.5	+ 54.9	+ 208.4	(2) — 3.7
1925-26 } Credit	792.5	—	0.95	8.0	801.45	55.9	—	55.9	857.35
Debit	844.7	1.65	154.3	45.0	1,045.65	5.7	16.3	22.0	1,067.65
Balance	— 52.2	— 1.65	— 153.35	— 37.0	— 244.2	+ 50.2	— 16.3	+ 33.9	(2) — 210.3
1926-27 } Credit	960.95	—	0.95	6.0	967.9	160.0	2.4	162.4	1,130.3
Debit	816.6	35.8	178.5	65.0	1,095.9	10.4	11.2	21.6	1,117.5
Balance	+ 144.35	— 35.8	— 177.55	— 59.0	— 128.0	+ 149.6	— 8.8	+ 140.8	(2) + 12.8

(1) Increase in credits received on account of imported goods.
(2) Balance due to errors and omissions.

As will be seen from the last line of the summary table, the statements show an excess of debits in all years except 1926-27. This is due mainly to the incompleteness of the credit items. Thus the debit balance in 1925-26 is attributed to the over-valuation of imports, some imported goods which are recorded in the trade statistics at full value having been in reality liquidated on terms unfavourable to the consignors, and some consignors of such goods having suffered direct losses from commercial failures in the Argentine, which were particularly numerous during the year in question, and from dishonest trading practices. Further, importers are believed to have had recourse to foreign countries for commercial credits to a larger extent than in previous years and certain investments of foreign long-term capital have not been entered in the account. Similarly, part of the interest and dividends earned on foreign capital and entered on the debit side of the account has in fact been left in the country.

The credit balance obtained for 1926-27 is believed to represent repayments of commercial credits raised in the previous year, or purchases abroad of gold the shipment of which had not been effected at the end of the year.

Current items.

Merchandise. Losses by foreign merchants on goods sent to the Argentine on consignment are a regular phenomenon in Argentinian trade. Owing to difficulties of estimation they have, however, only been taken into account in the statement for the two years 1923-24 and 1924-25.

Gold. The figures of the exports and imports of gold are net. They are not obtained from the trade statistics but by calculating the difference between the stocks of gold held by the "Caja de Conversion" and the banks at the beginning and the end of the years in question.

The considerable import of gold in 1926-27 was partly effected by the Government, which bought large sums in gold from New York by means of new borrowings and, by its decree of August 25th, 1927, re-established the convertibility of the paper peso at 44 centavos gold.

Earnings of foreign capital. It is stated that almost the whole of the new private capital which has entered the Argentine has been invested in enterprises not yielding immediate returns, such, for instance, as petroleum concerns. In the year 1922-23 the total foreign capital was estimated at \$512 million and the average yield at 6½%. This estimate of foreign capital is apparently exclusive of that invested in railway companies.

The increase in the amounts entered as service of the public debt in 1926-27 (item 4) is due mainly to the new loans raised and in part to a more accurate check on the figures. The amount shown as service of "Cedulas Hipotecarias" (item 5) has also been raised from 5 to 7.5 million on account of information contained in the report published by the Committee for the Investigation of Mortgage Credit. Finally, the estimate of "Other interest and dividends" paid (item 7) has been increased by \$10 million on account of improved business.

Immigrants' remittances (item 8). The estimates for immigrants' remittances to Europe are based on data supplied by various banking institutions.

Tourists' expenditure. The estimated expenditure of Argentine travellers abroad (item 9, debit) has been raised in 1926-27 in proportion to the number of such travellers.

Capital items.

Amortisation payments. Amortisation of the public debt is included with interest in item 4 of the current account.

Credit to France and the United Kingdom (item 3 ; cf. current item 3). This refers to a credit of \$200 million, granted to the Governments of Great Britain and France in 1918 for the purchase of wheat in the Argentine. According to an agreement with the French Government in 1927 the amount then unpaid (\$18,464,000 due from France) was to be liquidated by purchases of naval and military material effected in 1927 and 1928 by the Argentine Government in France.

Public borrowing. A loan of 100 million pesetas paper, equivalent at the par rate of exchange to \$45.45 million, was obtained in 1926-27 from the Spanish Government. The issuing price was 97 and the loan bears interest at 6% plus 1% for amortisation. The funds derived from this transaction were intended for the purchase of armaments and the renovation of naval equipments.

The bulk of other public loans was raised in New York.

Other new capital. The estimates on this account (item 6) include small amounts of capital brought into the country by immigrants.

The figure for 1926-27 includes new issues of already existing undertakings and the new capital raised by public utility enterprises. Special mention in this connection is made of the new super-power station C. H. A. D. E. in the New Port, and the construction of certain new railway lines by English companies.

Short-term operations. Item 9 represents "the fluctuations which the bank balances show in the movement of funds between the Republic and abroad". The item was included for the first time in 1926-27.

Estimate for the year 1927-28.

Since the above section was drafted, a statement of the Argentine balance of payments in the economic year 1927-28, compiled by Mr. C. A. Tornquist, has appeared in *The Review of the River Plate*. A summary of this estimate is given below :

	\$(000,000's)	
	Credit	Debit
<i>Current items.</i>		
Merchandise	1,029.4	898.2
Gold	—	150.5
Interest on credit to France	0.75	—
Service of the public debt	—	64.0
Service of "Cedulas Hipotecarias"	—	7.5
Railway dividends	—	79.0
Other interest and dividends	—	38.0
Immigrants' remittances	—	34.0
Tourists' expenditure (net)	—	20.0
Total current items	1,030.15	1,291.2
<i>Capital items.</i>		
Securities bought and sold	2.7	3.7
New capital issues	102.0	—
Other long-term capital (loans contracted abroad)	8.9	—
Banking credits (1)	35.2	—
Cancellation of short-term debt	—	10.0
Total capital items	148.8	13.7
<i>Total, all items.</i>	1,178.95	1,304.9
<i>Debit balance, due to errors and omissions</i>	125.95	

(1) Corresponds to capital item 9 in the table for the years 1922-27.

The heavy debit balance arrived at is attributed to the incompleteness of the capital account. The main part of the deficit is believed to have been met by a temporary increase in the floating indebtedness. Further, the influx of foreign long-term capital (particularly North American) could not be established with accuracy and may have been somewhat greater than indicated.

Attention is drawn to the fact that the imports of gold exceeded the recorded total of capital borrowings.

AUSTRALIA

The Government of the Commonwealth of Australia has supplied an estimate for the year ending June 30th, 1928, drawn up on lines similar to those supplied previously. This new statement is given below, together with those for 1922-27 which were published last year. The data for merchandise and gold exports in 1925-26 and 1926-27 have been revised.

INWARD OR CREDIT MOVEMENTS	£ (000's)					
	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
<i>Known current items.</i>						
Merchandise exported	115,644	116,690	161,088	144,420	133,768	140,405
Gold exported	2,226	2,797	942	4,352	11,372	2,808
Total	117,870	119,487	162,030	148,772	145,140	143,213
<i>Known capital item.</i>						
Net increase in Government debt abroad (Commonwealth and States)	3,877	48,069	129	37,521	11,762	54,343
Total, all items	121,747	167,556	162,159	186,293	156,902	197,556

OUTWARD OR DEBIT MOVEMENTS	£ (000's)					
	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
<i>Known current items.</i>						
Merchandise imported	131,754	140,613	146,637	151,279	164,148	146,967
Gold imported	4	5	10,506	359	569	978
Payments on account of interest and services	26,800	28,500	29,500	32,000	33,200	35,000
<i>Known capital items</i>						
Total, all items	158,558	169,118	186,643	183,638	197,917	182,945
Balance	— 36,811	— 1,562	— 24,484	+ 2,655	— 41,015	+ 14,611

The figures for merchandise and gold refer to general trade. The value of goods exported is that declared by the shipper as the value in the principal markets of the Commonwealth at the date of export. The value of imports is,

in general, the f.o.b. price at the port of shipment, plus 10 per cent as an allowance for insurance and freight.

Private investments and interest payments thereon, funds brought in by immigrants and certain other items contributing to the Australian balance of payments are not taken into account in the above statements. The balance not accounted for in 1922-23 of just over £37 million represents, it is explained, funds accumulated in London owing to the excess of exports and balances of loans raised during the preceding years and transmitted to Australia in 1922-23 in the form of imports. The positive balance in 1927-28 is stated to represent "addition to funds available abroad".

CANADA

An estimate of Canada's balance of international payments in 1927 has been compiled by the Dominion Bureau of Statistics and is set out below together with the data for 1924-1926 which appeared in last year's edition of this *Memorandum*. Summary figures for 1920-1923 are included in the summary table.

Current items.

Items	\$ (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Merchandise.</i>								
1. Merchandise ⁽¹⁾	1,070.6	1,283.1	1,283.9	1,238.8	808.1	890.2	1,008.3	1,087.1
2. Unrecorded imports of ships	—	—	—	—	0.2	1.9	1.0	0.3
3. Deductions for miscellaneous items	— 10.5	— 11.7	— 11.9	— 10.5	— 15.2	— 16.4	— 16.9	— 15.0
<i>II. Gold coin and bullion.</i>								
4. Gold coin and bullion ⁽²⁾	8.9	40.2	79.6	49.4	29.3	50.5	47.1	44.2
<i>III. Interest and dividends.</i>								
5. Int. receipts and payments	41.4	51.2	66.4	80.8	255.3	259.0	280.4	296.5
<i>IV. Other current items.</i>								
6. Freight receipts and payments ⁽³⁾	98.9	103.0	111.1	109.3	91.2	96.2	102.5	110.2
7. Insurance	10.5	15.6	15.3	25.3	14.1	18.6	22.2	24.7
8. Immigrants' and emigrants' funds	8.7	7.4	9.7	10.1	22.6	12.9	13.4	11.5
9. Immigrants' and emigrants' remittances	13.8	15.2	15.6	15.4	17.9	18.7	20.5	22.4
10. Charitable and missionary contributions	1.4	0.7	0.8	0.9	2.1	1.9	1.9	1.8
11. Tourists' expenditure	148.9	173.3	190.5	242.8	58.9	67.4	90.1	103.8
12. Gov. receipts and expenditure	11.7	11.9	11.9	11.9	11.3	10.9	10.9	11.8
13. Advertising in Canada	2.9	2.6	3.1	5.2	—	—	—	—
14. Cinematograph film royalties	—	—	—	—	3.5	3.5	3.5	3.5
15. Trade in electrical energy	—	—	—	4.8	—	—	—	0.1
Total	1,407.2	1,692.5	1,776.0	1,784.2	1,299.3	1,415.3	1,584.9	1,702.9
Surplus (+)	+107.9	+277.2	+191.1	+ 81.3				

(1) The import values do not include freights. Freight payments on account of imported goods are included in the debit figures entered against item 6.

(2) Including subsidiary coin.

(3) Including port receipts from foreign ships, expenditure by national ships in foreign ports and freight on imported goods.

Capital items.

Items	\$ (000,000's)					
	Inward or Credit Capital Movement			Outward or Debit Capital Movement		
	1925	1926	1927	1925	1926	1927
I. Long-term operations.						
1. Movement of foreign investments in Canada	57.9	185.5	(1)	5.9	8.4	200.5
2. Movement of Canadian investments abroad	—	5.8	(1)	218.7	197.0	281.5
3. Securities sold			40.0			
4. New loans floated (2):						
(a) government and municipal issues	(3)	(3)	53.3	(3)	(3)	(3)
(b) other loans			269.5			
5. Other long-term investments			107.5			
II. Short-term operations.						
6. Change in short-term debts	—	—	—	(4) 10.0	(4) 71.2	7.0
Total	57.9	191.3	470.3	234.6	276.6	489.0
Net outward (—) movement of capital	— 176.7	— 85.3	— 18.7			

SUMMARY TABLE.

	\$ (000,000's)								
	Current items					Capital items			All items
	Mer-chandise	Gold (5)	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
(6) 1920 Credit .	1,291.1	45.7	45.0	229.4	1,611.2				
Debit .	1,342.7	18.0	252.3	266.1	1,879.1				
Balance	— 51.6	+ 27.7	— 207.3	— 36.7	— 267.9				
(6) 1921 Credit .	807.7	41.0	46.1	220.2	1,115.0				
Debit .	792.9	5.4	257.9	195.9	1,252.1				
Balance	+ 14.8	+ 35.6	— 211.8	+ 24.3	— 137.1				
(6) 1922 Credit .	887.4	26.5	41.1	231.6	1,186.6				
Debit .	747.5	75.2	247.9	184.0	1,254.6				
Balance	+ 139.9	— 48.7	— 206.8	+ 47.6	— 68.0				
(6) 1923 Credit .	1,015.5	76.8	38.5	291.9	1,422.7				
Debit .	888.7	9.4	253.4	226.2	1,377.7				
Balance	+ 126.8	+ 67.4	— 214.9	+ 65.7	+ 45.0				

(1) See items 3-5.
(2) The figures for 1927 include foreign participation in domestic capital issues.
(3) See items 1 and 2.
(4) Repayments to the United States.
(5) Including subsidiary coin.
(6) For detailed figures for 1920-1923, see *Memorandum on International Trade and Balances of Payments, 1913-1927* (Series of Publications : 1928, II.53), Vol. I., p. 73.

SUMMARY TABLE (continued).

		\$ (000,000's)								
		Current items					Capital items			All items
		Mer- chandise	Gold (1)	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
1924	Credit .	1,060.1	8.9	41.4	296.8	1,407.2				
	Debit .	793.1	29.3	255.3	221.6	1,299.3				
	Balance	+ 267.0	- 20.4	- 213.9	+ 75.2	+ 107.9				
1925	Credit .	1,271.4	40.2	51.2	329.7	1,692.5	57.9	—	57.9	1,750.4
	Debit .	875.7	50.5	259.0	230.1	1,415.3	224.6	10.0	234.6	1,649.9
	Balance	+ 395.7	- 10.3	- 207.8	+ 99.6	+ 277.2	- 166.7	- 10.0	- 176.7	(2) + 100.5
1926	Credit .	1,272.0	79.6	66.4	358.0	1,776.0	191.3	—	191.3	1,967.3
	Debit .	992.4	47.1	280.4	265.0	1,584.9	205.4	71.2	276.6	1,861.5
	Balance	+ 279.6	+ 32.5	- 214.0	+ 93.0	+ 191.1	- 14.1	- 71.2	- 85.3	(2) + 105.3
1927	Credit .	1,228.3	49.4	80.8	425.7	1,784.2	470.3	—	470.3	2,254.5
	Debit .	1,072.4	44.2	296.5	289.8	1,702.9	482.0	7.0	489.0	2,191.9
	Balance	+ 155.9	+ 5.2	- 215.7	+ 135.9	+ 81.3	- 11.7	- 7.0	- 18.7	(2) + 62.6

It will be noted that a perfect balance is not obtained, a fact which must be attributed mainly to the incompleteness of the data for the capital movement.

An explanation of the manner in which the figures entered against item 11 (Tourists' expenditure) are calculated, and an analysis of the capital account up to the end of 1926, were given in last year's issue of this *Memorandum*.

(1) Including subsidiary coin.
(2) Balance due to errors and omissions.

CZECHOSLOVAKIA

An estimate of the Czechoslovak balance of payments during the years 1925-27, prepared by Dr. P. Smutný and forwarded by the Czechoslovak Government, was reproduced in last year's edition of this *Memorandum*. A new estimate for 1928 by the same author, containing also revised figures for the years 1925-27, has now appeared in *Československý Statistický věstník (Bulletin statistique de la République tchécoslovaque)* and is set out below in a slightly modified form.

Current items.

Items	Kč (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Merchandise.</i>								
1. Merchandise	18,817	17,849	20,123	21,215	17,605	15,274	17,951	19,193
<i>II. Gold coin and bullion.</i>								
2. Gold coin and bullion	4	8	12	9	13	3	11	15
<i>III. Interest and dividends.</i>								
3. Interest on intergovernment debts	45	47	44	42				
4. Interest on other Government debts	—	—	—	—	201	382	349	291
5. Interest on municipal debts	—	—	—	—	37	40	40	39
6. Yield of securities	44	66	108	190	190	195	192	190
7. Interest on the current accounts of banks	5	94	137	152	40	47	51	79
8. Yield of foreign-owned real estate	—	—	—	—	330	300	300	330
9. Other interest and dividends	29	29	45	36	75	87	92	90
<i>IV. Other current items.</i>								
10. Shipping freights	53	64	65	61	13	15	16	14
11. Port fees	1	1	1	2	3	4	5	7
12. Railway receipts and expen- diture :								
(a) freight for goods in transit	436	457	525					
(b) waggon hire, etc.	14	12	25	515	5	40	24	12
13. Agency commissions	214	209	244	296	544	509	591	610
14. Insurance	51	57	—	—	93	105	12	36
15. Post, telegraph and telephone	4	2	1	—	18	21	29	30
16. Emigrants' funds, etc. :								
(a) travelling costs of emi- grants	—	—	—	—	24	40	47	52
(b) personal cash of emigrants leaving or returning	8	10	16	8	14	25	30	30
Carried forward	19,725	18,905	21,346	22,526	19,205	17,087	19,740	21,018

Items	Kč (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
Brought forward . . .	19,725	18,905	21,346	22,526	19,205	17,087	19,740	21,018
17. Emigrants' remittances	451	436	538	600	—	—	—	—
18. Donations, legacies, dowries, etc.	3	3	4	3	76	69	71	79
19. Tourists' expenditure	570	561	710	770	850	800	640	700
20. Diplomatic and consular repre- sentation	32	33	34	35	94	103	88	88
21. Fees collected by legations and consulates	35	34	36	19	15	15	15	9
22. Law expenses and lawyers' fees . . . . .	.	.	.	.	19	26	26	30
23. Contribution to international institutions . . . . .	.	.	.	.	8	5	7	20
24. Import of electric power . . . . .	.	.	.	.	9	13	13	15
25. Cinematograph film royalties	3	4	3	4	56	56	59	54
26. Patent royalties and taxes	10	10	10	15	30	30	30	50
Total	20,829	19,986	22,681	23,972	20,362	18,204	20,689	22,063
Surplus (+)	+ 467	+ 1,782	+ 1,992	+ 1,909				

Capital items.

Items	Kč (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Long-term operations,</i>								
1. Amortisation receipts and payments :								
(a) by the Government	34	25	14	28	68	93	111	500
(b) by municipalities	—	—	—	—	6	7	9	9
(c) by industries and banks	2	63	201	489	25	31	173	196
2. Payments through the Czecho- slovak clearing-house	—	4	3	3	—	—	1	2
3. Purchases and sales :								
(a) of real estate in the country . . . . .	.	.	.	.	152	187	100	100
(b) of securities	570	1,300	1,820	2,220	720	1,720	3,280	3,080
4. New loans raised and granted :								
(a) by the Government	846	—	—	—	—	—	—	—
(b) by industries and banks	242	522	281	90	33	32	583	503
5. Increased participation in foreign enterprises	—	—	—	—	93	142	120	80
<i>II. Short-term operations.</i>								
6. Change in merchandise credits on account of :								
(a) imports (debts)	314	—	434	—	—	543	—	176
(b) exports (claims)	—	120	—	362	167	—	322	—
Carried forward	2,008	2,034	2,753	3,192	1,264	2,755	4,699	4,646

Items	Kč (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
Brought forward . .	2,008	2,034	2,753	3,192	1,264	2,755	4,699	4,646
7. Change in current accounts of banks with foreign corres- pondents:								
(a) debts . . . . .	.	—	1,033	67	478	124	—	—
(b) claims . . . . .	.	—	—	—	461	1,099	1,132	325
8. Change in other short-term debts and claims of industries and banks:								
(a) debts	269	322	194	238	300	105	351	160
(b) claims	—	—	—	4	—	—	2	9
9. Payments on account of losses resulting from price changes.	.	.	—	—	72	97	100	80
Total	2,277	2,356	3,980	3,501	2,575	4,180	6,284	5,220
Net outward movement of capital (—)	— 298	— 1,824	— 2,304	— 1,719				

SUMMARY TABLE.

	Kč 000,000's								
	Current items					Capital items			All items
	Merchan- dise	Gold	Interest and divi- dends	Other items	Total	Long- term	Short- term	Total	
1925 Credit . .	18,817	4	123	1,885	20,829	1,694	583	2,277	23,106
Debit . .	17,605	13	873	1,871	20,362	1,097	1,478	2,575	22,937
Balance . .	+ 1,212	— 9	— 750	+ 14	+ 467	+ 597	— 895	— 298	(¹) + 169
1926 Credit . .	17,849	8	236	1,893	19,986	1,914	442	2,356	22,342
Debit . .	15,274	3	1,051	1,876	18,204	2,212	1,968	4,180	22,384
Balance . .	+ 2,575	+ 5	— 815	+ 17	+ 1,782	— 298	— 1,526	— 1,824	(¹) — 42
1927 Credit . .	20,123	12	334	2,212	22,681	2,319	1,661	3,980	26,661
Debit . .	17,951	11	1,024	1,703	20,689	4,377	1,907	6,284	26,973
Balance . .	+ 2,172	+ 1	— 690	+ 509	+ 1,992	— 2,058	— 246	— 2,304	(¹) — 312
1928 Credit . .	21,215	9	420	2,328	23,972	2,830	671	3,501	27,473
Debit . .	19,193	15	1,019	1,836	22,063	4,470	750	5,220	27,283
Balance . .	+ 2,022	— 6	— 599	+ 492	+ 1,909	— 1,640	— 79	— 1,719	(¹) + 190

It will be noted that a perfect balance is not obtained. Were the information available complete, the account for each year would, of course, balance exactly.

The methods employed in compiling the figures for 1925-27 were summarised in last year's issue of this *Memorandum*. The same methods have been utilised also for the

(1) Balance due to errors and omissions.

new statement. Details of the two most important "invisible" items in the current account and of the movement of merchandise credits during the whole period under review are given below.

Emigrants' remittances (current item 17). The composition of the amounts received from emigrants is given below :

	1925	1926	1927	1928
	Kč (000,000's)			
Transmitted through banks	370.0	347.7	428.7	464.4
Postal orders	36.4	48.7	62.5	73.3
Transmitted through shipping companies	22.6	21.1	25.4	38.6
Transmitted through consulates and legations	14.1	7.7	11.7	12.6
Transmitted by letter and parcel post	8.5	10.3	9.9	10.9
Total	451.6	435.5	538.2	599.8

Tourists' expenditure (current item 19). The receipts from foreign visitors to different parts of Czechoslovakia were, in million Kč :

	1925	1926	1927	1928
Visitors to watering-places	470	453	584	601
Visitors to Prague	18	17	22	38
Visitors to other parts of the country	48	39	53	66
Travelling expenses	34	41	51	65
Total	570	550	710	770

The expenditure of foreign visitors to Czechoslovak watering-places is calculated on the basis of information furnished by the local administrations and the police. The number of visitors, the length of their stay and their estimated daily expenditure are given separately for each place. This information may be summarised as follows :

Year	Number of foreign visitors	Total number of days spent in country (000's)	Average daily expenditure ranging between : Kč
1925	127,153	2,559	75-200
1926	179,787	2,552	60-230
1927	196,729	3,195	60-235
1928	262,264	3,650	40-200

Foreign visitors to Prague numbered about 64,000 in 1925, 61,000 in 1926, 85,000 in 1927 and 109,000 in 1928.

The total number of foreign visitors to Czechoslovakia and Czechoslovak visitors abroad in each year, and the average expenditure per head which corresponds to the totals entered against item 19, are given below.

Year	Foreign visitors to Czechoslovakia		Czechoslovak visitors to foreign countries	
	Number	Average expenditure Kč	Number	Average expenditure Kč
1925	300,000	1,900	.	.
1926	300,000	1,866	410,000	1,951
1927	350,000	2,028	320,000	2,000
1928	400,000	1,925	350,000	2,000

Merchandise credits (capital item 6). The movement of merchandise credits is calculated on the basis of information supplied by the Commission establishing trade values with reference to the conditions of payment for different kinds of goods in foreign trade, and the monthly trade statistics. The result of the enquiry is summarised in the following table :

	Kč (000,000's)			
	1925	1926	1927	1928
<i>Export credits.</i>				
(a) Amounts paid by foreigners during the year in question for goods exported during the previous year	3,308	3,475	3,355	3,677
(b) Amounts due from foreigners for goods exported during the year in question	3,475	3,355	3,677	3,315
Difference b-a (capital item 6 b)	+ 167	- 120	+ 322	- 362
<i>Import credits.</i>				
(c) Amounts paid to foreigners during the year in question for goods imported during the previous year	1,207	1,512	961	1,404
(d) Amounts paid in advance to foreigners for merchandise imported during the following year	15	7	16	43
Total	1,222	1,519	977	1,447
(e) Amounts due to foreigners for merchandise imported during the year in question	1,512	961	1,404	1,255
(f) Value of merchandise imported during the year but paid in advance during the preceding year	24	15	7	16
Total	1,536	976	1,411	1,271
Difference (e + f) — (c + d) (capital item 6 a)	+ 314	- 543	+ 434	- 176

International indebtedness.

The Czechoslovak balance of international indebtedness at the end of 1927 and 1928 is estimated as follows :

	1927	1928
	Kč (000,000's)	
<i>Liabilities.</i>		
Government debt	6,864	6,044
Municipal debt	516	506
Private debts :		
(a) long-term (industries and banks)	1,134	1,077
(b) short-term : credits received by industries and banks	237	304
banks' foreign correspondents	2,709	2,776
merchandise credits	1,411	1,271
Total	12,871	11,978
<i>Assets.</i>		
Assets of the Czechoslovak Government abroad	644	617
Private assets :		
(a) long-term (industries and banks)	997	1,011
(b) short-term : credits granted by industries and banks	1	11
banks' foreign correspondents	4,466	4,655
merchandise credits	3,677	3,315
Total	9,785	9,609
<i>Net indebtedness.</i>	3,086	2,369

This balance does not include certain claims and debts of minor importance between Czechoslovakia on the one side and Austria, Hungary, the Kingdom of the Serbs, Croats and Slovenes, Poland and the United Kingdom on the other, which came into existence before Czechoslovakia established an independent currency.

DENMARK

The Danish Government has supplied an estimate of the international balance of payments of Denmark during the year 1928, which is set out below together with those for 1925-1927 which were published in last year's edition of this *Memorandum*. Summary figures for 1923 and 1924 are included in the summary table.

Current items.

Items	Kroner (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Merchandise.</i>								
1. Merchandise	1,967	1,522	1,553	1,643	2,083	1,621	1,659	1,734
2. Adjustment for wrong valuation	—	—	—	—	— 30	—	—	—
<i>II. Gold coin and bullion.</i>								
3. Gold coin and bullion	—	—	27	10	—	—	—	—
<i>III. Interest and dividends.</i>								
4. Interest on intergovernmental debts	—	—	—	—	—	—	—	—
5. Interest on other public debts	—	—	—	—	50	45	45	55
6. Other interest and dividends on long-term capital	—	—	—	—	—	—	—	—
7. Interest on short-term capital	35	30	35	12 28	55	40	40	15 20
<i>IV. Other current items.</i>								
8. Shipping freights	175	105	105	100	5	5	5	5
9. Port fees	10	10	10	10	7	5	5	5
10. Commissions, insurance, brokerage	20	15	15	20	—	—	—	—
11. Post, telegraph and telephone	—	—	—	3	—	—	—	5
12. Immigrants' and emigrants' funds	—	—	—	—	—	—	—	—
13. Immigrants' and emigrants' remittances	2	2	2	10	—	—	—	—
14. Tourists' expenditure	5	5	5	10	10	20	10	15
15. Diplomatic and similar expenditure	5	5	5	5	4	4	4	4
Total	2,219	1,694	1,757	1,851	2,184	1,740	1,768	1,858
Surplus (+) or deficit (—)	+ 35	— 46	— 11	— 7				

Capital items.

Items	Kroner (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Long-term operations.</i>								
1. Amortisation :								
(a) of intergovernmental debts	—	—	—	—	—	—	—	—
(b) of other public debts	—	—	—	—	5	35	5	65
(c) of other debts	—	—	—	5	115	—	—	—
2. Purchases and sales of securities	57	50	40	85	40	40	40	115
3. New capital issues :								
(a) Government and municipal	75	60	150	220	—	—	—	—
(b) other	15	—	—	—	—	—	—	—
4. Participation in new capital issues	—	—	—	25	—	—	—	—
<i>II. Short-term operations.</i>								
5. Change in short-term debts	(¹)	—	—	—	(¹)	105	23	45
6. Change in short-term assets	(¹)	115	—	—	(¹)	—	80	110
Total	147	225	190	335	160	180	148	335
Net inward (+) or outward (—) movement of capital	— 13	+ 45	+ 42	—				

SUMMARY TABLE.

	Kroner (000,000's)								
	Current items					Capital items			All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
(²) 1923 Credit	1,685	36	8	208	1,937	145	(³)	145	2,082
Debit	2,031	8	65	27	2,131	65	(³)	65	2,196
Balance	— 346	+ 28	— 57	+ 181	— 194	+ 80		+ 80	— 114
(²) 1924 Credit	2,158	—	30	253	2,441	35	(³)	35	2,476
Debit	2,381	—	75	28	2,484	21	(³)	21	2,505
Balance	— 223		— 45	+ 225	— 43	+ 14		+ 14	— 29
1925 Credit	1,967	—	35	217	2,219	147	(³)	147	2,366
Debit	2,053	—	105	26	2,184	160	(³)	160	2,344
Balance	— 86		— 70	+ 191	+ 35	— 13		— 13	(⁴)+22

(1) Owing to the rise in the exchange value of the Krone, the change in the floating indebtedness during 1924 and 1925 cannot be taken as representing the movement of short-term capital.

(2) For detailed figures for 1923 and 1924, see *Memorandum on Balance of Payments and Foreign Trade Balances 1917-1925*, Vol. I, p. 10.

(3) Figures concerning the movement of short-term capital in 1923 and 1924 are not available, and the balance of this movement is therefore included with the balance of all items shown in the last column.

(4) Balance due to errors and omissions.

SUMMARY TABLE (continued).

	Kroner (000,000's)								
	Current items					Capital items			All items
	Mer- chandise	Gold	Interest and divi- dends	Other items	Total	Long- term	Short- term	Total	
1926 Credit	1,522	—	30	142	1,694	110	115	225	1,919
Debit	1,621	—	85	34	1,740	75	105	180	1,920
Balance	— 99		— 55	+ 108	— 46	+ 35	+ 10	+ 45	(1)— 1
1927 Credit	1,553	27	35	142	1,757	190	—	190	1,947
Debit	1,659	—	85	24	1,768	45	103	148	1,916
Balance	— 106	+ 27	— 50	+ 118	— 11	+ 145	— 103	+ 42	(1)+ 31
1928 Credit	1,643	10	40	158	1,851	335	—	335	2,186
Debit	1,734	—	90	34	1,858	180	155	335	2,193
Balance	— 91	+ 10	— 50	+ 124	— 7	+ 155	— 155	—	(1)— 7

It will be noted that even in the statements for 1926-1928, which include short-term capital operations, a perfect balance is not obtained. From the available information, it is not possible to state whether this is due to the inadequacy of the data relative to the credit or the debit items of the account, or whether both totals require some adjustment. Were the information available complete, the account for each year would, of course, balance exactly.

The following notes are based mainly on information contained in articles on Denmark's capital balance and balance of payments, published in the *Statistiske Efterretninger*, which is issued by the Danish Statistical Department.

Current items.

Shipping freights. The freight earnings (item 8, credit) here shown are net figures after deduction of the expenses for bunker coal, etc. According to statements published by the Statistical Department in the *Statistiske Efterretninger*, the gross freights earned in foreign trade amounted to 220 million Kroner in 1925, 180 million in 1926, and 190 million in 1927 and 1928.

Capital items.

Long-term operations. The amortisation of public debts during 1928, entered against item 1b, includes the repayment of 45 million Kroner drawn by the State against credits raised in 1927 and placed at the disposal of the Landmandsbank, and a debt to the Bank of Sweden for repatriated silver coin.

Existing domestic securities repurchased in 1928 (item 2, debit) include, *inter alia*, Danish State bonds, about 20 million Kroner, and municipal bonds to an amount exceeding the \$2 million borrowed in the year by municipalities abroad.

(1) Balance due to errors and omissions.

New loans floated abroad (item 3) have been classified according to the borrowers as follows :

	Kroner (000,000's)			
	1925	1926	1927	1928
The State	30	25	60	210
Municipalities	25	15	50	10
The State Housing Fund	—	20	40	—
The Mortgage Bank	20	—	—	—
Private enterprises	15	—	—	—
Total	90	60	150	220

The 210 millions borrowed by the State in 1928 comprise the proceeds of a new loan of \$55 million for the reconstruction of the Landmandsbank, certain railway bonds sold and a loan raised by the Producers' Loan Fund (*Erhvervenes Laanefond*). Municipalities borrowed the \$2 million mentioned above, equalling about 10 million Kroner.

The foreign participation in domestic capital issues (item 4) during 1928 was on account of the capital increases of the firm Burmeister & Wain and the Private Bank, and the creation of the Great Northern Telegraph Co's. Holding Company.

Short-term operations. The increase in the foreign short-term assets during 1928 (item 6, debit) was mainly due to the fact that the proceeds of foreign loans raised, especially the new State loan of \$55 million, were not utilised for purchases but for reducing floating debts and increasing floating assets abroad. As was pointed out in last year's *Memorandum*, a similar employment of foreign loans also caused the increase in the floating assets during 1927.

Balance of international indebtedness.

Information for this purpose is collected annually by the Danish Statistical Department from a number of public authorities, financial institutions, commercial companies and private business men.

The following table gives a summary of debits and credits from 1907 to the end of 1928. In the last column the net debit amounts are converted into gold Kroner, in accordance with the dollar rate in force during the various periods :

At the end of year	Kroner (000,000's)						
	Debits		Credits		Difference		
	Danish bonds, etc., held abroad	(1) Floating	Foreign bonds etc. in Danish hands	Floating	Nominal	Dollar rate	Gold Kroner according to dollar rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1907	608	100	69	52	— 587	3.73	— 587
1910	897	70	60	60	— 847	3.73	— 847
1912	941	70	70	64	— 877	3.73	— 877
1915	858	70	60	120	— 748	3.73	— 748
1916	350	—	250	200	+ 100	3.68	+ 100
1920	800	800	100	840	— 660	6.46	— 460
1921	835	540	75	550	— 750	4.98	— 618
1922	945	510	65	365	— 1,025	4.87	— 843
1923	1,125	675	125	450	— 1,225	5.66	— 922
1924	1,190	855	135	635	— 1,275	5.69	— 836
1925	1,075	565	160	480	— 1,000	4.05	— 921
1926	1,045	460	200	365	— 940	3.75	— 935
1927	1,190	440	215	445	— 970	3.73	— 970
1928	1,360	415	225	555	— 995	3.73	— 995

A specification of the amounts in the above table for the last five years is given below :

	Kroner (000,000's) at the end of:				
	1924	1925	1926	1927	1928
<i>Liabilities.</i>					
1. Danish bonds, etc., held abroad :					
(a) Danish State bonds	600	455	420	485	648
(b) Municipal debt	335	315	290	330	325
(c) State Housing Fund bonds	25	45	23	41	97
(d) Mortgage-Bank bonds			42	62	
(e) other Danish securities (2)	230	260	270	270	290
2. Floating debt (3) of :					
(a) banks	745	565	250	190	145
(b) other private enterprises and individuals.			210	250	270
(c) Equalisation Fund.	110	—	—	—	—
Total liabilities	2,045	1,640	1,505	(4) 1,630	1,775
<i>Assets.</i>					
3. Foreign bonds, etc., held in Denmark (2)	135	160	200	215	225
4. Floating assets (3) of :					
(a) banks	635	480	115	180	260
(b) other private enterprises and individuals.			250	265	295
Total assets	770	640	565	660	780

(1) In the original statement the amounts raised for a special fund known as the Equalisation Fund are included in col. 2. They have been transferred to col. 3, to conform with capital item 3 in the balance sheet. The amounts were 55 million Kroner in 1923 and in 1924 ; in 1925 the total sum of 110 million was repaid.

(2) The figures entered against items 1e and 3 include small amounts of other debts and assets, *inter alia* on account of national real estate owned by foreigners and foreign real estate owned by nationals of Denmark.

(3) Government floating debts and assets are entered against items 1a and 3.

(4) The total of the amounts shown in the table works out at 1,628 million Kroner but has been rounded off 1,630 million in order to agree with the balance of payments statement.

In 1928, the number of private firms from which information was procured for the balance of indebtedness was increased by a thousand or more. The net foreign indebtedness of those firms which supplied information for the first time was about 25 million Kroner at the end of 1928. As this debt had probably not changed considerably during the year, the increase in the foreign indebtedness of the country from 965 to 995 million Kroner as shown in the table was more apparent than real. This fact has been taken into consideration when compiling the balance of payments statement for 1928, in which the decrease in the floating debt is entered as 45 (instead of 25) million Kroner, and the whole capital account is taken as balancing.

The change in the floating indebtedness during 1924 and 1925 was partly due to the fact that amounts due in foreign currency fell during the rise of the Danish Krone. As such changes should not be included in the balance of payments statement, short-term capital operations have been shown in this statement only for 1926-1928. Even the figures for 1926 are not absolutely correct, for the Krone had not quite reached its par value at the beginning of that year, but floating credits and debits were nearly equally affected, and the error on balance is of slight importance.

A distribution of the floating debts and assets in different currencies is given below :

End of year	Amounts converted into Danish Kroner (000,000's)								
	£ sterling	\$ U. S. A.	Reichs- marks	French francs	Dutch florins	Swedish kronor	Other foreign currencies	Danish Kroner	Total
<i>Debts.</i>									
1927	177.9	120.4	10.5	2.3	18.0	9.4	(¹) 8.8	89.5	436.8
1928	175.6	88.5	11.9	4.4	15.6	7.7	(²) 10.8	99.0	413.5
<i>Assets.</i>									
1927	160.8	111.0	15.3	6.2	4.2	15.1	(³) 63.1	67.9	443.6
1928	230.9	137.1	35.3	5.5	5.6	17.1	(⁴) 54.9	67.5	553.9

(1) Of which : Swiss frs. 4.9.

(2) Of which : Swiss frs. 5.9.

(3) Of which : Norwegian kroner 21.7, F. mk. 5.9, pesetas 4.5, Arg. pesos 9.6.

(4) Of which : Norwegian kroner 12.6, F. mk. 4.8, pesetas 9.6, yen 9.7.

DUTCH EAST INDIES

A statement of the balance of payments of the Dutch East Indies in 1926 and 1927 has been communicated by the Dutch Government and is set out below in a somewhat modified form.

Current items.

Items	Gulden (000,000's)			
	Inward or Credit Movements (Exports)		Outward or Debit Movements (Imports)	
	1926	1927	1926	1927
<i>I. Merchandise.</i>				
1. Merchandise	1,590	1,636	895	904
<i>II. Gold coin and bullion.</i>				
2. Gold coin and bullion	8	7	29	23
<i>III. Interest and dividends.</i>				
3. Interest payments	—	—	90	88
4. Dividends of planting companies and profits of private estates	—	—	187	162
5. Dividends of other companies	6.5	6.5	132	134
6. Trade profits of individuals	—	—	25	25
7. Tantièmes	—	—	40	37
<i>IV. Other current items.</i>				
8. Shipping freights	—	—	20	20
9. Tourists' expenditure	4	4	53	97
10. Government receipts and expenditure n.e.i.	1.5	1.5	59	66
11. Administration expenditure abroad	—	—	20	20
Total	1,610	1,655	1,550	1,576
Surplus (+)	+ 60	+ 79		

Capital items.

Items	Gulden (000,000's)			
	Inward or Credit Capital Movement		Outward or Debit Capital Movement	
	1926	1927	1926	1927
<i>I. Long-term operations.</i>				
1. Amortisation of debts	4	(¹)	40	40
2. Other long-term capital	45	32	49	49
<i>II. Short-term operations.</i>				
3. Change in short-term debts and assets	71	—	—	18
Total	120	32	89	107
Net inward (+) or outward (—) movement of capital . . .	+ 31	— 75		

SUMMARY TABLE.

	Gulden (000,000's)								
	Current items					Capital items			All items
	Merchan dise	Gold	Interest and divi- dends	Other items	Total	Long- term	Short- term	Total	
1926 Credit . .	1,590	8	6.5	5.5	1,610	49	71	120	1,730
Debit . .	895	29	474	152	1,550	89	—	89	1,639
Balance . .	+ 695	— 21	— 467.5	— 146.5	+ 60	— 40	+ 71	+ 31	(²) + 91
1927 Credit . .	1,636	7	6.5	5.5	1,655	32	—	32	1,687
Debit . .	904	23	446	203	1,576	89	18	107	1,683
Balance . .	+ 732	— 16	— 439.5	— 197.5	+ 79	— 57	— 18	— 75	(²) + 4

It will be noted that a perfect balance is not obtained. From the available information it is not possible to state whether this is due to the inadequacy of the data relative to the credit or debit items. Were the information available complete, the totals in each year would, of course, balance exactly.

The figures for 1927 are provisional.

Current items.

Interest and dividends. The interest paid on the public debt and on all Dutch East Indian bonds quoted on the Amsterdam Exchange is estimated at 78 million gulden

(1) Net outward payments are shown on the debit side.
 (2) Balance due to errors and omissions.

for 1927. A small portion of the bonds in question are held by persons living in the Dutch East Indies. Total interest payments abroad (item 3), including those on account of loans not quoted on the Amsterdam Exchange, are calculated at 90 million gulden in 1926 and 88 million in 1927.

The dividends and profits of all planting companies and private planting estates owned by persons living abroad (item 4) have been estimated from the ratio of their production of sugar, rubber, tea, coffee and tobacco to that of a great number of planting companies, the dividends of which are known. Only the dividends and profits actually transmitted abroad are included. The amount spent in the country is, however, small. The total arrived at, and the dividends of companies engaged in other branches of trade (item 5, debit), are shown in the following table. The taxable income in 1926 of all companies (including those owned by persons living in the Dutch East Indies), as estimated by the Producers Committee, have been added for purposes of comparison.

	Estimated dividends and profits paid abroad		Taxable income of all companies
	1926	1927	1927
	Gulden (000,000's)		
<i>Planting enterprises (dividends and profits):</i>			
sugar	53	31	94.0
tea and coffee	22	25	45.3
rubber	80	76	150.0
tobacco (Sumatra)	22	20	27.0
tobacco (Java) and other products	10	10	19.9
Total	187	162	336.2
<i>Companies not engaged in planting (dividends)</i>	132	134	205.0

The 25 million gulden entered in each year against item 6 (trade profits earned by individuals not living in the Dutch East Indies) is open to doubt. The tantièmes paid to directors and agents of companies and other payments of a similar nature, such as payments on founders' shares, are estimated at 15 % of the total dividends or, ignoring profits on private undertakings, 48 million gulden. Part of this amount is received by persons residing in the Dutch East Indies. The amount paid abroad (item 7) is estimated at 40 million gulden.

The 6.5 million gulden entered in each year on the credit side against item 5 represent the dividends received by the Government from the Netherlands on account of its shares in the Billiton Mixed Mining Company.

Freights, etc. The amounts entered on the debit side against item 8 comprise estimates for (a) passenger fares paid to foreign ships and not included in the expenditure of tourists abroad, and (b) net purchases of ships not entered in trade returns.

Tourists' expenditure (item 9). The number of foreign tourists visiting Java, Madura and Bali is estimated at 5,400 in each year. Their expenditure, taken at 500 gulden per head, works out at 2.7 million gulden. To this amount has been added .

0.8 million gulden on account of foreigners on board tourist steamers (reckoning their average expenditure at 50 gulden), and 0.5 million gulden on account of tourists visiting Sumatra.

Of the amounts entered on the debit side against the same item, 3 million gulden in 1926 and 47 million gulden in 1927 represent the expenditure of pilgrims to Hedjaz, their average expenditure being taken at 1,000 gulden. The remaining 50 million in each year represent the estimated expenditure of officials and employees on leave in Europe in excess of their salaries (which are included in the amounts shown against item 11), remittances to relatives in Europe and pensions paid abroad, except those paid by the Government or from foreign-owned funds.

Government income and expenditure. The amounts entered against item 10 refer to income from and expenditure in the Netherlands. The figures exclude goods sold and bought by the Government and included in the trade returns, dividend receipts (item 5) and payments in respect of public debt.

Administration and similar expenditure abroad. The 20 million gulden entered in each year against item 11 include salaries paid by Dutch East Indian undertakings in respect of administrations and employees abroad, foreign taxes, and certain payments properly belonging to the capital account, such as amortisation of mortgage debts abroad.

Capital items.

Long-term operations. In so far as possible conversion operations have been excluded. The amortisation payments abroad in 1926 comprise 33 million gulden on account of public debt and loans quoted on the Amsterdam Exchange, and 7 million gulden on account of other debts. About 70 per cent of the first-mentioned amount was paid in respect of the public debt. The 4 millions entered on the credit side in the same year relate to private investments abroad.

In 1927, the payments in amortisation of the public debt exceeded those in 1926 by 6 million gulden, while payments in respect of private loans were lower. The net amortisation payments abroad were 4 million gulden higher.

The 45 million gulden entered on the credit side against item 2 for 1926 represent new capital issues abroad for the account of the Dutch East Indies, and direct investments made in the country. Care has been taken to exclude participation of domestic capital in the issues, as well as issues for conversion or for the purchase of enterprises owned by foreigners.

The amount entered for 1927 comprises only new capital issues (23 million gulden issued in Amsterdam and 9 million in London).

The amounts entered on the debit side against item 2 represent the purchase of Dutch East Indian shares and bonds on the Amsterdam market. Europeans are known to prefer to invest their savings, while in the Dutch East Indies, in the securities of local enterprises. It has been assumed that the purchases of Dutch East Indian securities in Holland equal the savings made by these Europeans each year. The transfer of these securities abroad by Europeans leaving the country is not entered in the tables as it involves no international payment. The capital transferred constitutes, however, an increase in the international indebtedness of the country, a fact which must be taken into account if the change in this indebtedness is calculated from the balance of payments statement.

The amount in question for 1927 has been roughly estimated on the basis of the taxable income of Europeans and assumed rates of savings, as shown in the following table.

Annual income ranging between: Gulden (000's)	Total income Gulden (000,000's)	Assumed rate of savings transferred abroad %	Savings transferred abroad Gulden (000,000's)
3,500- 5,000	50.2	2.5	1.3
5,000- 10,000	139.1	5	7.0
10,000- 15,000	79.5	10	7.9
15,000- 80,000	114.2	20	22.8
80,000-500,000	31.4	33	10.4
Total savings transferred abroad			49.4

It is pointed out that the figure includes earnings of insurance companies transferred abroad. As no similar calculation could be made for 1927, the same amount has been inserted in the table for that year.

Short-term operations. The amounts entered against item 3 represent the net change in the foreign short-term assets and debts of certain banks, in gold stocks held abroad by the Bank of Java (excluding changes which are due to gold imports into the Dutch East Indies included in trade returns), in the Government balance held in the Netherlands and, finally, in the considerable floating balances held abroad by a number of Dutch East Indian planting enterprises. The last-mentioned balances consist of the non-utilised portion of loans floated, of receipts on account of products sold and of profits temporarily invested in anticipation of dividends falling due.

DUTCH GUIANA (SURINAM)

Statements of the balance of payments for Dutch Guiana in 1926 and 1927 were published in last year's edition of this *Memorandum*. Revised figures for the same years, and new estimates for 1925 and 1928, have now been supplied by the Dutch Government and are set out below in a slightly modified form.

Current items.

Items	Gulden (000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Merchandise.</i>								
1. Merchandise	10,044	7,743	11,597	11,528	9,602	10,080	9,353	9,218
2. Adjustment for wrong valuation	—	—	—	—	—	—	900	910
<i>II. Gold coin and bullion.</i>								
3. Gold coin and bullion . . .	399	378	309	218	54	10	16	14
<i>III. Interest and dividends.</i>								
4. Interest on public debts . .	—	—	—	—	552	530	498	530
<i>IV. Other current items.</i>								
5. Shipping freights	92	58	51	60	38	210	313	45
6. Port fees	4	4	4	3	29	16	16	16
7. Post, telegraph and telephone	188	117	152	195	113	289	312	376
8. Immigrants' and emigrants' funds	—	—	—	—	—	12	16	36
9. Immigrants' and emigrants' remittances	—	—	—	—	30	37	—	50
10. Tourists' expenditure . . .	1	1	3	5	90	77	77	82
11. Diplomatic and similar-expenditure	—	—	—	—	291	638	130	491
12. Other Government receipts and expenditure	3,520	3,609	3,841	3,887	533	496	500	538
Total	14,248	11,910	15,957	15,896	11,332	12,395	12,131	12,306
Surplus (+) or deficit (—) . .	+ 2,916	— 485	+ 3,826	+ 3,590				

Capital items.

Items	Gulden (000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Long-term operations.</i>								
1. Amortisation of public debts	—	—	—	—	88	90	92	94
2. Purchases of real estate in the country	—	200	450	30	—	—	—	—
3. Other long-term investments	—	—	800	500	—	—	50	100
<i>II. Known short-term operations.</i>								
4. Change in short-term debts :								
(a) public	—	443	—	—	301	—	444	276
(b) of banks	—	2	66	260	—	—	—	—
5. Change in short-term assets of banks	—	252	179	275	—	—	—	—
Total	—	897	1,495	1,065	389	90	586	470
Net inward (+) or outward (—) movement of capital	— 389	+ 807	+ 909	+ 595				

SUMMARY TABLE.

	Gulden (000's)								
	Current items					Capital items			All items
	Mer- chandise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term (1)	Total	
1925 Credit	10,044	399	—	3,805	14,248	—	—	—	14,248
Debit	9,602	54	552	1,124	11,332	88	301	389	11,721
Balance	+ 442	+ 345	— 552	+ 2,681	+ 2,916	— 88	— 301	— 389	(2) + 2,527
1926 Credit	7,743	378	—	3,789	11,910	200	697	897	12,807
Debit	10,080	10	530	1,775	12,395	90	—	90	12,485
Balance	— 2,337	+ 368	— 530	+ 2,014	— 485	+ 110	+ 697	+ 807	(2) + 322
1927 Credit	11,597	309	—	4,051	15,957	1,250	245	1,495	17,452
Debit	10,253	16	498	1,364	12,131	142	444	586	12,717
Balance	+ 1,344	+ 293	— 498	+ 2,687	+ 3,826	+ 1,108	— 199	+ 909	(2) + 4,735
1928 Credit	11,528	218	—	4,150	15,896	530	535	1,065	16,961
Debit	10,128	14	530	1,634	12,306	194	276	470	12,776
Balance	+ 1,400	+ 204	— 530	+ 2,516	+ 3,590	+ 336	+ 259	+ 595	(2) + 4,185

It will be noted that a perfect balance is not obtained. Were the information available complete, the tables in each year would, of course, balance exactly.

(1) Incomplete.
(2) Balance due to errors and omissions.

The following information concerning the method employed in the compilation of the figures is obtained from the explanatory memorandum accompanying the statements received.

Current items.

Shipping freights. The credit figures entered against item 5 represent the income of the Government ships communicating with Demerara. Their expenditure in Demerara is entered on the debit side against item 6. The amounts entered on the debit side against item 5 were paid for the transport of officials and immigrants.

Tourists' expenditure. Item 10 includes transfers between the Post Office Savings Banks of Dutch Guiana and the Netherlands, and leave pay to officials in the Netherlands.

Government receipts and expenditure. Item 11 shows the expenditure in the Dutch East Indies for the account of immigrants.

The amounts entered on the credit side against item 12 comprise subventions received from the Netherlands, taxes received by the Netherlands for the account of Dutch Guiana, expenditure in Dutch Guiana for the account of the Netherlands, the Dutch East Indies and Curaçao, including salaries and pensions of the staff of the Dutch and Dutch East Indian Armies and of State officials; further, the salary of the Governor and the expenditure for the military hospital.

On the debit side of the same item are shown, *inter alia*, the expenditure for dock charges in Demerara, pensions paid to the Netherlands, hospital expenditure paid to the military hospital and amounts collected by the troops in Dutch Guiana.

Capital items.

Item 1 shows the amortisation of the bonded public debt. The changes in the floating public debt on account of capital advances received and repaid are entered against item 4 (a).

The amounts entered against items 4 (a) and 5 are based on information concerning the total outstanding banking assets and debts communicated by the Bank of Dutch Guiana.

No information is available concerning the movement of other short-term capital.

International indebtedness.

The following items in the balance of the international indebtedness of Dutch Guiana relate to the public debt and banking debts and assets only.

	Gulden (000's) at the end of					
	1923	1924	1925	1926	1927	1928
<i>Liabilities.</i>						
1. Bonded public debt	2,661	2,573	2,485	2,395	2,303	2,209
2. Floating foreign debt :						
(a) public	9,376	11,132	10,831	11,274	10,829	10,553
(b) of banks	—	—	6	8	74	334
Total	12,037	13,705	13,322	13,677	13,206	13,096
<i>Assets.</i>						
3. Floating assets abroad of banks	—	—	753	501	322	47

ESTONIA

A new statement for 1928, prepared by the Estonian Central Statistical Bureau and published in *Eesti Statistika* for July-August, 1929, has been supplied by the Estonian Government. This statement is set out below, together with those for 1925, 1926 and 1927 which appeared in last year's edition of this *Memorandum* and have now been revised. In the statements for 1925 and 1926 the figures have been converted from Eesti marks into kroon at the rate of 100 Eesti marks = 1 kroon⁽¹⁾.

Current items.

Items	Kr. (000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
I. Merchandise.								
1. Merchandise	96,646	96,236	105,776	126,642	96,499	95,510	96,323	131,039
2. Adjustment of item 1 on account of :								
(a) ships sold and bought. . .	215	188	264	107	179	20	930	1,064
(b) silver bullion	54	108	—	130	18	19	66	127
II. Gold coin and bullion.								
3. Gold coin and bullion	1	53	—	337	29	41	28	207
III. Interest and dividends.								
4. Interest on intergovernmental debts	—	—	—	—	289	1,367	2,620	3,714
5. Interest on other public debts.	—	—	—	—	68	—	—	—
6. Other interest and dividends on long-term capital.	—	—	—	—	2,750	3,000	4,000	4,000
IV. Other current items.								
7. Shipping freights	(²) 3,457	(²) 3,744	(²) 3,970	4,224	—	—	—	—
8. Port fees	400	360	440	460	(²) 1,383	(²) 1,498	(²) 1,985	2,112
9. Other shipping expenditure . . .	450	400	500	500				
Carried forward	101,223	101,089	110,950	132,400	101,215	101,455	105,952	142,263

(1) On the basis of the average New York quotations the gold kroon would have equalled 99.73 Eesti marks in each of the years 1925 and 1926.
(2) Corrected figures.

Items	Kr. (000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
Brought forward . . .	101,223	101,089	110,950	132,400	101,215	101,455	105,952	142,263
10. Other transport fees :								
(a) railway transport	79	704	277	358				
(b) other railway charges . .	54	81	95	114				
(c) transshipment and ware- house charges, improve- ment trade, etc.	480	420	400	400	118	160	160	156
11. Insurance	1,733	(1) 2,181	(1) 2,340	2,300	2,000	(1) 2,152	(1) 2,431	2,400
12. Post, telegraph and telephone (?)	416	900	1,393	1,886	156	450	497	685
13. Immigrants' and emigrants' funds	—	—	—	—	600	500	1,100	415
14. Tourists' expenditure	5,000	4,500	4,300	5,000	3,550	3,200	3,000	3,150
15. Diplomatic and similar expen- diture	1,380	1,310	1,300	1,300	905	889	860	872
16. Other Government receipts and expenditure	101	63	106	154	1,129	815	606	706
17. Other current items	198	70	150	150	380	400	420	420
Total	110,664	111,318	121,311	144,062	110,053	110,021	115,026	151,067
Surplus (+) or deficit (—)	+ 611	+ 1,297	+ 6,285	— 7,005				

Capital items (long-term operations).

Items	Kr. (000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
1. Amortisation :								
(a) of intergovernmental debts	240	—	—	—	619	110	506	547
(b) of other public debts . . .	—	—	—	—	1,820	—	—	—
2. Sales of real estate in the country		366			—	—	—	—
3. New capital issues :								
(a) loans raised by the Govern- ment	—	—	—	—	—	—	—	—
(b) commercial credits contracted by the Government	368	2,539	—	—	—	—	—	—
4. Other long-term investments . . .			3,500		—	—	—	—
Total	608	2,905	3,500		2,439	110	506	547
Net inward (+) or outward (—) movement of long-term capital	— 1,831	+ 2,795	+ 2,994					

(1) Corrected figures.

(2) Gross international transactions, i.e., including money orders representing, *inter alia*, emigrants' remittances.

SUMMARY TABLE.

		Kr. (000's)						
		Current items					Capital items (long-term operations)	All items
		Merchan- dise	Gold	Interest and dividends	Other items	Total		
1925	Credit	96,915	1	—	13,748	110,664	608	111,272
	Debit	96,696	29	3,107	10,221	110,053	2,439	112,492
	Balance	+ 219	— 28	— 3,107	+ 3,527	+ 611	— 1,831	(1) — 1,220
1926	Credit	96,532	53	—	14,733	111,318	2,905	114,223
	Debit	95,549	41	4,367	10,064	110,021	110	110,131
	Balance	+ 983	+ 12	— 4,367	+ 4,669	+ 1,297	+ 2,795	(1) + 4,092
1927	Credit	106,040	—	—	15,271	121,311	3,500	124,811
	Debit	97,319	28	6,620	11,059	115,026	506	115,532
	Balance	+ 8,721	— 28	— 6,620	+ 4,212	+ 6,285	+ 2,994	(1) + 9,279
1928	Credit	126,879	337	—	16,846	144,062	...	
	Debit	132,230	207	7,714	10,916	151,067	(2) (547)	
	Balance	— 5,351	+ 130	— 7,714	+ 5,930	— 7,005	...	

Owing to the incompleteness of the capital account, no totals are shown in the summary table for 1928. It will be noted that for 1925-27 a perfect balance is not obtained, a fact which may be attributed largely to the absence of data regarding the movement of short-term capital.

Current items.

Merchandise. The figures relate to special trade. Certain earnings on active improvement trade (Russian raw materials worked up in the country) are estimated separately and included under item 10 c.

Some of the vessels bought and sold are not shown in the trade statistics, but complete estimates are given in item 2 a, based on data obtained from the Department of Navigation.

Contraband is omitted from the account owing to lack of data. According to a private estimate, the contraband traffic may be reckoned to leave a credit balance of about 1.5 million kr. yearly.

The sums entered under item 2 b represent the value of silver bullion exported, part of which is omitted from the trade returns.

Gold and specie. The amounts entered under this heading are supplied by the Treasury and are included in part only in the trade returns.

Interest and dividends. Details of the interest paid on loans raised or guaranteed by the Government are given below :

(1) Balance due to errors and omissions.
 (2) Amortisation of public debt only. For additional information concerning the capital movements in 1928, see end of the statement.

Payments to	Kr. (000's)			
	1925	1926	1927	1928
France	24.7	—	—	—
United Kingdom	296.4	938.9	1,003.0	983.5
United Kingdom and Netherlands (1)	—	—	481.8	892.6
Sweden	35.7	53.0	50.0	46.5
United States	—	375.0	1,085.1	1,791.5
Total	356.8	1,366.9	2,619.9	3,714.1

The amounts shown against item 6 (Other interest and dividends on long-term capital) are based on a private calculation, and ought to be regarded only as conjectural estimates of reasonable accuracy.

Freights, etc. No statistics exist of the gross income of the Estonian Merchant Marine. It is assumed, therefore, that the gross earnings per net registered ton were identical with those earned in Sweden, Norway and Latvia in 1924, viz., 210 kr. The *Economist* freight index is employed in order to measure the changes in subsequent years. The tonnage of Estonian ships in foreign trade is obtained by deducting that of sailing vessels of less than 100 tons and of other ships engaged in coastal trade from the total tonnage of all Estonian ships. Sailing vessels are reckoned throughout at reduced tonnage. From these figures the total receipts on account of all foreign trade (item 8) are calculated as follows :

Year	<i>Economist</i> freight index	Gross earnings per net registered ton. Kr.	Reduced net registered tonnage of ships in foreign trade (2)	Total gross earnings on foreign trade. Kr. (000's) (2)
1924	113.4	210	17,980	3,776
1925	102.2	190	18,195	3,457
1926	110.5	205	18,263	3,744
1927	109.6	203	19,557	3,970
1928	98.8	183	23,085	4,224

The expenses of Estonian ships in foreign ports (items 8 and 9, debit) are reckoned at 40 per cent of the total freight earnings in 1924-26, and at 50 per cent in 1927 and 1928.

Insurance. Income and outgoings under this head (item 11) in 1925, 1926 and 1927 are specified below :

	Kr. (000's)		
	1925	1926	1927
<i>Receipts :</i>			
Re-insurance benefits	940	1,256	1,237
„ „ premia	457	533	654
Commissions	336	392	449
Total	1,733	2,181	2,340

(1) Payments to the United Kingdom and the Netherlands in respect of the League of Nations loan are shown together.

(2) Revised figures.

	Kr. (000's)		
	1925	1926	1927
<i>Payments :</i>			
Re-insurance benefits	363	344	334
„ „ premia	1,547	1,655	1,920
Commissions	90	154	177
Total	2,000	2,153	2,431

Other current items. The debit figures shown under item 15 (Diplomatic and similar expenditure) are divided as follows :

	1925	1926	1927	1928
	Kr. (000's)			
Diplomatic and consular representation	656	607	593	623
Official missions, representation at conferences, etc.	249	282	267	249

Notes on the method employed in compiling estimates of the corresponding credit figures and of tourists' expenditure, emigrants' remittances, etc., are given in the last edition of this *Memorandum*.

The debit figures shown under item 16 (Other Government payments) are composed as follows :

	1925	1926	1927	1928
	Kr. (000's)			
Purchases not comprised under foreign trade	1,058	735	527	635
International contributions	56	65	64	61
Expenditure on emigrants returning to Estonia	15	15	15	10

The debit figures on account of other current items represent mainly payments for cinematograph films, which are estimated at 360,000 kr. in 1925, 380,000 kr. in 1926 and 400,000 kr. in 1927.

Capital items.

Notes on the figures shown for the years 1925-27 are given in the last edition of this *Memorandum*. The only figure included in the table for 1928 is that relating to the amortisation of Government foreign debt which was divided as follows :

Payments to	Kr. (000's)			
	1925	1926	1927	1928
France	566.9	—	—	—
United Kingdom	(1)1,866.2	109.6	351.3	356.3
United Kingdom and Netherlands (2)	—	—	34.6	45.4
Sweden	—	—	78.7	59.4
United States	5.4	—	41.2	85.9
Total	2,438.5	109.6	505.8	547.0

(1) Including the sum of 1,820,000 kr. on account of amortisation of the City of Tallinn loan from Power Securities Corporation Ltd.

(2) Payments to the United Kingdom and the Netherlands in respect of the League of Nations loan are shown together.

The League of Nations loan providing for the banking and currency reform in 1927 has not been entered on the credit side of the statement. The loan was raised in June 1927, but the yield, which amounted to 27,740,000 kr., was not placed at the disposal of the Government until 1928. According to information received since the statement for that year was drawn up, the negative balance on the current account in 1928 is due partly to purchases abroad out of the proceeds of that loan, partly to other capital movements. The foreign currency reserves of the Bank of Estonia fell by 3.2 million kr. (after having increased by 8.3 million during the second half of 1927), the National Mortgage Bank brought home 3.0 million kr. out of the part of the League of Nations loan which was put at its disposal, the foreign indebtedness of private banks rose by 3.3 million kr. and, finally, 3 million kr. were received by the Treasury as payment for the Match Monopoly. The last-mentioned amount was in Swedish currency and was sold partly to the Bank of Estonia, partly to private banks. After deduction of the amortisation payments shown in the table, the capital items now specified represent a net inflow of 12 million kr., whereas the current items recorded show a deficit of 7 million kr. No explanation of the discrepancy between these two amounts is available.

FINLAND

An estimate for 1927, prepared on the lines suggested by the League of Nations, has been supplied by the Finnish Government and is set out below together with the less complete estimates for 1924-26 which were published in the last issue of this *Memorandum*.

Current items.

Items	Markka (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Merchandise.</i>								
1. Merchandise	4,971	5,574	5,636	6,330	4,656	5,519	5,667	6,390
2. Adjustment for wrong valuation	—	—	—	40	—	—	—	—
3. Contraband	—	—	—	—	90	70	85	50
<i>II. Gold coin and bullion.</i>								
4. Gold coin and bullion	—	—	—	—	(1) 60	(1) 1	(1) 1	(1) —
<i>III. Interest and dividends.</i>								
5. Interest on intergovernmental debts				—				—
6. Interest on other public debts				—				202
7. Other interest and dividends on long-term capital	19	38	55	—	277	363	339	58
8. Interest on short-term capital				50				108
<i>IV. Other current items.</i>								
9. Shipping freights (net receipts)	155	170	170	200	—	—	—	—
10. Port fees	33	35	40	70	—	—	—	—
11. Other transport fees	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
12. Insurance	99	111	129	140	95	90	108	130
13. Post, telegraph and telephone	19	27	36	43	19	21	27	30
14. Emigrants' and sailors' remittances	200	196	205	200	—	—	—	—
15. Tourists' expenditure	106	128	133	160	122	108	138	170
16. Diplomatic and similar expenditure	10	10	10	15	24	27	30	30
17. Other Government expenditure	—	—	—	—	—	—	—	2
Total	5,612	6,289	6,414	7,248	5,343	6,199	6,395	7,170
Surplus (+)	+269	+ 90	+ 19	+ 78				

(1) Gold bullion only (gold coin is included with merchandise).
 (2) Included with item 13.

Capital items.

Items	Markka (000,000's)	
	Inward or Credit Capital Movement	Outward or Debit Capital Movement
	1927	1927
I. Long-term operations.		
1. Amortisation :		
(a) of inter-governmental debts	—	—
(b) of other public debts	—	348
(c) of other debts	—	38
2. Purchases and sales of domestic securities	—	191
3. New capital issues :		
(a) Government and municipal	—	—
(b) other	387	—
II. Short-term operations.		
4. Change in net foreign short-term debts of private banks . .	—	58
5. Change in foreign short-term assets of :		
(a) the State	330	—
(b) the Bank of Finland	—	214
Total	717	849
Net outward movement of capital (—)	— 132	

SUMMARY TABLE.

	Markka (000,000's)								
	Current items					Capital items			All items
	Mer- chandise	Gold	Interest and divi- dends	Other items	Total	Long- term	Short- term	Total	
(¹) 1922 Credit	4,468	—	10	456	4,934				
Debit	4,040	—	303	188	4,531				
Balance	+ 428	—	— 293	+ 268	+ 403				
(¹) 1923 Credit	4,393	—	25	504	4,922				
Debit	4,676	1	259	235	5,171				
Balance	— 283	— 1	— 234	+ 269	— 249				
1924 Credit	4,971	—	19	622	5,612				
Debit	4,746	60	277	260	5,343				
Balance	+ 225	— 60	— 258	+ 362	+ 269				
1925 Credit	5,574	—	38	677	6,289				
Debit	5,589	1	363	246	6,199				
Balance	— 15	— 1	— 325	+ 431	+ 90				
1926 Credit	5,636	—	55	723	6,414				
Debit	5,752	1	339	303	6,395				
Balance	— 116	— 1	— 284	+ 420	+ 19				
1927 Credit	6,370	—	50	828	7,248	387	330	717	7,965
Debit	6,440	—	368	362	7,170	577	272	849	8,019
Balance	— 70	—	— 318	+ 466	+ 78	— 190	+ 58	— 132	(2)— 54

(1) For detailed figures for 1922 and 1923, see *Memorandum on Balance of Payments and Foreign Trade Balances, 1911-25, Vol. I (Series of Publications: 1926. II. 51/1), page 15.*
 (2) Balance due to errors and omissions.

No official figures concerning the capital movements before 1927 are available. It will be noted that the surplus on account of current items in 1927 does not agree with the net outward movement of capital as calculated. This may be partly or wholly due to the fact that information concerning certain capital operations was not available. Were the information for all items (current and capital) complete, the accounts for each year would, of course, balance exactly.

Current items.

Merchandise and gold. Gold coin imported is not shown separately in the trade returns and has accordingly been included with merchandise. The total import value of all manufactured gold, except wire and sheets, was 6.8 million markka in 1927.

In 1927, 40 million markka have been added to exports (item 2) on account of loading charges, as sometimes the export values, particularly in the case of timber, are declared "free alongside ship" and not f.o.b.

Parcels post and book post are not included.

The estimates of contraband imports (item 3) are based on calculations made in the Customs Statistical Office of the value of goods confiscated in each year.

Interest and dividends. The following division of interest receipts is given :

	Markka (000,000's)				
	1923	1924	1925	1926	1927
Receipts by :					
the Treasury	4.4	2.8	5.3	2.5	0.8
banks	21.0	15.7	33.0	52.0	49.2
Total	25.4	18.5	38.3	54.5	50.0

Of bank receipts in 1927, 6.2 million markka were earned by private banks and the rest by the Bank of Finland.

Of outward payments, those entered in 1927 against item 7 represent interest on bonded loans raised by private enterprises, and those entered against item 8, interest payments by banks on account of debts on current accounts and by other enterprises on account of bank guaranteed loans. Information was not available concerning interest on loans of individuals without a bank guarantee.

Freights, etc. The freight income (item 9) is shown net. According to the official shipping statistics, the gross receipts in foreign trade of the Finnish merchant marine were 312 million markka in 1927. Sixty-five per cent of this amount is estimated to represent net income.

Item 10 shows the fees paid by foreign ships in Finnish ports. For some of the fees, direct information concerning the amounts levied was available ; for the others, the share paid by foreign ships has been calculated on the basis of the ratio of foreign to domestic tonnage in the trade of the country. The item also includes the estimated value of bunker coal and ship's provisions bought in Finland for foreign ships and consumed there.

Insurance fees, etc. The figures entered on the credit side of the account against item 12 include marine and transport premia paid to Finnish insurance companies on account of imported goods, amounting to 23 million markka in 1924, 27 million in 1925, 28 million in 1926 and 30 million in 1927. These amounts have been calculated

by taking the average premium at 0.7% of the import value and by estimating that 70% of imports were insured in Finnish companies.

The rest of the amounts included under the item mentioned have been determined by means of a special enquiry conducted by the Statistical Office. Information for this purpose was obtained from the majority of Finnish insurance companies and foreign insurance companies working in Finland.

Emigrants' remittances (item 14). According to an enquiry made in 1928 by the Central Statistical Office, emigrants sent, in 1927, 203 million markka through the Finnish Shipping Company and private banks. Finnish sailors remitted or deposited with the banks, through the agency of the Finnish Sailors' Mission, an amount of 0.9 million markka. As these figures do not pretend to be exact, particularly on account of the difficulty of avoiding double counting, the total has been rounded off to 200 million.

Tourists' expenditure (item 15). The number of foreign visitors to Finland in 1927 was 30,163. If each of these is reckoned to have spent 5,000 markka in the country, a total of 150.8 million is obtained. About 3,000 of the visitors were, however, Finnish emigrants, and these generally stay somewhat longer than other visitors. Further, no account has been taken in other items of capital brought in by these emigrants and invested in the country during their visit. The total receipts from foreign visitors has thus been raised to 160 million markka.

The number of Finns travelling abroad in 1927 was 28,048, according to the returns of the police. They are estimated to have spent 6,000 markka each abroad.

Diplomatic expenditure (item 16). The expenditure by foreign Powers on account of their representatives in Finland in 1927 has been estimated by the Department of Foreign Affairs. The expenditure of the Finnish Government abroad has been ascertained from the public accounts.

Capital items.

The information concerning the movement of capital is incomplete. As regards the foreign debts of private enterprises and of individuals, the only information available relates to bonded loans.

Items 1 *b* and *c* show the amortisation payments on account of foreign bonded loans, and item 3 *b* the amount of new loans raised.

Re-purchases of national securities (item 2) have been calculated by adding the amount by which new loans raised exceeded amortisation payments to the increase or decrease in long-term indebtedness (*cf.* balance of international indebtedness below). The figure thus arrived at corresponds fairly well with the direct information obtained regarding these re-purchases. The Government purchased abroad, with a view to future amortisation, bonds to the value of 28 million markka, and private enterprises purchased bonds to the value of 4 million markka. The assets of the banks in bonds negotiable abroad increased by 23 million markka. The remainder, 136 million, is to be attributed mainly to the re-purchase of national securities effected by the Bank of Finland. These securities were sold, later in the year, by the Bank to the Government. For this reason, the assets of the Bank of Finland in bonds did not increase.

International indebtedness.

The following information is given concerning the international indebtedness at the end of 1926 and 1927. No totals of assets and liabilities are inserted, as the account does not include any figures concerning long-term debts other than those resulting from bonded loans. It is pointed out that the amount of the other loans outstanding is appreciable.

	Markka (000,000's) at the end of	
	1926	1927
<i>Liabilities.</i>		
National bonds held abroad on account of:		
(a) Government and municipal debt	4,030	3,500
(b) private long-term loans	920	1,260
Floating foreign debt of banks on current account with foreign correspondents	444	478
<i>Assets.</i>		
Floating assets abroad of:		
(a) the Government	366	36
(b) banks:		
on current account with foreign correspondents . . .	1,278	1,602
bills of exchange payable abroad	190	172
other assets ¹	(1.7)	(1.4)

The national bonds held abroad are shown at their par value. The figures are supplied by State departments, municipalities and private enterprises. Pre-war loans are converted into current markka at an average rate of 7.66.

Balance of Payments in 1928.

Since the section for Finland was drafted, an official estimate of the balance of payments in 1928 has appeared (2). The items in the current account for that year were, in million markka:

	Credit	Debit
Merchandise	6,250	8,020
Loading charges	60	—
Contraband	—	70
Interest	50	400
Shipping income (net)	220	—
Port fees	70	—
Insurance	210	170
Post, telegraph and telephone	46	35
Emigrants' and sailors' remittances	200	—
Tourists' expenditure	170	180
Diplomatic expenditure	20	26
Total	7,296	8,901

There was thus a deficit on account of current items of 1,605 million markka. The known capital items were (in million markka):

	Credit	Debit
Amortisation payments	—	690
New capital issues floated abroad	990	—
Finnish participation in these issues, about	—	190
National securities sold abroad	40	—
Change in foreign short-term debts and assets of:		
(a) the Bank of Finland	544	—
(b) private banks	281	—
Total	1,855	880

These items work out at a net inflow of capital of only 975 million markka. Approximately, 630 million of the deficit on account of current items was thus covered in other ways. The short-term indebtedness of exporters was, in round figures, 100 million markka larger at the end of 1928 than one year earlier. It is further known that numerous industrial concerns, commercial firms and building enterprises obtained credits directly from abroad.

(1) Currency notes and warrants negotiable abroad.
(2) Tilastokatsauksia — Statistiska Översikter (published by the Central Statistical Office), No. 8, 1929.

by taking the average premium at 0.7% of the import value and by estimating that 70% of imports were insured in Finnish companies.

The rest of the amounts included under the item mentioned have been determined by means of a special enquiry conducted by the Statistical Office. Information for this purpose was obtained from the majority of Finnish insurance companies and foreign insurance companies working in Finland.

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Capital items.

The information concerning the movement of capital is incomplete. As regards the foreign debts of private enterprises and of individuals, the only information available relates to bonded loans.

Items 1 *b* and *c* show the amortisation payments on account of foreign bonded loans, and item 3 *b* the amount of new loans raised.

Re-purchases of national securities (item 2) have been calculated by adding the amount by which new loans raised exceeded amortisation payments to the increase or decrease in long-term indebtedness (*cf.* balance of international indebtedness below). The figure thus arrived at corresponds fairly well with the direct information obtained regarding these re-purchases. The Government purchased abroad, with a view to future amortisation, bonds to the value of 28 million markka, and private enterprises purchased bonds to the value of 4 million markka. The assets of the banks in bonds negotiable abroad increased by 23 million markka. The remainder, 136 million, is to be attributed mainly to the re-purchase of national securities effected by the Bank of Finland. These securities were sold, later in the year, by the Bank to the Government. For this reason, the assets of the Bank of Finland in bonds did not increase.

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The following information is given concerning the international indebtedness at the end of 1926 and 1927. No totals of assets and liabilities are inserted, as the account does not include any figures concerning long-term debts other than those resulting from bonded loans. It is pointed out that the amount of the other loans outstanding is appreciable.

	Markka (000,000's) at the end of	
	1926	1927
<i>Liabilities.</i>		
National bonds held abroad on account of :		
(a) Government and municipal debt	4,030	3,500
(b) private long-term loans	920	1,260
Floating foreign debt of banks on current account with foreign correspondents	444	478
<i>Assets.</i>		
Floating assets abroad of :		
(a) the Government	366	36
(b) banks :		
on current account with foreign correspondents . . .	1,278	1,602
bills of exchange payable abroad	190	172
other assets ¹	(1.7)	(1.4)

The national bonds held abroad are shown at their par value. The figures are supplied by State departments, municipalities and private enterprises. Pre-war loans are converted into current markka at an average rate of 7.66.

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Since the section for Finland was drafted, an official estimate of the balance of payments in 1928 has appeared (2). The items in the current account for that year were, in million markka :

	Credit	Debit
Merchandise	6,250	8,020
Loading charges	60	—
Contraband	—	70
Interest	50	400.
Shipping income (net)	220	—
Port fees	70	—
Insurance	210	170
Post, telegraph and telephone	46	35
Emigrants' and sailors' remittances	200	—
Tourists' expenditure	170	180
Diplomatic expenditure	20	26
Total	7,296	8,901

There was thus a deficit on account of current items of 1,605 million markka. The known capital items were (in million markka) :

	Credit	Debit
Amortisation payments	—	690
New capital issues floated abroad	990	—
Finnish participation in these issues, about	—	190
National securities sold abroad	40	—
Change in foreign short-term debts and assets of :		
(a) the Bank of Finland	544	—
(b) private banks	281	—
Total	1,855	880

These items work out at a net inflow of capital of only 975 million markka. Approximately, 630 million of the deficit on account of current items was thus covered in other ways. The short-term indebtedness of exporters was, in round figures, 100 million markka larger at the end of 1928 than one year earlier. It is further known that numerous industrial concerns, commercial firms and building enterprises obtained credits directly from abroad.

(1) Currency notes and warrants negotiable abroad.
(2) Tilastokatsauksia — Statistiska Översikter (published by the Central Statistical Office), No. 8, 1929.

GERMANY

In last year's *Memorandum*, official estimates of the balance of international payments for Germany were published for the years 1924-27. The German Government has now supplied new statements for 1928 and also revised figures for 1924-27, which are reproduced below in a somewhat modified form.

Current items.

Items	Reichsmarks (000,000's)									
	Inward or Credit Movements (Exports)					Outward or Debit Movements (Imports)				
	1924	1925	1926	1927	1928	1924	1925	1926	1927	1928
I. Merchandise.										
1. Merchandise . . .	6,561	8,828	9,809	10,234	11,661	9,174	12,439	10,039	14,264	14,033
2. Adjustment of item 1	1,136	252	260	284	145	+ 496	- 492	- 154	- 247	- 351
3. Reparations in kind	119	492	631	578	658	—	—	—	—	—
II. Gold coin and bullion.										
4. Gold coin and bullion	24	10	10	9	12	91	640	578	197	927
III. Interest and dividends.										
5. Interest on intergov- ernmental debts	—	—	—	—	—	—	—	—	—	—
6. Interest on other public debts	—	—	—	—	—	—	—	—	120	160
7. Other interest and dividends on long- term capital	240	200	200	200	200	105	220	430	425	495
8. Interest on short- term capital	85	120	140	120	120	120	210	210	270	400
IV. Other current items.										
9. Shipping freights ⁽¹⁾ .	440	539	624	672	665	—	—	—	—	—
10. Port fees ⁽²⁾	9	10	10	12	12	227	255	284	318	334
11. Other transport fees	⁽³⁾ 77	⁽³⁾ 79	⁽³⁾ 75	164	164	—	—	—	26	26
Carried forward	8,691	10,530	11,759	12,273	13,637	10,213	13,272	11,387	15,373	16,024

(1) Maritime freight on goods imported in national ships, which is included in the figures entered on the credit side against this item and also in the value of imported goods (items 1 and 2, debit), amounted to approximately 172 million marks in 1924, 205 million in 1925, 211 million in 1926, 330 million in 1927 and 363 million in 1928.

On the other hand, maritime freight on goods imported in foreign ships, which is included only in the value of imported goods, was 189 million in 1924, 219 million in 1925, 239 million in 1926, 309 million in 1927 and 262 million in 1928.

(2) The debit amounts include other expenditure by German ships in foreign ports.

(3) Net.

Items	Reichsmarks (000,000's)									
	Inward or Credit Movements (Exports)					Outward or Debit Movements (Imports)				
	1924	1925	1926	1927	1928	1924	1925	1926	1927	1928
Brought forward.	8,691	10,530	11,759	12,273	13,637	10,213	13,272	11,387	15,373	16,024
12. Insurance.	—	—	—	51	51	(¹) 11	(¹) 18	23	24	24
13. Post, telegraph and telephone	3	2	2	2	2	13	20	19	19	19
14. Immigrants' and emigrants' funds.	45	45	45	45	45	110	130	120	115	115
15. Immigrants' and emigrants' remit- tances . . . . .	.	.	.	.	.	.	.	.	.	.
16. Tourists' expen- diture	100	125	135	160	180	145	180	200	260	260
17. Diplomatic and sim- ilar expenditure.	20	20	20	20	20	13	22	36	52	52
18. Services to troops of occupation	83	162	93	77	69	—	—	—	—	—
19. Reparations in cash	—	—	—	—	—	162	554	570	877	1,231
20. Reparations in kind (as booked)	—	—	—	—	—	119	503	621	707	769
21. Difference between amounts in items 3 and 20 (²)	—	11	—	129	111	—	—	10	—	—
22. Other current items	—	—	—	—	—	65	65	71	85	85
Total	8,942	10,895	12,054	12,757	14,115	10,851	14,764	13,057	17,512	18,579
Deficit (—)	—1,909	—3,869	—1,003	—4,755	—4,464					

Capital items.

Items	Reichsmarks (000,000's)									
	Inward or Credit Capital Movement					Outward or Debit Capital Movement				
	1924	1925	1926	1927	1928	1924	1925	1926	1927	1928
I. Known long-term operations.										
1. Amortisation :										
(a) of intergovern- mental debts	—	—	—	—	—	—	—	—	—	—
(b) of other public debts	—	—	—	—	—	—	—	—	—	139
(c) of other debts	—	—	—	—	—	—	12	118	260	50
2. Purchases and sales of securities	—	—	—	(³) 528	2,276	—	—	—	—	1,846
Carried forward	—	—	—	528	2,276	—	12	118	260	2,035

(1) Net.
(2) Cf. the text, p. 89.
(3) Net sales.

Items	Reichsmarks (000,000's)									
	Inward or Credit Capital Movement					Outward or Debit Capital Movement				
	1924	1925	1926	1927	1928	1924	1925	1926	1927	1928
Brought forward	—	—	—	528	2,276	—	12	118	260	2,035
3. New capital issues :										
(a) Government and municipal	860	373	480	366	415	—	—	—	—	—
(b) other	40	861	1,069	1,046	1,070	—	—	—	—	—
4. Other long-term investments	100	6	63	60	33	—	—	—	52	—
II. <i>Known short-term operations.</i>										
5. Change in short-term debts	(¹) 1,256	78	29	2,274	2,273	—	—	—	—	—
6. Change in gold deposits abroad	—	111	—	89	—	186	—	74	—	5
7. Export of hoarded foreign banknotes	1,000	200	—	—	—	—	—	—	—	—
8. Other change in short-term assets	—	(²) 365	56	—	—	³ 1,709	(⁴) 75	—	16	907
III. <i>Undefinable capital movement.</i>										
9. Undefinable net import or export of capital (⁵)	548	1,962	—	720	1,344	—	—	502	—	—
Total	3,804	3,956	1,697	5,083	7,411	1,895	87	694	328	2,947
Net inward movement of capital (+)	+ 1,909	+ 3,869	+ 1,003	+ 4,755	+ 4,464					

SUMMARY TABLE.

	Reichsmarks (000,000's)									
	Current items					Capital items				All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Undefinable	Total	
1924 Credit	7,816	24	325	777	8,942	1,000	2,256	548	3,804	12,746
Debit	9,670	91	225	865	10,851	—	1,895	—	1,895	12,746
Balance	—1,854	—67	+ 100	—88	—1,909	+ 1,000	+ 361	+ 548	+ 1,909	—
1925 Credit	9,572	10	320	993	10,895	1,240	754	1,962	3,956	14,851
Debit	11,947	640	430	1,747	14,764	12	75	—	87	14,851
Balance	—2,375	—630	—110	—754	—3,869	+ 1,228	+ 679	+ 1,962	+ 3,869	—

(1) Of which 1,250 million, estimated increase in merchandise credits obtained.
(2) Decrease in the foreign asset reserves of the banks of issue.
(3) Of which 750 million, estimated increase in merchandise credits granted, and 959 million, increase in the foreign asset reserves of the banks of issue.
(4) Estimated decrease in merchandise credits obtained.
(5) The figures entered against this item are not based on direct evidence (cf. p. 90).

SUMMARY TABLE (continued).

		Reichsmarks (000,000's)									
		Current items					Capital items				All items
		Mer- chandise	Gold	Interest and di- vidends	Other items	Total	Long- term	Short- term	Undefin- able	Total	
1926	Credit	10,700	10	340	1,004	12,054	1,612	85	—	1,697	13,751
	Debit	9,885	578	640	1,954	13,057	118	74	502	694	13,751
	Balance . . .	+ 815	-568	— 300	— 950	-1,003	+ 1,494	+ 11	- 502	+ 1,003	—
1927	Credit	11,096	9	320	1,332	12,757	2,000	2,363	720	5,083	17,840
	Debit	14,017	197	815	2,483	17,512	312	16	—	328	17,840
	Balance . . .	-2,921	-188	— 495	-1,151	-4,755	+ 1,688	+ 2,347	+ 720	+ 4,755	—
1928	Credit	12,464	12	320	1,319	14,115	3,794	2,273	1,344	7,411	21,526
	Debit	13,682	927	1,055	2,915	18,579	2,035	912	—	2,947	21,526
	Balance . . .	-1,218	-915	— 735	-1,596	-4,464	+ 1,759	+ 1,361	+ 1,344	+ 4,464	—

It is pointed out in the statements furnished that the estimates for the years 1927 and 1928 are based on more precise information than those for previous years. In particular, it was possible to obtain details relating to the greater part of the insurance transactions and of the movement of short-term capital and securities from the leading banks and insurance companies. Certain new data came to light for the years 1924-26, and the previous statements for these years have therefore been revised.

In the statements for each year the balances obtained for current and capital items differ substantially. In the above tables, as in previous editions of this *Memorandum*, the differences which are due to unavoidable errors and omissions have been included with the capital items under the heading "Undefinable capital movement" (1). The amounts shown against the heading mentioned are, therefore, simply book-keeping entries, by means of which the balances of the capital items have been adjusted to those of the current items. They include allowances for errors and omissions in the whole account. Certain of these omissions relate in fact to the current account — such, for instance, as emigrants' remittances, commissions and profits of middlemen. Of the capital items, those relating to the sale of existing securities and to the changes in the short-term indebtedness are believed to be incomplete. The changes in merchandise credits during 1927 and 1928 could not be estimated as it was not possible to ascertain to what extent the amounts of such credits were already included with the change in the debts and assets of the banks.

In the memorandum accompanying the statements received, the essential characteristics of the German balance of payments in the last few years are summarised as follows :

" The balance of payments in 1924 and 1925 is the outcome of the merging of German economic life into that of the world, following on the stabilisation of the Reichsmark. German capital, temporarily transferred abroad, was brought back. The import of foreign capital began, and the new Reichsbank covered its gold and foreign currency requirements. The development since 1926 is similar. The current items show for each year a big deficit which has to be met by the influx of capital.

(1) In *Wirtschaft und Statistik* (No. 10, 1929), published by the Statistical Department of the Reich, the amounts in question are shown as " Nicht aufgliederbare Kapitalbewegung (als Saldo berechnet) ".

The movement of the trade balance follows that of the general market conditions : in 1924 and 1925 a considerable negative balance, in the critical year 1926 a small positive balance, in 1927 — the year of greatest general activity — the largest negative balance, and in 1928, with the weakening of markets, a smaller negative balance. The fluctuations of the markets are seen most clearly in the movement of imports. As the movement of the trade balance during the last year (especially as compared with 1927) has been very largely determined by the slow but steady increase in exports, it is possible that the way is being gradually prepared here for a structural change, in the course of which the amount of capital influx will gradually diminish. The movement of gold during the last few years was also determined by the general market conditions. The high figure for imports in 1928 was the result of the foreign exchange rates, which were determined to some extent by the discrepancy between the interest rates on the German and the foreign capital market and were favourable to Germany. The balance of services rendered and received shows no considerable fluctuations from one year to another. The negative balance for interest appears for the first time in 1925 and increases rapidly with the growing amount of capital taken up. The reparation payments increase up to the beginning of the standard Dawes year, which falls in 1928. The movement of capital can only be shown exactly for the last two years. In 1927, 36 per cent was covered by long-term and 49 per cent by known short-term borrowings; the percentages in 1928 were 39 and 31 respectively. ”

Current items.

Merchandise. The figures for merchandise imported and exported, as shown under item 1, relate to special trade. Allowances are, however, made (item 2) for certain categories of trade which are excluded from the German special trade statistics, and for the trade of the occupied territory in 1924. These allowances are estimated in the light of the evidence afforded by the transport statistics and special investigations made by the Ministry of Food and Agriculture. Deductions have further been made from imports and additions to exports in order to eliminate errors arising from the methods of declaring and valuing goods which were in use up to September 30th, 1928. The details of the corrections in question are given in the following table :

	Reichsmarks (000,000's)									
	Exports					Imports				
	1924	1925	1926	1927	1928	1924	1925	1926	1927	1928
Estimates for the occupied territory	1,000	—	—	—	—	1,000	—	—	—	—
Corrections in order to eliminate errors of valuation	+ 114	+ 131	+ 147	+ 153	+ 145	— 504	— 618	— 300	— 424	— 351
Sales and purchases of ships	12	17	10	11	—	—	6	37	14	—
High-seas fishing (1)	10	10	10	9	—	—	—	—	—	—
Improvement trade (2)	—	94	93	111	—	—	120	109	163	—
Total	+ 1,136	+ 252	+ 260	+ 284	+ 145	+ 496	— 492	— 154	— 247	— 351

(1) Catches landed abroad from German fishing vessels.
(2) In so far as this is not included in special trade.

Gold bullion and specie. The net import of gold has mainly served to increase the stock of gold (covering the note issue) as is shown below :

	Reichsmarks (000,000's)				
	1924	1925	1926	1927	1928
Total net import of gold bullion and specie (as per trade returns)	67	630	568	188	915
Increase in the stock of gold held in Germany and serving as cover for notes	110	566	550	122	861

The change in German gold deposits abroad is shown among short-term capital operations (see capital item 6).

Interest and dividends. The figures shown against items 5-8 are based on an estimate of the foreign investments in Germany and German investments abroad, as shown in the table on the following page.

Service of the Dawes Loan is included in reparation payments under item 19. This amounts yearly to approximately 67 million marks for interest and 26 million for amortisation.

Freights, etc. The estimates of shipping freights and port fees (items 9 and 10) are based on data supplied by the shipping companies and harbour authorities. The receipts and expenditure for transit traffic (item 11) were estimated with the assistance of the Reich railways and the German Inland Shipping Committee.

Insurance, etc. Insurance receipts and expenditure were communicated direct by the German companies working abroad and foreign companies working in Germany. It has not been found possible to estimate receipts and expenditure in respect of brokerage and commissions.

Funds exported by emigrants, etc. The funds imported by immigrants and exported by emigrants (item 14) have been estimated on the basis of migration statistics and with the help of random tests carried out in the ports.

No figures are available concerning immigrants' and emigrants' remittances. It is thought unlikely that they play any considerable rôle in Germany's international payments.

Tourists' expenditure (item 16). Foreigners spending one night in Germany are estimated to have paid out 3.7 million marks in 1927. Other visitors are estimated, according to their place of origin and of sojourn in Germany, to have spent 12-30 marks daily plus 30-75 marks on travelling expenses. Detailed documentary data were not available for the years 1924-1926 or for 1928. The amounts expended by foreigners in these years have been estimated in the light of statistics concerning foreign visitors to ten towns, on the basis of the figures for 1927.

Estimate of interest receipts and payments (1).

	Reichsmarks (000,000's)														
	1924			1925			1926			1927			1928		
	Capital	Rate %	Interest	Capital	Rate %	Interest	Capital	Rate %	Interest	Capital	Rate %	Interest	Capital	Rate %	Interest
<i>Interest receipts from :</i>															
1. German long-term investments abroad (2).	6,000	4	240	5,000	4	200	5,000	4	200	5,000	4	200	5,000	4	200
2. German short-term investments abroad . .	(3) 1,650	5	85	(3) 3,000	4	120	3,500	4	140	3,000	4	120	3,000	4	120
Total			325			320			340			320			320
<i>Interest payments on :</i>															
3. Loans and known long-term credits received .	—	—	—	.	.	45	.	.	164	.	.	235	.	.	320
4. Short-term credits received	1,500	8	120	3,000	7	210	3,500	6	210	4,500	6	270	8,000	5	400
5. Real estate owned by foreigners	5,000	1.5	75	4,500	(3)3	135	4,250	4	170	4,000	4	160	4,000	4	160
6. German securities owned by foreigners	1,500	2	30	2,000	2	40	2,500	4	100	3,000	5	150	3,500	.	175
Total			225			430			644			815			1,055

(1) The capital amounts and rates of interest indicated are averages for the years in question. The figures entered against the items 1-2 and 4-6 are to be regarded as rough estimates only. The balance of the receipts and payments is believed to be approximately correct, but the figures for each individual item should not be regarded as guaranteed.

(2) Estimated decrease in 1924, 750 million marks ; in 1925, 1,000 million marks.

(3) Estimated according to the movement in 1925, as suggested by the balance of payments.

The expenditure by Germans travelling abroad was estimated partly on the basis of foreign statistics and partly (in the case of overseas countries) on the basis of the German migration statistics.

The figures for German diplomatic expenditure abroad (item 17) have been communicated by the German Foreign Office. Foreign diplomatic expenditure in Germany has been estimated on the basis of budget appropriations.

Reparations. Reparation payments are shown in full on the debit side (items 19 and 20), but are partly offset by entries on the credit side. Reparation deliveries in kind actually exported are shown under item 3. The figures do not agree with the deliveries in kind booked by the Agent-General for Reparation Payments as shown in item 20. The difference, which has been entered against item 21, is attributable to the fact that the Agent-General makes his entries on the date of the closing of the accounts, whereas trade statistics record the goods at the moment when they cross the frontier; further, the figures of the Agent-General comprise services rendered abroad. The expenditure of the Agent-General in respect of armies of occupation and commissions resident in Germany has been entered on the credit side against item 18. Finally, the increase in the cash reserve of the Agent-General has been included with the figures shown on the credit side against capital item 5. A summary of the items in question is given below.

	Reichsmarks (000,000's)				
	1924	1925	1926	1927	1928
Reparation payments :					
in cash (item 19) ⁽¹⁾	162	554	570	877	1,231
in kind (item 20)	119	503	621	707	769
Total	281	1,057	1,191	1,584	2,000
Of which a part is entered also on the credit side under offsetting items, viz. :					
deliveries in kind actually exported (current item 3)	119	492	631	578	658
difference between these and deliveries booked (item 21)	—	11	⁽²⁾ —10	129	111
sums spent in Germany (current item 18) ⁽³⁾ . .	83	162	93	77	69
movement of cash balances of the Reparation Agent (capital item 5)	6	78	29	27	62
Total offsetting items	208	743	743	811	900
Net debit balance	73	314	448	773	1,100

The amounts shown on the last line of the above table ("Net debit balance") comprise the net sums transferred by the Agent for Reparation Payments, including payments in respect of the Dawes Loan, and amounts directly retained under the Reparation Recovery Acts by the Transfer Committee.

(1) The amounts entered include casual receipts and exchange losses of the Agent-General of 1, 3, 2 and 4 million marks during the years 1925-28.
(2) Excess of deliveries exported, entered on the debit side in the balance of payments account.
(3) Costs of occupation and a part of the costs of the commissions.

Other current items. The outward payments entered against item 22 were composed as follows :

	Reichsmarks (000,000's)				
	1924	1925	1926	1927	1928
Import and export of electric power (debit balance)	5	5	5	5	85
Wages of foreign labour, sent abroad	50	50	50	50	
Cinematograph film licences (debit balance)	10	10	10	10	
Payments to the International Steel Combination	—	—	6	20	
Total	65	65	71	85	85

Capital items.

German long-term loans floated abroad in the open market are shown under item 3 and are reckoned at current market prices. Their par value and geographical origin have been as follows :

Year	Reichsmarks (000,000's)						Total
	United States	United Kingdom	Netherlands	Switzerland	Sweden	(¹) Other countries	
1924	503.78	245.15	51.07	61.29	28.35	112.36	1,002.00
1925	922.95	122.22	142.13	67.85	10.31	—	1,265.46
1926	1,107.90	142.00	189.50	66.24	43.35	31.05	1,580.04
1927	890.38	152.79	262.40	51.96	51.94	2.26	1,411.73
1928	1,017.09	135.19	201.73	57.56	11.78	40.80	1,464.15

Payments in amortisation of these loans are calculated from the conditions of redemption and are shown against item 1.

For 1924-26 practically no figures are given for the movement of securities and other forms of long-term capital, nor for the short-term capital movement, in so far as this is not reflected in the movement of the foreign exchange reserves of the banks of issue. For 1927 and 1928, however, such information has been obtained from the principal banks and insurance companies (items 2, 4, 5 and 8). These data are not complete, as they necessarily only include the amounts which have come to the knowledge of the undertakings supplying the information. As the sale of German securities to foreign countries is largely effected through other channels and short-term credits are in many cases granted direct to industrial and commercial undertakings, there remains uncovered a not inconsiderable balance of capital imports. The amounts theoretically required in order to get the statement to balance have been entered as "Undefinable capital movement". They represent 15 and 30 per cent respectively of the whole estimated capital movement in 1927 and 1928. As mentioned above, this item also includes allowances for errors and omissions in the current account.

(1) Indivisible amounts included.

HUNGARY

The Hungarian Central Office of Statistics has compiled an estimate of Hungary's balance of payments for 1928 which is set out below together with those for 1926 and 1927 published in last year's edition of this *Memorandum*. In addition, summary figures for 1923 and 1924 are included in the summary table.

Current items.

Items	Pengö (000,000's)					
	Inward or Credit Movements (Exports)			Outward or Debit Movements (Imports)		
	1926	1927	1928	1926	1927	1928
<i>I. Merchandise.</i>						
1. Merchandise	887.3	821.2	823.1	985.5	1,162.7	1,200.4
2. Adjustment on account of :						
(a) reparations in kind	— 9.4	— 2.0	—	—	—	—
(b) bonds, etc., included in trade returns	— 16.3	— 20.7	— 4.0	— 20.1	— 14.0	— 11.1
<i>II. Gold coin and bullion.</i>						
3. Gold coin and bullion	—	0.2	—	1.2	1.7	4.9
<i>III. Interest and dividends.</i>						
4. Receipts :						
(a) by the Treasury		3.0	1.1			
(b) on account of foreign exchange holdings	4.6	10.3	11.2			
(c) dividends	4.6	7.7	7.7			
(d) from real estate abroad		1.2	1.2			
5. Payments in respect of :						
(a) Government debts				56.6	68.1	64.0
(b) debts of local Government authorities				6.9	21.3	26.4
(c) municipal debts				—	0.1	—
(d) mortgage bonds held abroad				—	8.1	17.0
(e) long-term debt of banks and industrial enterprises				14.2	—	—
(f) short-term debts				—	2.8	8.0
(g) dividends				17.4	22.8	29.3
(h) real estate owned by foreigners				1.5	11.1	18.0
					5.3	6.5
<i>IV. Other current items.</i>						
6. Shipping freights	3.6	8.7	(¹) 6.7	—	—	—
7. Port fees	0.2	0.2	0.2	2.5	5.4	—
8. Railway transit	9.0	10.9	14.4	—	—	—
Carried forward	883.6	840.7	861.6	1,065.7	1,295.4	1,363.4

(1) Net.

Items	Pengö (000,000's)					
	Inward or Credit Movements (Exports)			Outward or Debit Movements (Imports)		
	1926	1927	1928	1926	1927	1928
Brought forward . . .	883.6	840.7	861.6	1,065.7	1,295.4	1,363.4
9. Hire of railway waggons	0.5	1.4	1.8	0.2	1.1	1.2
10. Insurance	—	3.3	46.5	—	7.7	52.6
11. Post, telegraph and telephone	5.7	6.5	5.6	4.9	5.6	4.9
12. Im- and e-migrants' funds	5.9	4.2	9.1	5.0	6.4	7.2
13. Im- and e-migrants' remittances	28.4	24.4	35.8	—	0.4	0.6
14. Remittances to students	1.2	1.0	0.9	(¹)	1.5	—
15. Hungarian scientific institutes abroad and State scholarships	—	—	—	—	2.7	5.9
16. Tourists' expenditure	2.5	7.4	20.6	13.2	39.0	38.1
17. Diplomatic and similar expenditure	2.9	2.9	2.8	6.2	5.9	5.1
18. Receipts of legations and consulates	3.0	2.8	2.8	1.9	2.1	1.8
19. Pensions paid abroad	—	—	—	—	2.6	3.7
20. Reparations in cash	—	—	—	—	—	0.2
21. Trade-marks and patent royalties	0.3	0.4	—	—	—	—
22. Cinematograph film royalties	0.1	—	—	2.9	4.0	3.5
23. Other current items	—	—	—	—	—	1.0
Total	934.1	895.0	987.5	1,100.0	1,374.4	1,489.2
Deficit (—)	— 165.9	— 479.4	— 501.7			

Capital items.

Items	Pengö (000,000's)					
	Inward or Credit Capital Movement			Outward or Debit Capital Movement		
	1926	1927	1928	1926	1927	1928
<i>I. Long-term operations.</i>						
1. Amortisation :						
(a) of Government debts	—	—	—	29.3	15.5	31.2
(b) of debts of local Government autho- rities	—	—	—	—	3.9	5.8
(c) mortgage bonds	—	—	—	—	0.4	3.6
(d) of other debts,	1.6	0.3	2.1	—	2.5	1.3
2. Purchases and sales :						
(a) of real estate abroad	2.9	0.7	—	—	1.1	—
(b) of real estate in the country	0.6	0.5	1.3	—	—	0.1
of domestic securities :						
(c) in large denominations		18.9	40.4		32.9	36.2
(d) stock exchange transactions		—	33.5		12.0	15.7
of foreign securities :						
(e) in large denominations	(²) 20.8	12.3	18.2	5.8	12.0	22.2
(f) stock exchange transactions		—	3.9		—	4.4
Carried forward	25.9	32.7	99.4	35.1	80.3	123.5

(1) Included in item 16.

(2) In large denominations only.

Items	Pengö (000,000's)					
	Inward or Credit Capital Movement			Outward or Debit Capital Movement		
	1926	1927	1928	1926	1927	1928
Brought forward . . .	25.9	32.7	99.4	35.1	80.3	120.5
3. New capital issues :						
(a) Government loans	48.4	35.4	43.8	—	—	—
(b) loans by local Government authorities	58.7	122.4	18.0	—	—	—
(c) municipal bonds, issued by commercial banks	61.6	3.0		—	—	—
(d) mortgage bonds, issued by commercial banks		97.2		110.0	—	—
(e) miscellaneous bonds		36.6	128.0	—	—	
4. Participation in new capital issues . . .	11.1	36.5	46.7	3.2	5.6	10.1
II. Short-term operations.						
5. Change in short-term debts	—	(²) 229.5	88.0	5.2	—	—
6. Change in the foreign assets of the Hungarian National Bank	—	—	99.1	15.7	27.7	—
Total	205.7	593.3	633.0	59.2	113.6	130.6
Net inward movement of capital (+) . .	+ 146.5	+ 479.7	+ 502.4			

SUMMARY TABLE.

	Pengö (000,000's)								
	Current items					Capital items			All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
(³) 1923 Credit	384.1	6.8	7.7	44.0	442.6	37.8	5.2	43.0	485.6
Debit	496.0	0.1	2.6	28.0	526.7	28.6	—	28.6	555.3
Balance	— 111.9	+ 6.7	+ 5.1	+ 16.0	— 84.1	+ 9.2	+ 5.2	+ 14.4	(⁴) — 69.7
(³) 1924 Credit	660.6	0.9	10.9	49.0	721.4	193.3	125.8	319.1	1,040.5
Debit	819.0	0.4	26.9	28.0	874.3	208.2	—	208.2	1,082.5
Balance	— 158.4	+ 0.5	— 16.0	+ 21.0	— 152.9	— 14.9	+ 125.8	+ 110.9	(⁴) — 42.0
1926 Credit	861.6	—	9.2	63.3	934.1	205.7	—	205.7	1,139.8
Debit	965.4	1.2	96.6	36.8	1,100.0	38.3	20.9	59.2	1,159.2
Balance	— 103.8	— 1.2	— 87.4	+ 26.5	— 165.9	+ 167.4	— 20.9	+ 146.5	(⁴) — 19.4

(1) " Private long-term loans. "

(2) In fact the increase in the short-term debt during 1927 was 4.5 million pengö less, as borrowers to this amount became insolvent.

(3) For details of the figures for 1923 and 1924, see *Memorandum on Balance of Payments and Foreign Trade Balances, 1911-1925*, vol. I (Series of Publications: 1926. II. 51/I), p. 39. No information is available for 1925.

(4) Balance due to errors and omissions.

SUMMARY TABLE (continued).

	Pengö (000,000's)								
	Current items					Capital items			All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
1927 Credit	798.5	0.2	22.2	74.1	895.0	363.8	229.5	593.3	1,488.3
Debit	1,148.7	1.7	139.6	84.4	1,374.4	85.9	27.7	113.6	1,488.0
Balance	- 350.2	- 1.5	- 117.4	- 10.3	- 479.4	+ 277.9	+ 201.8	+ 479.7	(1) + 0.3
1928 Credit	819.1	—	21.2	147.2	987.5	445.9	187.1	633.0	1,620.5
Debit	1,189.3	4.9	169.2	125.8	1,489.2	130.6	—	130.6	1,619.8
Balance	- 370.2	- 4.9	- 148.0	+ 21.4	- 501.7	+ 315.3	+ 187.1	+ 502.4	(1) + 0.7

It will be noted that a perfect balance is not obtained. From the information available, it is not possible to state whether this is due to the inadequacy of the data relative to the credit or the debit items of the account or whether both totals require some adjustment. Were the information available complete, the accounts for each year would, of course, balance exactly.

Current items.

Merchandise. In the Hungarian trade returns currency notes are included with money orders, bills, bonds and shares, etc., under the heading "Other means of payment". These sums have been deducted (item 2 b), as they are believed to represent mainly securities which are already incorporated in the figures for capital items.

Interest and dividends. The figure shown under item 4 b represents interest on foreign exchange holdings, mainly of the National Bank.

The estimate for receipts on account of dividends is based on payments effected through leading Budapest banks.

Item 4 d represents income derived by Hungarian nationals from real estate in the transferred territories.

The details of the interest paid on Government foreign debt (item 5 a) in 1927 and 1928 are as follows :

	Pengö (000,000's)	
	1927	1928
Interest on :		
pre-war debt	16.6	14.4
debts consolidated by clearing	17.9	17.5
war debt	0.5	0.4
Reconstruction Loan of 1924	27.2	26.5
other post-war debts	2.4	1.7
Advances as guarantee for interest on railway stock	3.5	3.5
Total	68.1	64.0

"Debts consolidated by clearing" in the above table are pre-war debts to creditors in the ex-enemy countries which became due during the war and were consolidated in accordance with the Treaty of Trianon. The sum shown against this

(1) Balance due to errors and omissions.

item includes, besides interest, an indeterminable sum on account of amortisation.

The figures entered against item 5 *b* (interest payments on local Government debt) are based on information received from the financial administration of the city of Budapest and from leading financial houses in the capital. Of the amounts shown for 1927 and 1928, 8 million pengö represent interest on pre-war debts. It is stated that the mortgage bonds referred to in item 5 *d* are practically all post-war issues.

The debit figure for short-term interest is arrived at in the following manner. The net short-term indebtedness at the end of 1928 was estimated at 700 million pengö and the average for the year at a little less, namely 620 million. Of this amount, it was assumed that 170 million was not productive of interest. The figure shown represents interest at 6 ½ % on the remainder — 450 million pengö.

In previous years, the figure for dividends paid was based on information furnished by leading financial houses of sums transferred through them. The corresponding figure for 1928 derived from this source was 14.7 million pengö. A different method was, however, employed for the first time in 1928. Total dividends paid by Hungarian mining, industrial and commercial companies amounted to 61.8 million pengö in 1928 and it was found that 19.6 % of the shares of such companies were held abroad. Dividends paid by financial houses amounted to 30.6 million pengö. Assuming that the percentage of shares held abroad was the same for both groups of enterprises, the sum of 18 million pengö (19.6 % of 92.4 million pengö) is reached.

The figure shown against item 5 *h* refers to income from real estate in Budapest only.

Insurance. Information concerning this item is much more complete for 1928 than for the preceding year. The following transfers, derived from the Insurance Control Board, have been taken into account :

	Pengö (000's)
Receipts :	
re-insurance premia received	17,078
receipts from re-insurance with foreign companies :	
benefits	15,932
commissions	11,225
bonuses	2,248
Total	46,483
Payments :	
re-insurance premia paid abroad	37,344
payments on account of re-insurance with Hungarian companies :	
benefits	10,179
commissions	5,008
bonuses	51
Total	52,582

Hungarian companies carrying on business abroad are obliged, according to the regulations in force in the countries concerned, to place the insurance premia received in the countries in question. Foreign insurance companies carrying on business in Hungary are subject to similar regulations. Only operations arising out of re-insurance are therefore considered.

Emigrants' funds and remittances. The credit figure shown under item 12 is an estimate of the sums spent in Hungary by returning emigrants. It is calculated on the basis of 500 dollars for each of the 3,182 Hungarians returning to the present territory of Hungary, leaving out of account 266 emigrants returning without means.

The number of emigrants from Hungary is given as follows by the Bureau for the Protection of Emigrants :

to the United States of America	780
to Canada	5,278
to Central and South America	442
to Australia	3
to other overseas countries	46
Total	6,549

of whom 5,714 were adults and 835 children. The average cost of the sea passage is estimated at 132.5 dollars per adult and 66.2 dollars per child. Every emigrant was assumed, further, to have taken 70 dollars with him. The funds taken out in 1928 are thus calculated at 7.2 million pengö.

The amounts entered against item 13, credit, relate to emigrants' remittances from America. They are composed as follows :

	Pengö (000,000's)
Bank transfers (including Post Office Savings Bank)	22.8
Receipts by Budapest agents and shipping companies	10.0
Money orders	3.0
Total	35.8

Sums sent by money orders from Hungary to the United States in 1928 totalled 650,000 pengö and are considered to constitute remittances to Hungarian emigrants (item 13, debit).

Tourists' expenditure (item 16). The estimate for receipts under this heading has been based on information supplied by the Tourist Bureau of the city of Budapest and is much more complete for 1928 than for the preceding year. The way in which the figure was reached may be summarised as follows. According to the official returns, 109,591 foreigners visited Budapest hotels in 1928 and spent in all 341,210 nights there. The Municipal Tourist Bureau estimates that of the foreign visitors one-eighth stay at *de luxe* hotels, one quarter at first class, one half at second class and one-eighth at third class hotels. Taking 35, 25, 15 and 10 pengö as the average daily hotel expenses per person in each of the above-mentioned classes of hotels, the figure of 6.6 million pengö is reached. A conservative estimate of 3.3 million — half the hotel expenses — is adopted for supplementary expenses, amusements, etc.; 4.4 million are allowed for travelling expenses, on the basis of 40 pengö per head. The total expenditure of foreigners staying at Budapest hotels is thus reckoned to be 14.3 million pengö. To this figure a rough addition of 10 % (1.4 million) is made for foreigners staying in private houses in the capital.

In the provincial towns and watering-places, foreigners spent 30,000 nights in 1928 and are assumed to have spent on an average 20 pengö daily. An allowance of 30 pengö as the travelling expenses of each of the 141,052 foreigners who visited Hungary but did not stay at Budapest yields a further 4.3 million pengö. A final total of 20.6 million is thus reached.

The corresponding figure for the expenditure of Hungarian tourists abroad in 1928 is based largely on an estimate of the expenditure of Hungarians visiting Austria in the previous year. These visitors numbered 165,727 and spent approximately 766,000 nights in Austria. Those who visited Vienna numbered 62,480 and spent 246,000 nights in that city. Assuming that the expenditure of Hungarians visiting Vienna was the same as that of foreigners visiting Budapest, that the average daily expenditure of Hungarians in Austrian watering-places and tourist resorts was 15 pengö

and, finally, that the average travelling expenses of each Hungarian visitor were 50 pengö, the sum of 21 million pengö is reached. It is estimated that for 1928 this amount should be increased by 10 % to 23.1 million.

Similar information in regard to other countries is lacking but, on the basis of data furnished by foreign consulates and legations in Budapest, 15 million is added on this account in 1928.

Other current items. Receipts on account of diplomatic expenditure in Hungary are calculated on the basis of the estimated salaries of the various foreign representatives and of the staffs employed at the legations and consulates. To the sum of 2,496,000 pengö thus reached is added an allowance of 10,000 pengö for each of the 28 legations and consulates — 280,000 pengö in all — on account of supplies, etc. The corresponding debit figure, which was furnished by the Hungarian Ministry of Foreign Affairs, covers salaries and allowances (4,196,000 pengö) and the expenditure of legations and consulates (949,000 pengö).

The sum of 395,444 pengö is recorded as having been received from abroad on account of patents, trade marks registration, etc. But as it was not possible to estimate the corresponding payments from Hungary, no allowance under this heading has been entered on either side of the account.

The estimate shown under item 24 is stated to be a net debit figure covering commissions, succession duties, doweries, artists' receipts, etc. It also includes the sum of 276,571 pengö for " tantièmes " paid to foreign directors.

Capital items.

Amortisation. The debit figure shown against item 1 *a* relates solely to debt contracted since the war. As has already been explained, amortisation of pre-war debt is included with interest payments (current item 5 *a*).

The figure for amortisation of the debt of local authorities is derived from information received from the Ministry of Finance, the Budapest Municipal authorities and leading financial houses.

The credit figure shown against item 1 *d* represents repayments of pre-war loans contracted within the present Hungarian territory. Owing to the agreement reached in the course of the year between Hungary and Roumania, the receipts from Roumania were greatly in excess of those of 1927 — namely, 1,927,000 pengö ; the remainder of the amount shown — 144,127 pengö — represents receipts from Czechoslovakia and Yugoslavia.

The corresponding debit figure is composed as follows : 1,070,000 pengö on account of loans to industrial and religious organisations (communicated by the houses which issued these loans) ; 259,259 pengö on account of payments of private debts to the U. S. A. through the official Clearing-house (communicated by the Clearing-house).

Movement of securities, etc. The amounts shown against item 2 *b* represent purchases and sales by foreigners of house property in Budapest, as recorded by the municipal authorities.

Records of the sales and purchases of existing securities for their own and foreign account (items 2 *c* and *e*) have been furnished by leading Budapest banks and are stated to constitute a very large proportion of total operations of this kind. The figures of Stock Exchange transactions in domestic and foreign securities are also obtained from the large banking houses.

The figures shown against item 3 *a* represent the amount of the League of Nations loan transferred to Hungary each year.

Miscellaneous bonds shown under item 3 e represent industrial issues and bonds of religious bodies.

The credit figure shown under item 4 represents amounts subscribed by foreigners on account of new issues of Hungarian companies quoted on the Stock Exchange or of Budapest Commercial Banks. The amount subscribed to foreign issues through the leading Commercial Banks in Budapest is entered on the debit side.

Short-term operations. In 1928 the short-term indebtedness increased by about 88 million pengö.

The credit figure shown under item 6 for 1928 represents the net decrease in the foreign assets of the National Bank.

Gold reserves increased by 4.2 million pengö during the year, but the foreign exchange holdings fell by 103.3 million. The net decrease in foreign assets was therefore 99.1 million.

International indebtedness.

It is stated on the basis of information received from the Ministry of Finance that the total State foreign debt of Hungary amounted to 1,342 million pengö at December 31st, 1928. By the Agreements of Innsbruck and Prague, however, the interest on certain pre-war debts had been reduced to 32 % and, in some cases, to 27 % of its previous figure. If the nominal value of the Hungarian State debt be calculated on the basis of the reduced interest charge, the figure works out at 735 million.

The following details concerning Hungary's international indebtedness and the distribution of the funded debt are available :

Form of debt	Pengö (000,000's)											
	End of 1927						End of 1928					
	U. K.	U. S. A.	Nether-lands	France	Other	Total	U. K.	U. S. A.	Nether-lands	France	Other	Total
Funded debt :												
Government . . . . .	.	.	.	.	.	769.0	.	.	.	.	.	735.2
local authorities . . .	290.5	201.9	—	22.2	—	514.6	288.4	218.3	—	22.1	—	528.8
mortgage	43.0	117.6	12.1	0.5		173.2	78.0	199.0	4.0	2.0		283.0
industrial, etc. . . .	5.6	40.4	8.4	0.2	(1)5.4	60.0	107.0	75.0	14.0	5.0		201.0
Short-term debt (net)	.	.	.	.	.	600.0	.	.	.	.	.	700.0

(1) Switzerland.

INDIA

The following statement of the estimated balance of payments of British India for the commercial years 1927-28 and 1928-29 has been received from the Government of that country. The figures for 1925-26 and 1926-27 published last year are reproduced for purposes of comparison.

The statements refer to commercial years ending March 31st.

Current items.

Items	Rupees (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925-26	1926-27	1927-28	1928-29	1925-26	1926-27	1927-28	1928-29
<i>I. Merchandise.</i>								
1. Merchandise	4,088.5	3,319.6	3,529.4	3,663.3	2,769.6	2,837.6	2,960.1	2,942.6
2. Adjustment for wrong valuation	—	—	—	—	128.4	131.0	55.9	55.7
<i>II. Gold coin and bullion.</i>								
3. Gold coin and bullion	3.8	1.0	0.3	0.2	352.4	195.0	181.3	212.2
<i>III. Interest and dividends.</i>								
4. Interest and dividends on long-term capital	—	—	19.4	13.3	—	—	—	—
5. Interest on short-term capital	45.1	42.2	8.2	9.0	335.0	340.0	342.0	347.0
<i>IV. Other current items.</i>								
6. Shipping freights	—	—	—	—	—	—	—	—
7. Port fees	20.0	20.0	25.0	25.0	—	—	—	—
8. Commissions, insurance, brokerage	—	—	—	—	10.0	10.0	12.0	12.0
9. Post, telegraph and telephone	1.4	2.1	1.6	1.4	1.3	0.9	0.8	0.9
10. Tourists, diplomatic expenditure, etc. (net) (1)	—	—	—	—	45.0	45.0	45.0	45.0
11. Reparations in cash	—	—	1.4	3.0	—	—	—	—
12. Other Government receipts and expenditure	84.5	91.1	84.3	76.5	414.4	404.5	401.5	360.2
Total	4,243.3	3,476.0	3,669.6	3,791.7	4,056.1	3,964.0	3,998.6	3,975.6
Surplus (+) or deficit (—)	+ 187.2	— 488.0	— 329.0	— 183.9				

(1) Including funds and remittances of emigrants and immigrants and certain other items.

Capital items.

Items	Rupees (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925-26	1926-27	1927-28	1928-29	1925-26	1926-27	1927-28	1928-29
<i>I. Long-term operations.</i>								
1. Amortisation of Government debts	—	—	—	—	23.7	38.2	25.9	26.8
2. Purchases and sales :								
(a) of real estate abroad	—	—	—	—	—	—	5.6	—
(b) of domestic securities	—	0.3	2.8	—	20.0	3.7	3.5	43.9
(c) of foreign securities	—	471.2	74.4	—	139.0	50.0	—	69.1
3. New Government and municipal issues	—	—	100.3	133.6	—	—	—	—
4. Other long-term investments	17.4	4.2	4.3	11.4	—	—	—	—
<i>II. Short-term operations.</i>								
5. Import and export of currency notes	6.9	2.2	.	.	3.6	2.7	.	.
6. Net change in Government short-term indebtedness	—	—	—	7.1	—	—	65.5	—
7. Change in other short-term debts and assets (1)	—	104.7	247.7	171.6	25.2	—	—	—
Total	24.3	582.6	429.5	323.7	211.5	94.6	100.5	139.8
Net inward (+) or outward (—) movement of capital	- 187.2	+ 488.0	+ 329.0	+ 183.9				

SUMMARY TABLE.

		Rupees (000,000's)								
		Current items				Capital items			All items	
		Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term		Total
1923-24	Credit .	3,813.4	0.7	26.3	169.3	4,009.7	358.6	2.0	360.6	4,370.3
	Debit .	2,708.1	292.8	350.0	602.3	3,953.2	137.6	279.5	417.1	4,370.3
	Balance	+1,105.3	- 292.1	- 323.7	- 433.0	+ 56.5	+ 221.0	- 277.5	- 56.5	—
1924-25	Credit .	4,213.0	3.7	32.2	113.3	4,362.2	38.7	342.5	381.2	4,743.4
	Debit .	3,036.4	742.5	350.0	447.0	4,575.9	161.2	6.3	167.5	4,743.4
	Balance	+1,176.6	- 738.8	- 317.8	- 333.7	- 213.7	- 122.5	+ 336.2	+ 213.7	—
1925-26	Credit .	4,088.5	3.8	45.1	105.9	4,243.3	17.4	6.9	24.3	4,267.6
	Debit .	2,898.0	352.4	335.0	470.7	4,056.1	182.7	28.8	211.5	4,267.6
	Balance	+1,189.5	- 348.6	- 289.9	- 364.8	+ 187.2	- 165.3	- 21.9	- 187.2	—

(1) Interpolated as balancing accounts.

SUMMARY TABLE (continued).

		Rupees (000,000's)								All items
		Current items					Capital items			
		Mer- chandise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
1926-27	Credit .	3,319.6	1.0	42.2	113.2	3,476.0	475.7	106.9	582.6	4,058.6
	Debit .	2,968.6	195.0	340.0	460.4	3,964.0	91.9	2.7	94.6	4,058.6
	Balance	+ 351.0	- 194.0	- 297.8	- 347.2	- 488.0	+ 383.8	+ 104.2	+ 488.0	—
1927-28	Credit .	3,529.4	0.3	27.6	112.3	3,669.6	181.8	247.7	429.5	4,099.1
	Debit .	3,016.0	181.3	342.0	459.3	3,998.6	35.0	65.5	100.5	4,099.1
	Balance	+ 513.4	- 181.0	- 314.4	- 347.0	- 329.0	+ 146.8	+ 182.2	+ 329.0	—
1928-29	Credit .	3,663.3	0.2	22.3	105.9	3,791.7	145.0	178.7	323.7	4,115.4
	Debit .	2,998.3	212.2	347.0	418.1	3,975.6	139.8	—	139.8	4,115.4
	Balance	+ 665.0	- 212.0	- 324.7	- 312.2	- 183.9	+ 5.2	+ 178.7	+ 183.9	—

The fact that a perfect balance is struck in the above table should not be taken as a proof that the figures are rigidly exact, for the amounts entered as short-term capital operations are not based on direct evidence but are interpolated as balancing accounts and include, therefore, allowances for possible errors and omissions in the other items of the account.

The transactions in England have been converted into rupees at the rates of ls. 6³/₃₂d. per rupee in 1925-26, ls. 5²⁹/₃₂d. in 1926-27, ls. 5¹⁵/₁₆d. in 1927-28 and ls. 5³¹/₃₂d. in 1928-29 — the averages for the years in question.

Current items.

Merchandise, gold, etc. The figures include not only the sea-borne trade of India — which is alone given in the trade returns — but also imports and exports across the land frontiers, for which the following estimates have been made :

	1926-27	1927-28	1928-29
	Rupees (000,000's)		
Imports	190.0	180.0	150.0
Exports	210.0	200.0	200.0

An allowance of 5 per cent was made for under-valuation of imports of merchandise in 1925-26 and 1926-27, but as the exchange has been practically stable since April 1927, a correction of only 2 per cent is made for the two subsequent years. No allowance has been made for under-valuation of imports of bullion, specie, etc., as the values entered in the trade returns accurately represent the market value at the time of import.

Interest and dividends. The credit figures shown against item 4 represent interest on investment of the gold standard reserve balance in long-term securities in London. Item 5 represents the interest on investments of Government treasury and reserve balances in British treasury bills.

The debit figures for interest and dividends are based on an estimate of foreign investments in India made a few years ago.

Other current items. The figures entered on account of port receipts (item 7) are stated to be very rough estimates. The total receipts of the Calcutta and Chittagong Port Trust from charges on vessels amounted to Rs. 5.8 million in 1927-28 and 1928-29, while the total tonnage of all vessels entering and clearing with cargoes at all ports in British India was 15.6 millions in 1927-28 and 16.7 millions in 1928-29, of which the share of Bengal was 2.9 and 3.2 millions. Assuming that the charges on vessels elsewhere in India bore the same proportion to tonnage as they did in Bengal ports, the receipts on this account from all the ports in British India would be Rs. 31.2 million in 1927-28 and 30.3 million in 1928-29. After making an allowance for receipts from vessels employed in the coasting trade, Rs. 25 million for each of the years considered is thought to be a reasonable estimate of the port receipts from foreign shipping. The estimates for 1925-26 and 1926-27 were reached by similar methods.

A small debit sum should be entered against item 6 each year on account of coasting trade in the hands of foreign shipping companies, but as it proved impossible to frame an accurate estimate, an allowance has been made on this account in the sums entered against item 10.

It proved impossible to make accurate estimates of emigrants' remittances and funds, expenditure of tourists, diplomatic and consular expenditure in India, but an approximate net debit figure has been entered against item 10. The payments on account of post, telegraph and telephone services (item 9), and of Government expenditure abroad not elsewhere indicated (item 12) represent expenditure in England after excluding interest charges (items 4 and 5).

Capital items.

Long-term operations. The debit figures given against item 1 represent: (1) payments to the British Government in redemption of liabilities assumed by the Government of India in respect of British Government 5% War Loan, 1929-47; (2) payments on account of the capital portion of annuities created for the purchase of railways; (3) payments on account of the amortisation of 7% India Stock.

The credit figures against item 2 *b* represent the transfer of Government rupee paper from India to London. The corresponding debit figure for 1927-28 represents the sinking fund purchases in London on account of Government of India sterling loans. The figure for 1928-29 is made up as follows:

	Rupees (000,000's)
1. Value of Government rupee securities re-transferred from London to India.	0.1
2. Sinking Fund purchases on account of Government of India sterling loans.	3.8
3. Repayment of Burmah Railway Company's stocks, the liability for which was taken over by the Government on purchase of the railway	40.1

The debit sum shown against item 2 *c* for 1926-27 is an estimate of the amount of private investments abroad. The other amounts entered against this item represent the difference between the amount invested by the Government of India in securities of the British Government at the beginning and at the end of the year, on account of the gold standard reserve in London.

The figures shown under item 4 represent the amount of loans raised in the London market by companies working in India. In the absence of definite information, no allowance has been made for the private import of fresh capital.

Short-term capital operations. The sums entered under item 6 represent the difference between the balances of British treasury bills held by the Government

as part of the treasury and reserve balances in London at the beginning and at the end of the year.

The amounts entered against item 7 are interpolated as balancing accounts.

International indebtedness.

The foreign liabilities of the Government of India on March 31st, 1929, totalled £352.5 million (sterling loans, railway annuities, liability assumed by the Government of India in respect of British Government 5 % War Loan, 1929-47, etc.), while the assets of the Government on account of treasury and reserve balances held in London amounted to £53.4 million. No information is available concerning private assets and liabilities abroad.

IRISH FREE STATE

The Government of the Irish Free State has supplied an official statement for 1927 which is reproduced below together with those for 1924, 1925 and 1926 published last year.

Current items.

Items	£ (000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Merchandise.</i>								
1. Merchandise	51,585	44,382	41,956	44,852	68,890	62,948	61,287	61,824
2. Contraband	—	—	—	—	1.2	1.2	1.2	2
<i>II. Gold coin and bullion.</i>								
3. Gold coin and bullion	—	40	—	62	—	—	—	—
<i>III. Interest and dividends.</i>								
4. Interest receipts and payments	11,000	11,000	12,500	12,000	3,340	3,700	5,700	5,300
<i>IV. Other current items.</i>								
5. Port fees	—	170	170	190	—	—	—	—
6. Emigrants' funds	—	—	—	—	750	900	900	800
7. Emigrants' remittances	3,000	3,000	3,000	2,400	—	—	—	—
8. Diplomatic and similar expenditure	—	46	70	72	34	30	31	37
9. Other Government receipts and expenditure	1,707	—	3	127	—	—	9	125
10. Payments abroad in respect of pensions	—	—	—	—	8	—	101	
11. Receipts from the United Kingdom :								
(a) war pensions	—	2,347	2,150	2,180	—	—	—	—
(b) Royal Irish Constabulary pensions	—	—	—	960	—	—	—	—
(c) repayments of Free State expenditure, etc.	83	41	72	—	—	—	—	—
12. Repayments of British expenditure on Free State services (Royal Irish Constabulary pensions, etc.)	—	—	—	—	1,644	1,715	1,421	1,378

Capital items.

Items	£ (000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Long-term operations.</i>								
1. Amortisation :								
(a) of intergovernmental debts	184	377	139	—	—	—	—	—
(b) of other public debts . . .	—	—	—	—	3,591	4,868	3,857	3,819
2. Receipts from the United Kingdom in respect of British Savings Bank withdrawal warrants cashed in the Free State	(1)	1,077	847	734	—	—	—	—

The letter accompanying the statement points out that many of the figures must be accepted with reserve, as reliable information will not be forthcoming until statistics are available over a series of years. But all the figures except those specifically mentioned below are based directly on official returns.

No totals are shown in the table, as information is lacking concerning a number of the "invisible" items of the balance.

Current items.

Interest and dividends. The credit figures are based on returns made by bankers to the Revenue Commissioners showing the dividend and interest warrants of foreign securities cashed by them, on the interest on British Government securities inscribed at the Bank of Ireland, and on information regarding foreign income included in income-tax returns. The debit figures are likewise based on returns furnished to the Revenue Commissioners.

Post Office receipts and payments. The following figures are given for the gross international transactions of the Department for Posts and Telegraphs, less certain items which it has proved possible to differentiate and place under their appropriate headings in the balance-sheet. They are not shown in the body of the statement as they include amounts (e.g. money and postal orders purchased and received), in respect of transactions already mentioned in the statement.

	£ (000's)			
	1924	1925	1926	1927
Receipts	(2) 2,927	1,217	1,423	1,344
Payments	1,871	1,578	1,440	1,403

(1) Included in the figure for the receipts of the Department for Posts and Telegraphs in that year (see note below).
 (2) Including receipts in respect of British Savings Bank withdrawal warrants cashed.

Items	Lire (000,000's)					
	Inward or Credit Movements (Exports)			Outward or Debit Movements (Imports)		
	1925	1926	1927	1925	1926	1927
Brought forward . . .	30,396-30,721	30,152-30,786	22,648-22,978	27,722-28,047	27,845-28,170	22,484-22,774
11. Reparations in cash . . .	33	36	108	—	—	—
12. Diplomatic and similar exp. including Gov. exp. n.e.i. . .	100-110	150	280-320	215	350	300
13. Other current items . . .	17	100-150		150-200	300	120-150
Total	30,546-30,881	30,438-31,122	23,036-23,406	28,087-28,462	28,495-28,820	22,904-23,224
Surplus (+) or deficit (—) . .	+ 2,084 to + 2,794	+ 1,618 to + 2,627	— 188 to + 502			

Capital items (1).

Items	Lire (000,000's)					
	Inward or Credit Capital Movement			Outward or Debit Capital Movement		
	1925	1926	1927	1925	1926	1927
<i>I. Long-term operations.</i>						
1. Amortisation (2) :						
(a) of intergovernment. debts	—	—	—	127	650	515
(b) of other public debts . .	—	—	—	250	230	160
2. Purchases and sales :						
(a) of domestic securities . .	550	500-1,000	.	—	300-350	100-120
(b) of foreign securities . . .	.		.	200	60-100	70
3. New capital issues :						
(a) Government and muni- cipal (3)	127	530	—	70-80	165	80-110
(b) other	1,000	1,410-1,480	3,200		—	—
4. Other long-term investments	30	.	.	.	.	.
<i>II. Short-term operations.</i>						
5. Change in short-term debts :						
(a) claims on Italian banks .	—	—	240	1,050-1,100	250	—
(b) other	—	2,000	—	—	—	—
6. Change in short-term assets :						
(a) of the Treasury and the banks of issue	—	(1)	—	750	—	(1)
(b) private claims on foreign banks	—	—	—	—	—	120
Total	1,707	4,440-5,010	3,440	2,447-2,507	1,655-1,745	1,045-1,095
Net inward (+) or outward (—) movement of capital	-740 to -800	(4)	(4)			

(1) The capital movement is incompletely recorded, particularly as it was not possible to enter the change in the foreign floating assets of the Treasury and of banks in 1926 and 1927 (cf. the explanatory notes).
(2) Cf. footnote to Interest and dividends in the current account.
(3) Portions utilised (not total yield) of the issues concerned.
(4) Balances are not struck, as the record of the capital movement is not complete.

SUMMARY TABLE.

	Lire (000,000's)								
	Current items					Known capital items ⁽²⁾			All items
	Mer- chan- dise	Gold	Interest and dividends ⁽¹⁾	Other items	Total	Long-term	Short-term	Total	
1925 Credit .	21,015	1	300-330	9,230-9,535	30,546-30,881	1,707	—	1,707	32,253-32,588
Debit . .	26,201	81	420-500	1,385-1,680	28,087-28,462	647-657	1,800-1,850	2,447-2,507	30,534-30,969
Balance	-5,186	-80	- 200 to — 90	+ 7,550 to + 8,150	+ 2,084 to + 2,794	+ 1,060 to + 1,050	-1,850 to — 1,800	- 800 to — 740	⁽³⁾ + 1,284 to + 2,054
1926 Credit .	21,175	1	520-600	8,742-9,346	30,438-31,122	2,440-3,010	2,000	4,440-5,010	34,878-36,132
Debit . .	25,879	71	550-680	1,995-2,190	28,495-28,820	1,405-1,495	250	1,655-1,745	30,150-30,565
Balance	-4,704	-70	- 160 to + 50	+ 6,552 to + 7,351	+ 1,618 to + 2,627	⁽⁴⁾	⁽⁴⁾	⁽⁴⁾	⁽⁴⁾
1927 Credit .	15,015	3	600-750	6,818-7,038	23,036-23,406	3,200	240	3,440	26,476-26,846
Debit . .	20,378	151	925-1,125	1,450-1,570	22,904-23,224	925-975	120	1,045-1,095	23,949-24,319
Balance	-4,763	-148	- 525 to — 175	+ 5,248 to + 5,588	- 188 to + 502	⁽⁴⁾	⁽⁴⁾	⁽⁴⁾	⁽⁴⁾

In the memorandum accompanying the statement Professor Borgatta has given a brief outline of the recent development of Italy's balance of international payments. From 1915, the year in which Italy entered the war, until 1921 the commercial balance of the country was constantly passive. The trade deficit was met between 1915 and 1919 mainly by the opening of credits in favour of the Italian Treasury by the Allied Governments — the origin of the inter-Allied debts which were funded by the Washington and London Agreements. From 1919 to 1921, on the other hand, the deficit was covered chiefly by Italian State loans abroad, merchandise credits raised by importers and an increase in foreign claims on Italian banks due to purchases of lire by foreigners. In 1921 and 1922 the position improved rapidly and the period 1922 to 1925 was one of reconstruction. The latter period, indeed, was marked by a considerable reduction in the trade deficit, a restriction of exchange fluctuations (at all events up to 1924), the amortisation of various Government loans contracted abroad, the liquidation of commercial debts, a fall in the amount of bank credits held in Italy by foreigners, the return of securities previously held abroad and, to some slight extent, the export of Italian capital.

The years 1926 to 1927 marked a new stage. In the first eight months of 1926, the currency depreciated rapidly, the gold rate rising from 478 % of the old parity (January) to about 590 % (August). An energetic policy of deflation was then undertaken which prepared the way for the reform of the currency and the legal stabilisation at a new parity representing 366.66 % of the pre-war standard 16 months later.

The period of deflation may be divided into two stages. During the first (August 1926 to May 1927) there were rapid and continual falls in foreign exchange rates; the gold rate, which stood at 589.2 % in August 1926, fell to 434.5 % in December, 428.67 % in the following March and 357.8 % in May. During the second stage, the

(1) Cf. footnote to Interest and dividends in the current account above.

(2) Cf. footnotes to capital items above.

(3) Balance due to errors and omissions.

(4) Balances are not struck, as the record of the capital movement is not complete.

rate fluctuated between 346.07 % (monthly mean for June 1927) and 366.6 %, the rate at which the currency was eventually stabilised.

The fall in the foreign exchange rates was accompanied by a reduction of the trade deficit and also of certain "invisible" credit items, in particular emigrants' remittances. The following table shows the trade balance in the final period of currency depreciation (January to August 1926), in the period of rapid deflation (September 1926 to May 1927) and in the period of relative stabilisation preceding the currency reform (June to December 1927) :

	Imports	Exports	Deficit	Monthly deficit
		Gold francs (000,000's)		
January-August 1926	3,513.1	2,160.6	1,352.5	169.1
September 1926-May 1927	4,049.8	3,127.2	922.5	102.5
June-December 1927	2,953.5	2,532.2	421.3	60.2

The figures given above are official, but as the export figures from January to November 1926 are believed to be too low some correction is necessary. It is believed that this correction should be small, but even if an increase of 15 % — the coefficient suggested by the Central Statistical Institute — is made, it will be seen that the essential features of the movement of the commercial balance remain unaltered.

	Deficit	Monthly deficit
	Gold francs (000,000's)	
January-August 1926	1,004	125.5
September 1926-May 1927	771.8	85.75
June-December 1927	421.3	60.2

In 1928 the effects of the movement of home prices were more strongly felt than in 1927 and the trade deficit in terms of gold showed an increase as compared with the previous year.

In the course of 1927 the decline in emigrants' remittances, which had for some time been noticeable, became even more marked. The available estimates of tourists' expenditure, which must be accepted with some reserve, also show a decrease for the years 1926 and 1927 as compared with 1925.

During the years 1925 to 1927 a number of important loans were floated on foreign markets, but unfortunately no accurate figures are available for the amounts actually utilised. It is certain, however, that a considerable part of the yield from the loans raised in 1925 was reinvested abroad in 1926; that the yield of the 1926 loans was considerably higher than is shown by available figures (foreign credits of the Treasury and the Bank of Italy at the end of 1926); and that a portion of the long-term loans raised in 1927 represents simply the conversion of loans obtained in 1926 for periods not exceeding one year, while the greater part of the increase in foreign assets, as estimated from the data available for the end of 1927, represents reinvestments made during 1927 and, to some extent, during 1926. Further, there are no precise figures for the sales of shares and partnerships during the two years.

Professor Borgatta concludes this section of his memorandum by emphasising that the figures in the statement do not claim to give a complete picture of Italy's balance of payments but represent the approximate or presumed amount of the credit and debit items for which data exist. These, in fact, cover the main elements in the balance.

The estimates for current items in 1927, however, are believed to be more accurate than in 1926, because in 1927 there was no under-valuation of recorded merchandise

exports, more accurate information was available about the tourist movement and certain minor items, and the uncertainty arising from fluctuations in the exchange value of the lira was considerably lessened.

The explicative notes given in Professor Borgatta's memorandum are summarised below.

Current items.

Merchandise. The figures for merchandise relate to special trade. The import trade statistics are considered to agree well with the true commercial value of the imports, while the exports are believed to have been considerably under-estimated from 1921, when the new system of direct declarations by the exporters was introduced, to December 1st, 1926, when new regulations, providing for severe penalties in cases of false declaration, came into force. The error has been estimated by the Italian Central Institute of Statistics at 15 per cent and the adjustment under item 2 is calculated on the basis of this figure. Some experts consider, however, that the export figures should be increased by only 9-10 per cent.

Reparation receipts in kind, which are not shown by value in the trade returns, are not included in the table. During 1926 and 1927, the coal receipts amounted to 2.9 and 3.1 million tons, and machines and apparatus to 1,704 and 1,174 tons. The value of the coal only is estimated at more than 600 million lire in 1926 and 500 million lire in 1927.

Interest and dividends. The inward payments shown in the table represent interest and other profits from credit balances on current account in banks, holdings of foreign securities, Italian-owned direct investments and real estate abroad, and the foreign assets of the Treasury, the Bank of Italy and the National Exchange Institute.

Interest paid abroad on account of the Morgan loan and on the inter-Allied debts is included with amortisation in capital items 1 *a* and *b*.

Interest and amortisation payments on account of other public debt (item 4, debit) comprise the following amounts (in million lire) ;

	1925	1926	1927
Payments in respect of old loans :			
entered in the budget	65	104	52.7
paid by the Government through banks to persons living abroad 30-35		16-26	30-40
paid through the Public Debt Department	—	—	17.6
Payments in respect of :			
(<i>a</i>) new long-term loans	—	} 96.2	{ 250
(<i>b</i>) new short-term loans . . . . .	—			116.5

Private outward payments of interest, dividends and annuities are entered against item 5 (debit). The amounts were calculated from the bank accounts in favour of persons living abroad (3-3.2 milliard lire in 1926 and 3.2-3.5 milliard in 1927), Italian securities held abroad (1.2 milliard in 1926 and 1.4-1.5 milliard in 1927), direct investments by foreign enterprises in Italy, foreign-owned real estate, etc.

Shipping freights (item 6). The gross receipts of ships in traffic to and from Italy have been calculated as follows from statements collected by the Customs authorities (number of passengers and quantities of goods) and by the Merchant Marine Department (average freight rates).

	Goods loaded and unloaded. Metric tons (000's)			Passengers landing and embarking (000's)			Gross receipts £ (000's)		
	1925	1926	1927	1925	1926	1927	1925	1926	1927
<i>Italian ships.</i>									
Goods	11,029	12,189	13,331	—	—	—	6,768	8,611	8,908
Passengers	—	—	—	381	398	418	8,496	10,891	11,449
Total receipts	—	—	—	—	—	—	15,264	19,502	20,357
<i>Foreign ships.</i>									
Goods	12,980	10,209	12,082	—	—	—	8,353	7,164	8,435
Passengers	—	—	—	81	85	91	1,285	1,565	2,014
Total receipts	—	—	—	—	—	—	9,638	8,729	10,449

The receipts of Italian ships, expressed in Italian currency, work out at about 1,855 million lire in 1925, 2,455 million lire in 1926 and 1,940 million lire in 1927.

The earnings of Italian ships in the growing traffic between foreign ports are believed to have been greater lately than the payments to foreign ships on account of coastal trade in Italy, and 10-15 million lire in 1926 and 25-35 million in 1927 have been added to the shipping income on this account. A further 15 million lire have been added for 1927, as the General Directorate of the Merchant Marine records a greater number of passengers travelling on Italian ships (506,000) than is shown in the Customs statistics, which are believed to be incomplete.

From the totals thus obtained, the following sums, received not from foreign but from Italian sources, have been deducted :

	Lire (000,000's)		
	1925	1926	1927
Traffic between Italy and its colonies :			
freights	14.4	18.5	} 48
passenger fares	34.0	26.5	
Fares paid by Italians :			
emigrants leaving by sea	180-200	225-240	} 430-440
other Italian passengers	140	135-145	
Total	368-388	405-430	478-488

Port fees collected from foreign ships in Italian ports, and bunkers and stores purchased by such ships (item 7, credit) are taken at 5-6 per cent of their shipping income, as calculated above.

The corresponding expenditure by Italian ships abroad is believed to be very considerably higher : in contrast with foreign ships visiting Italy, the Italian ships are generally engaged in ocean traffic and visit several foreign ports on each journey. Moreover, some of the ships' stores bought in Italian ports by foreign and Italian ships are to be regarded as foreign goods, since they come from bond or from free zones, and not from the interior market. The expenses in question were calculated for 1925 at 20-25 per cent, for 1926 at 25-30 per cent and for 1927 at 25-28 per cent of the gross freight revenue of Italian ships.

Emigrants' remittances (item 9). Receipts from emigrants abroad declined in 1926 and 1927. The net receipts were :

In 1925 : 3,460-3,500 million lire = \$137.7-139.3 million.
 In 1926 : 3,015-3,100 million lire = \$117.3-120.6 million.
 In 1927 : 1,915-1,925 million lire = \$ 98.6- 99.1 million.

The decline is attributed partly to the fall in the number of emigrants. The number (in thousands) of departing and returning emigrants in the years 1923-1928 is shown in the following table.

Year	European and Mediterranean countries			Transatlantic countries			Total emigration (net)
	Departures	Returns	Net departures	Departures	Returns	Net departures	
1923	205	103	102	186	48	138	240
1924	239	128	111	138	72	66	177
1925	178	137	41	114	74	40	81
1926	141	119	22	129	79	50	72
1927	92	81	11	146	81	65	76
1928 (1)	91	78	13	100	69	31	44

The composition of the net receipts is given below.

	Lire (000,000's)		
	1925	1926	1927
Transmitted through six (in 1925, five) large private banks	1,531	1,562	1,260
Transmitted through the Bank of Naples, after deducting remittances to be deposited in the Post Office Savings Bank and to emigrants abroad	515	545	383
Deposits entered in the Post Office Savings Bank after deduction of disbursements to emigrants abroad	239	511	23
Transmitted through Post Office on account of certain American bankers using current postal accounts	6	—	—
Postal orders (net)	255	150	50
Transmitted through other banks, shipping companies, etc. (net)	750	300-400	260-300
Transmitted by letter post	160-200	100-135	60
Total	3,460-3,500	3,168-3,303	2,036-2,076
Deduct : Previous remittances withdrawn, and remittances from Italy to emigrants abroad, not accounted for above	—	150-200	120-150
Net remittances	3,460-3,500	3,018-3,103	1,916-1,926

As will be seen, most of the figures are net, remittances from Italy to emigrants abroad being deducted. The gross amount deposited in the Post Office Savings Bank was 606 million lire in 1926 and 178 million in 1927. Remittances by postal orders totalled 229 million in 1926 and 129 million in 1927. The gross receipts through the Bank of Naples and their origin, together with deductions made, are shown below.

(1) Provisional figures.

From	Lire (000,000's)		
	1925	1926	1927
United States	538.96	484.72	
Brazil	112.94	147.13	
Other countries	27.92	15.04	
Total	679.82	646.89	416
Deduct :			
Sums for deposit in Post Office Savings Bank	125	89	18
Remittances to emigrants abroad	40	12-13	15
Net receipts	515	545	383

Funds taken out by emigrants, etc. The sums entered against item 8 comprise the following amounts (in million lire) :

	1925	1926	1927
<i>Debit.</i>			
Funds taken out by emigrants to :			
U.S.A.	52	80	60
other transatlantic countries	112-130	170	140-175
European countries	85	80-100	40-50
<i>Credit.</i>			
Funds brought in by emigrants returning from :			
transatlantic countries	150-170	195-235	175-190
European countries	150	140-162	89-95

The amounts are calculated from the number of emigrants concerned and the assumed average holdings of emigrants belonging to each category. Allowances have been made on account of minors and other emigrants without savings and for the variations in the exchange value of the lira.

Tourists' expenditure (item 10). According to a recent publication by E.N.I.T. (Ente Nazionale Italiano di Turismo) ⁽¹⁾ the number of foreigners visiting Italy and of Italians visiting foreign countries in 1926 and 1927 was as follows :

	Foreigners visiting Italy		Italians having visited foreign countries	
	1926	1927	1926	1927
Arriving by :				
rail	1,009,826	917,310	522,519	416,113
motor vehicles	50,000	62,000	23,000	23,000
sea	92,298	95,417	90,722	88,784
Total	1,152,124	1,074,727	636,241	527,897
Less returning emigrants	—	—	302,000	242,000
	1,152,124	1,074,727	334,241	285,897

(1) *Statistica del Movimento Turistico in Italia, 1926-27.*

A rough distribution of the foreign visitors by nationalities is given below :

	1926	1927
English	168,000	143,000
Germans	207,000	228,000
North Americans	180,000	187,000
South Americans	46,000	52,000
Czechoslovaks, Austrians, Hungarians, Yugoslavs.	222,000	165,000
French	82,000	65,000
Belgians, Dutch, Danes, Swedes, Norwegians	51,000	56,000
Spaniards, Portuguese	22,000	19,000
Swiss	172,000	50,000
Other nationalities		105,000
Total	1,150,000	1,070,000

In calculating the expenditure of foreign visitors in Italy, the E.N.I.T. has taken their average stay at 14.5 days in 1926 and 13.6 days in 1927 and their daily expenditure at 190 and 175 lire respectively. The totals arrived at are 3,168 million lire in 1926 and 2,547 million lire in 1927. Professor Borgatta considers that in 1927 the average stay was somewhat longer than 13.6 days and that the daily expenditure was greater than 175 lire owing to the increase in the number of American tourists and the gradual adaptation of domestic prices to the fall in exchange rates. The figures for the expenditure of foreign tourists adopted by him are 3,000-3,350 million lire in 1926 and 2,700-2,800 million in 1927.

The expenditure of Italian tourists abroad is estimated by E.N.I.T. on the basis of an average stay abroad of 10 days and a daily expenditure of 127 lire in 1926 and 117 lire in 1927. Total expenditure under this item works out at 424 and 335 million lire respectively. Allowing for expenditure included elsewhere in the account in 1927, Professor Borgatta calculates the expenditure under this head at 400-450 million lire in 1926 and 300 million in 1927.

Government expenditure. The amounts entered on the debit side against item 12 comprise the following Government expenditure abroad.

Expenses in respect of :	Lire (000,000's)		
	1925	1926	1927
Ministry of Foreign Affairs.	40.1	33.0	
Italian schools abroad	22.3	24.5	58.0
Emigration service	5.0	5.7	
War and other pensions	8.7	21.6	20.0
Danube — Adriatic Railways	33.1	59.9	38.0
Contribution to League of Nations	7.8	7.2	5.3
1904 Rome loan	4.4	—	—
Ministries of War, Marine, Aviation, Communications	8.0	(¹) 150.0	(²) 138.0
Ministry of Colonies	8.5	10.8	8.6
Other Ministries.	5.5	4.4	
Commissions and marketing of bonds through the Bank of England	59.1	—	—
Miscellaneous	9.5	31.4	32.9
Total	212.0	348.5	300.8

(1) " More than 150 million ."
 (2) Roughly.

The sums entered on the credit side represent the expenditure of foreign governments in Italy on account of representation, schools, etc.

Other current items. The credit figures shown against item 13 for 1926 and 1927 include the net receipts of the Holy See.

In the debit figures there are included, *inter alia*, net outward payments on account of insurance. In 1926 these amounted to 50-100 million lire.

Capital items.

As mentioned above, the information with regard to the capital movement is defective. "The figures do not afford a complete conspectus of the position, but merely represent a recapitulation of the incomplete data which the compiler was able to obtain."

Item 1 *a* shows payments in respect of inter-Allied debts. In each of the years 1926 and 1927 these comprised £4 million to the United Kingdom and \$5 million to the United States.

Item 2 *b* shows the following payments in respect of public debts :

	1925	1926	1927
		Lire (000,000's)	
Repayment of the "Dollar loan" (including interest for half a year)	250	—	—
Service of the "Morgan loan" :			
amortisation	—	175	160
interest	—	42	
To the Bank of England for the redemption of old bonds. . .	—	13	—
Total	250	230	160

The repayment of other public debts is included with interest payments in the current account (current item 4).

Sales of securities (item 2, credit) are given at 500-1,000 million lire (100-200 million gold francs) in 1926. In this sum new issues abroad of Italian shares to an amount of 500-600 million lire are included. Among these was that of Snia Viscosa, which disposed of shares to the value of some 400 million lire in England and the United States. This operation was arranged at the end of 1925, but not completed until 1926.

It was not found possible to estimate the amount of securities sold and shares issued abroad during 1927.

The value of Italian Government bonds repurchased (item 2 *a*, debit) is calculated from the fall in the interest payments by the Public Debt Department on account of bonds held abroad. The purchases of foreign securities (item 2 *b*, debit) are calculated from the data concerning the amount of foreign scrip subject to stamp duty.

Item 3 *a* shows on the credit side the portions utilised in 1925 and 1926 of the so-called Morgan loan of nominally \$100 million, raised in November 1925. The 530 million lire utilised in 1926 equalled 103 million gold francs.

Of the amounts entered on the debit side against the same item in 1926 and 1927, 115 million lire in the former and 72 million in the latter year relate to the Government loan to Roumania, and the remainder to the "Albanian Public Works Loan". This loan amounted to 50 million gold francs, of which the greater part was left on deposit with the Italian National Exchange Institute (1).

(1) Only net payments out of the loans concerned have thus been entered against item 3 *a* (credit and debit). Generally in this volume, new loans raised or granted have been shown by their total yield in the table, and the necessary adjustment is obtained by including also the total change in the floating foreign assets and debts.

Item 3 *b* shows the private loans raised abroad. Of the amount shown for 1926, 1,410 million lire, equalling 282 million gold francs (the nominal value was 310 million gold francs) represent the yield of loans raised during the year, and the rest loans subscribed in 1925 but not completed in that year. Similarly, the 3.200 million lire (equivalent to 820 million gold francs, out of a nominal amount of 884 million), entered for 1927 include certain sums subscribed in 1926.

Item 5 *a* shows the variations in the holdings in Italian banks of persons living abroad. The increase in such holdings during 1927, 240 million lire, consists of the difference between the increase of claims in foreign currencies on Italian banks plus the non-liberated deposits with banks in Italy of foreign subscriptions to the "Littorio Loan", together equalling some 410 million lire, and a decrease of claims in lire, 170 million.

The foreign currency holdings of Italian banks for the account of Italians rose by 120 million lire in 1927 (item 6 *b*).

Item 5 *b* indicates an increase in the short-term indebtedness during 1926 of 2,000 million lire. This amount represents private borrowings of foreign currency, transferred to the State in exchange for lire on condition of repayment within one year against re-deposit of lire. The gold value of these credits was over \$77.2 million (400.6 million gold francs). In the following year, these short-term credits were largely converted into private long-term loans, but no reliable information was available concerning the amount of short-term borrowings and no entry has been made in the table against this item.

The foreign holdings of the Treasury and the issuing banks are shown below.

	Gold lire (000,000's) End of			
	1924	1925	1926	1927
Treasury	235.0	799.8	130.0	30.5
Issuing banks (1)	151.6	184.7	644.7	(2) 1,992.7
Total	386.6	984.5	774.7	2,023.2
Increase (+) or decrease (—) during the year		+ 597.9	— 209.8	+ 1,248.5

During 1925 there was an increase in the holdings of the Treasury and the issuing banks of 597.9 million gold francs, or about 3,000 million lire ; but of this amount the Morgan loan was responsible for about 450 million gold francs. As only the amount of the Morgan loan utilised for purchases in each year has been entered on the credit side of the main account, the increase in the foreign holdings of the Treasury and the banks of issue in the statement was only about 150 million gold francs, or 750-800 million lire (item 6 *a*).

In 1926 the Morgan Fund (amounting to 463.8 million gold francs at the end of the year) was transferred from the Treasury to the Bank of Italy. Making allowance for the payments abroad out of that fund, there was in the course of the year a decrease in the foreign assets of both these institutions of some 100 million gold francs. This decrease was offset by an increase in foreign assets held by the National Exchange Institute and private banks and companies. No statistics are available, however, on which an estimate of these items could be based.

(1) Before July 1st, 1926, the Bank of Italy, the Bank of Naples and the Bank of Sicily ; thereafter the Bank of Italy only.

(2) The balance sheet of the Bank of Italy shows the foreign assets at the end of 1927 at 2,061.5 million gold francs, but 63.8 million gold francs, derived from the conversion of part of a previously existing reserve, have been deducted above. A few tens of millions were utilised in 1927 for the purchase of gold bullion.

In 1927 the assets of the Treasury and the issuing banks rose by 1,248.5 million gold francs. This exceeds the proceeds from new borrowings, although these were not wholly used for the formation of foreign reserves. It is therefore believed that the increase includes unused balances of earlier loans. The foreign assets of the National Exchange Institute are known to have been reduced to comparatively small proportions in 1927. In fact the foreign exchange, gradually accumulated in various forms and on various hands, was to a great extent concentrated in that year in the reserves of the Bank of Italy.

For the reasons mentioned, the change in the foreign assets of the Treasury and the banks of issue during 1926 and 1927 cannot be taken as representing the change in the aggregate floating assets, and the amounts have not been entered in the table showing the capital movement.

Between October 1925, when the raising of foreign loans began, and the end of 1927, the reserves of foreign credits held by public institutions increased by 1,500 million gold francs, representing the reinvestment of the greater part of 2,000 million gold francs raised abroad in short and long-term loans (excluding shares issued abroad) during the same period. A minor part of the loans was placed on bank account abroad or used for the repurchase of domestic securities.

JAPAN

Estimates of the Japanese balance of payments for 1926 and 1927, based on the form sent out by the League of Nations, have been supplied by the Government of the country, and the figures for 1925, published last year together with those for 1924, have been revised. The estimates for these four years are set out below.

Current items.

Items	Yen (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Merchandise.</i>								
1. Merchandise	1,902.2	2,406.7	2,154.3	2,106.6	2,631.4	2,768.4	2,593.4	2,394.0
<i>II. Gold coin and bullion.</i>								
2. Gold coin and bullion	—	22.1	32.1	36.1	—	0.1	0.3	0.1
<i>III. Interest and dividends.</i>								
3. Interest on public debts	14.2	12.7	10.1	13.5	66.2	75.5	72.7	74.6
4. Other interest and dividends on long-term capital	63.8	86.3	81.4	78.7	19.3	34.0	36.3	28.4
5. Interest on short-term capital . . . . .	.	.	.	.	.	.	.	4.0
<i>IV. Other current items.</i>								
6. Shipping freights	(¹) 167.8	(¹) 181.7	(¹) 175.1	186.0	(²) 3.4	(²) 0.6	(²) 0.6	2.9
7. Port fees	2.6	2.8	3.1	1.9	35.4	36.5	43.8	37.0
8. Other transport fees . . . . .	.	.	.	(⁴)	.	.	.	.
9. Commissions, insurance, brokerage	104.2	117.3	92.2	96.4	89.0	97.0	90.0	95.9
10. Post, telegraph, telephone . . . . .	.	.	.	1.1	.	.	.	9.1
11. Immigrants' and emigrants' funds	96.1	65.3	52.7	54.8	4.2	4.1	4.3	3.7
12. Immigrants' and emigrants' remittances	27.8	29.9	33.7	34.6	28.1	26.7	24.8	25.0
13. Tourists' expenditure	7.0	4.9	5.3	5.3	(³)	(³)	(³)	10.5
15. Reparation receipts in cash . . . . .	.	.	.	1.0	—	—	—	—
16. Counter-value of reparations in kind, included in mer- chandise imports above	24.3	20.6	24.0	5.1	—	—	—	—
17. Other Government receipts and expenditure . . . . .	.	.	.	16.2	80.8	87.0	66.9	49.9
18. Other items	—	—	—	0.6	—	—	1.6	8.0
Total	2,410.0	2,950.3	2,664.0	2,637.9	2,957.8	3,129.9	2,934.7	2,743.1
Deficit (—)	— 547.8	— 179.6	— 270.7	— 105.2				

(1) Maritime freight on goods imported in national ships, which is included herein and also in Group I of imports amounted to approximately 74 million yen in 1924, 72 million yen in 1925, 77 million yen in 1926 and 78 million yen in 1927.

(2) Passage money excluded (included in items 13 and 17).

(3) Included in item 17.

(4) Included in item 6.

Capital items.

Items	Yen (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1924	1925	1926	1927	1924	1925	1926	1927
I. Long-term operations.								
1. Amortisation :								
(a) of public debts	70.0	0.5	0.2	2.3	148.4	18.2	62.4	9.0
(b) of other debts ⁽¹⁾	12.6	26.2	61.4	33.4	5.6	21.6	29.4	48.1
2. Purchases and sales :								
(a) of real estate	—	—	1.7	.	—	—	—	.
(b) of domestic securities	203.2	31.2	48.5	52.2	181.6	59.1	61.9	113.5
(c) of foreign securities	21.4	40.5	24.3	11.2	87.3	85.4	15.1	44.9
3. New capital issues	308.7	137.0	103.9	⁽³⁾ 51.3	—	—	—	—
4. Other long-term investments	53.9	18.0	24.3	.	9.0	5.2	58.6	61.1
II. Short-term operations.								
5. Currency notes imported	—	—	—	—	—	0.6	—	—
6. Change in short-term debts ⁽²⁾	309.8	116.3	233.8	50.0	—	—	—	10.2
7. Change in short-term assets ⁽²⁾				132.9				.
Total	979.7	369.7	498.1	333.3	431.9	190.1	227.4	286.8
Net inward movement of capital (+)	+ 547.8	+ 179.6	+ 270.7	+ 46.5				

SUMMARY TABLE.

	Yen (000,000's)								
	Current items					Capital items			All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
1924 Credit	1,902.2	—	78.0	429.8	2,410.0	669.9	309.8	979.7	3,389.7
Debit	2,631.4	—	85.5	240.9	2,957.8	431.9	—	431.9	3,389.7
Balance	— 729.2	—	— 7.5	+ 188.9	— 547.8	+ 238.0	+ 309.8	+ 547.8	—
1925 Credit	2,406.7	22.1	99.0	422.5	2,950.3	253.4	116.3	369.7	3,320.0
Debit	2,768.4	0.1	109.5	251.9	3,129.9	189.5	0.6	190.1	3,320.0
Balance	— 361.7	+ 22.0	— 10.5	+ 170.6	— 179.6	+ 63.9	+ 115.7	+ 179.6	—
1926 Credit	2,154.3	32.1	91.5	386.1	2,664.0	264.3	233.8	498.1	3,162.1
Debit	2,593.4	0.3	109.0	232.0	2,934.7	227.4	—	227.4	3,162.1
Balance	— 439.1	+ 31.8	— 17.5	+ 154.1	— 270.7	+ 36.9	+ 233.8	+ 270.7	—
1927 Credit	2,106.6	36.1	92.2	403.0	2,637.9	150.4	182.9	333.3	2,971.2
Debit	2,394.0	0.1	107.0	242.0	2,743.1	276.6	10.2	286.8	3,029.9
Balance	— 287.4	+ 36.0	— 14.8	+ 161.0	— 105.2	— 126.2	+ 172.7	+ 46.5	⁽⁴⁾ — 58.7

(1) The repatriation of Japanese capital invested in foreign enterprises is included in the credit figures entered against this item.

(2) The figures entered against items 6 and 7 for the years 1924-26 are not based on direct evidence but are interpolated as balancing accounts.

(3) Of which 37.0 Government and municipal.

(4) Balance due to errors and omissions.

The fact that for the years 1924-26 a perfect balance is struck in the above table should not be taken as proof of a rigid exactitude of the figures, for the amounts entered as short-term capital operations in these years are not based on direct evidence, but calculated by a process of exhaustion and include, therefore, allowances for possible errors and omissions in the other items of the account.

The figures for export and import of merchandise and gold in this statement differ from those given in the Japanese trade returns in that they include the foreign trade of Korea and Formosa and certain unrecorded exports and imports. The figures for merchandise are made up as follows :

	Yen (000,000's)							
	1924		1925		1926		1927	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Merchandise, including silver bullion and subsidiary coin, general trade	1,807	2,457	2,306	2,573	2,048	2,379	1,992	2,179
Foreign trade of Korea ⁽¹⁾	22	98	24	105	25	124	28	114
Foreign trade of Formosa ⁽¹⁾	43	46	48	56	49	62	45	66
Ships' stores purchased by foreign ships	15	—	11	—	14	—	11	—
Unrecorded export of aquatic products	15	—	15	—	18	—	31	—
Ships sold	—	—	3	—	—	—	—	—
Import of articles for the Imperial Family; books and periodicals not imported as parcels post; ships' stores purchased abroad by Japanese ships; ships purchased	—	30	—	34	—	35	—	35
Total	1,902	2,631	2,407	2,768	2,154	²⁾2,600	2,107	2,394

(1) The figures represent trade between Korea and Formosa on the one hand and countries other than Japan on the other. Neither this trade nor that between Japan and the two countries mentioned is included in the Japanese trade statistics.

(2) The total has subsequently been corrected to 2,593. The corrected details are not available.

LATVIA

Official estimates of the balance of international payments of Latvia for 1924 and 1926 were published in last year's edition of this *Memorandum*. An estimate for 1927 has now been supplied by the Latvian Government. The manner in which the statement has been compiled is explained in two articles written by M. Alfreds Ceichners for the *Latvian Economist* ⁽¹⁾, which is published by the Latvian Ministry of Finance.

The articles in question deal with the balance of payments of Latvia during the years 1920-1925, and the whole period from 1920 to 1927 is accordingly treated here. The figures for 1920-1923, which are less complete than those for other years, are reproduced in the summary table only.

Current items.

Items	Lats (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
I. Merchandise.								
1. Merchandise	167.1	179.6	188.5	221.2	251.6	281.0	260.2	250.0
2. Adjustment for :								
(a) wrong valuation	—	—	—	—	—25.1	—28.1	—26.0	—25.0
(b) ships purchased abroad .	—	—	—	—	—	5.7	2.2	2.9
(c) unrecorded Government imports	—	—	—	—	2.8	3.6	11.3	1.0
(d) ships' stores exported .	1.5	2.0	2.0	2.5	—	—	—	—
(e) parcels post exports . .	—	5.7	—	—	—	—	—	—
3. Contraband	4.8	6.7	—	—	3.5	3.8	—	—
II. Gold coin and bullion.								
4. Gold coin and bullion	2.5	—	—	—	4.3	0.1	0.1	—
III. Interest and dividends.								
5. Interest on public debts . . .	—	—	—	—	0.6	0.2	(²)	(²)
6. Other interest and dividends on long-term capital	—	—	—	—	—	1.0	1.3	0.8
7. Interest on short-term capital	1.1	1.5	1.6	1.2	3.2	3.4	4.8	6.6
IV. Other current items.								
8. Shipping freights (net)	2.7	2.3	3.5	4.8	1.0	—	—	—
9. Port fees	0.8	0.8	0.8	1.1	(³)	(³)	(³)	(³)
Carried forward	180.5	198.6	196.4	230.8	241.9	270.7	253.9	236.3

(1) No. 12, December 1925, and No. 10-12, October-December 1926.
 (2) Included with amortisation, capital items 1 a and b.
 (3) The shipping income is shown net against item 8.

Items	Lats (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
Brought forward	180.5	198.6	196.4	230.8	241.9	270.7	253.9	236.3
10. Other transport fees	6.6	5.3	4.9	4.8	1.8	1.1	1.3	—
11. Commissions, insurance	2.1	3.6	4.0	3.2	2.4	4.3	3.0	4.3
12. Post, telegraph and telephone	1.1	—	1.6	0.9	0.9	—	0.9	0.7
13. Funds of returning emigrants	0.8	0.4	—	—	—	—	—	—
14. Emigrants' remittances	8.4	7.9	8.0	8.0	—	—	—	—
15. Tourists' expenditure	(1) 11.0	34.8	26.9	19.3	—	10.5	14.5	12.1
16. Diplomatic and similar expenditure	3.9	4.6	4.6	4.8	1.3	1.5	1.6	1.6
17. Other Government receipts	1.2	1.4	1.3	1.3	—	—	—	—
18. Other current items	—	—	2.3	3.9	—	—	—	—
Total	215.6	256.6	250.0	277.0	248.3	288.1	275.2	255.0
Surplus (+) or deficit (—)	—32.7	—31.5	—25.2	+ 22.0				

Capital items.

Items	Lats (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Long-term operations.</i>								
1. Amortisation :								
(a) of intergovernmental debts	—	—	—	—	4.0	0.3	2.2	2.2
(b) of other public debts	—	—	—	—	1.8	2.6	—	—
2. Purchases and sales :								
(a) of real estate abroad	—	—	—	—	—	—	—	0.5
(b) of real estate in the country	0.6	—	—	—	—	—	—	—
3. Other long-term investments	25.0	17.3	14.0	9.5	7.0	—	—	—
<i>II. Short-term operations.</i>								
4. Change in short-term debts	(2)	(2)	(2)	12.1	(2)	(2)	(2)	—
5. Change in short-term assets				—				28.5
Total	25.6	17.3	14.0	21.6	12.8	2.9	2.2	31.2
Net inward (+) or outward (—) movement of capital	+12.8	+14.4	+11.8	— 9.6				

(1) Net.
(2) Full information concerning the movement of short-term capital is not available. Certain particulars regarding the change in the floating assets and liabilities of banks are given in the text on pages 124-125.

SUMMARY TABLE.

	Lats (000,000's)								
	Current items					Capital items			All items
	Mer- chandise	Gold	Interest and divi- dends	Other items	Total	Long- term	Short- term	Total	
1920 Credit . . .	62.8	(1)	—	21.5	84.3	.	.		
Debit . . .	88.4	(1)	—	2.1	90.5	.	.		
Balance . . .	— 25.6		—	+ 19.4	— 6.2				
1921 Credit . . .	35.9	(1)	—	34.6	70.5	.	.		
Debit . . .	68.4	(1)	0.5	2.4	71.3	(2) 0.4	.		
Balance . . .	— 32.5		— 0.5	+ 32.2	— 0.8				
1922 Credit . . .	120.3	(1)	—	30.4	150.7	.	.		
Debit . . .	102.4	(1)	1.2	3.1	106.7	(2) 15.1	.		
Balance . . .	+ 17.9		— 1.2	+ 27.3	+ 44.0				
1923 Credit . . .	175.9	(1)	1.1	39.4	216.4	.	.		
Debit . . .	194.2	(1)	0.4	4.7	199.3	(2) 2.1	.		
Balance . . .	— 18.3		+ 0.7	+ 34.7	+ 17.1				
1924 Credit . . .	173.4	2.5	1.1	38.6	215.6	25.6	.	25.6	241.2
Debit . . .	232.8	4.3	3.8	7.4	248.3	12.8	.	12.8	261.1
Balance . . .	— 59.4	— 1.8	— 2.7	+ 31.2	— 32.7	+ 12.8		+ 12.8	(3)— 19.9
1925 Credit . . .	194.0	—	1.5	61.1	256.6	17.3	.	17.3	273.9
Debit . . .	266.0	0.1	4.6	17.4	288.1	2.9	.	2.9	291.0
Balance . . .	— 72.0	— 0.1	— 3.1	+ 43.7	— 31.5	+ 14.4		+ 14.4	(3)— 17.1
1926 Credit . . .	190.5	—	1.6	57.9	250.0	14.0	.	14.0	264.0
Debit . . .	247.7	0.1	6.1	21.3	275.2	2.2	.	2.2	277.4
Balance . . .	— 57.2	— 0.1	— 4.5	+ 36.6	— 25.2	+ 11.8		+ 11.8	(3)— 13.4
1927 Credit . . .	223.7	—	1.2	52.1	277.0	9.5	12.1	21.6	298.6
Debit . . .	228.9	—	7.4	18.7	255.0	2.7	28.5	31.2	286.2
Balance . . .	— 5.2	—	— 6.2	+ 33.4	+ 22.0	+ 6.8	— 16.4	— 9.6	(4)+ 12.4

In 1920 and 1921, imports and exports were recorded in roubles, and the values have been converted into lats at the average rates for each month. Owing to the decline of the Latvian rouble, the figures are uncertain, and the information for these years is stated to be "of a purely hypothetical character". There was, however, a debit balance on account of current items, covered by foreign credits.

For 1922 and 1923, the summary table shows a total credit balance on account of current items of 61.1 million lats. Amortisation of the public debt reduced this balance to 43.9 million lats. The surplus went to raise the foreign currency reserves of the banks, which increased from 5.2 to 51.3 million lats, or by 46.1 million. This increase would have amounted to 47.8 million had not the Bank of Latvia lost 1.7 million on deposits in British banks (5). At the same time foreign long-term capital began

- (1) Included in merchandise.
- (2) Amortisation of the public debt.
- (3) Balance including (a) the movement of short-term capital, (b) errors and omissions.
- (4) Balance due to errors and omissions.
- (5) Losses and profits on exchange operations do not belong to the balance of international payments and are, accordingly, to be taken into account as an adjustment of the short-term capital operations when these are measured by comparing outstanding short-term debts and assets at the beginning and the end of the year.

to enter the country, but was offset by the repayment of the foreign credits received in earlier years.

In 1924, there was a debit balance on current items of 32.7 million lats. Of this amount the influx of foreign long-term capital was responsible for 12.8 million lats. Available information concerning the movement of short-term capital, although it refers to banks only, indicates how the remaining deficit was met :

	Lats (000,000's)
Foreign correspondents' account of Latvian commercial banks :	
(a) decrease in assets	5.1
(b) increase in debts	9.5
Decrease in the foreign currency reserves of the Bank of Latvia	7.4
<i>Deduct</i> : Increase in the foreign currency reserves of Latvian commercial banks	— 2.9
(Total decrease in net foreign short-term assets of the banks)	19.1
<i>Add</i> : Profit of the Bank of Latvia on account of exchange operations	2.7
Total influx of short-term capital through banks	21.8

The import of gold by the Bank of Latvia appears to have been excluded from trade returns, and the current account as shown in the tables is, therefore, somewhat incomplete. A sum of 10.7 million lats (4 million gold roubles) was, however, transferred to Latvia by Russia in execution of the peace treaty and additional sums purchased.

For 1925, the summary table shows a debit balance of 17.1 million lats on account of current items and long-term capital. This deficit appears to have been met by means of the foreign deposits of the Bank of Latvia, which were reduced by 20.2 million lats gross. The net figure, after allowing for the profit of the Bank of Latvia on foreign exchange operations, was 18.4 million lats.

The decline in these deposits continued in 1926, offsetting part of the debit balance on account of current items and long-term capital in that year (13.4 million lats).

For 1927, the information concerning the movement of short-term capital is more complete and has been inserted in the table. The statement shows an excess of credit items of 12.4 million lats. From the available information it is not possible to state whether this is due to the inadequacy of the data relative to the credit or the debit items of the account, or whether both totals require some adjustment. Were the information complete, the account would, of course, balance exactly.

The information concerning capital movements has been obtained mainly from State departments and from the replies to circular letters sent out to Latvian shipping companies and commercial banks, and in later years from an annual investigation of the foreign debts and assets of commercial banks and joint-stock companies undertaken by the Credit Department.

Current items.

Merchandise. The following adjustments of the recorded value of merchandise have been made. On the credit side, the value of food and other goods (except bunker fuel, which is included in the recorded exports) taken on board by foreign merchant ships in Latvian ports has been entered against item *2d*. For 1925, 5.7 million lats have been added under item *2e* on account of unrecorded parcels post, the exports by post to Russia being particularly heavy in this year.

Food and other goods taken on board by foreign merchant ships were valued at 0.5 million lats in 1920, 1 million in 1921, and 1.5 million in 1922 and 1923.

On the debit side, a deduction of 10 per cent is made from the recorded value of imports (item 2*a*). The reasons for this deduction are that a considerable proportion of the goods imported was sent to Latvia on consignment and purchased at prices appreciably below those indicated on the invoices; that, in certain cases, the invoices do not show conditional deductions allowed to the importers; and that allowance has to be made for false declarations of value intended to mislead the fiscal authorities.

Additions have been made to imports on account of purchases of ships and expenditure in connection with shipbuilding abroad (item 2*b*; the figures are net, the value of ships sold abroad having been deducted) and Government imports not included in trade returns (item 2*c*; the figures for 1924, 1925 and 1927 relate to arms and war materials only). During the period 1920-1923, no purchases of ships are recorded, but Government imports amounted to 2.3 million lats (the whole of this importation took place in 1922).

Ships' stores purchased by Latvian ships abroad are omitted from the group, the net freight income being shown against item 8.

Certain goods, passing through Latvia in transit to and from Russia, are in fact bought and sold in Latvia by the Russian trade representatives. It has not been possible to estimate and allow for the profits of Latvian merchants on these operations, but it is believed that they amount to at least some millions of lats annually.

Item 3, Contraband, shows on the credit side the unrecorded local exports over the Russian frontier. Most of the goods in question were sold at the "trading stations". On January 1st, 1925, these stations were closed. The total exports are valued at 50 million lats during the period 1921-1924. The Russian buyers paid in precious metals, jewels, or gold and silver coins, later in the Russian official currency (the chervonetz), also to some extent in flax and other goods. It is estimated that, of the payments thus received, 10 million lats in jewels and precious metals, subsequently exported from Latvia, were not included in the import returns (1). The net exports in the frontier trade during the period were thus 40 million, distributed as follows: 1921, 6 million; 1922, 16.8 million; 1923, 12.4 million; 1924, 4.8 million. In 1925, the contraband exports to Russia are calculated at 6.7 million lats on the assumption that the goods seized and confiscated by the Russian Customs authorities on the Latvian frontier represented 5 per cent of total smuggling.

Contraband imports into Latvia are calculated in the same manner at 1.2 million lats in 1920, 2.3 million in 1921, 3.5 million in each of the years 1922, 1923 and 1924, and 3.8 million in 1925.

It is stated that during 1926 contraband imports and exports amounted to several million lats. No figures have, however, been entered into the tables for this year or for 1927.

Interest and dividends. The following interest payments were made on account of Government foreign debt during the period 1921-1925 (*cf.* item 5). No payments were made in 1920.

	Lats (000's)				
	1921	1922	1923	1924	1925
Norwegian Government	516	429	364	162	—
British Government	19	28	14	16	—
Lloyds Bank	—	728	—	449	160
Total	535	1,185	378	627	160

(1) This accounts in part for the fact that during some years there was a considerable Latvian export of precious metals, whereas recorded imports were insignificant.

The small interest payments in 1926 and 1927 on account of Government foreign debt are included with amortisation in capital items 1a and b.

Item 6 shows the amounts of dividends paid to foreign shareholders ; item 7, on the credit side, interest received by the Bank of Latvia on account of foreign deposits and, on the debit side, interest paid on account of merchandise and other short-term credits.

Certain interest receipts of commercial banks on account of foreign deposits are included with commissions in the sums shown against item 11 (see below).

Freights. The income from shipping (item 8) is shown net. The gross receipts and the expenditure abroad for food, fuel, loading, brokerage, etc., of the greater part of the Latvian fleet have been communicated by the Latvian shipping companies and the net receipts of the remainder have been estimated.

The following total net receipts were arrived at :

	Lats (000,000's)		Lats (000,000's)
1920.	0.7	1924.	2.7
1921.	1.0	1925.	2.3
1922.	1.6	1926.	3.5
1923.	2.5	1927.	4.8

The gross receipts were considerably higher ; in 1924, they were estimated at 7.7 million lats.

Port fees paid by foreign vessels in Latvian ports (item 9) have been calculated from the total receipts of port fees and the known proportion between the tonnage of foreign and national ships entering Latvian ports. The amounts thus obtained for the three years 1921-1923 were 0.2, 0.9 and 0.7 million respectively.

Receipts and expenditure on account of railway transport (item 10) comprise the following amounts :

	Lats (000,000's)						
	1921	1922	1923	1924	1925	1926	1927
<i>Receipts.</i>							
For the transport of goods in transit :							
(a) receipts from Russia	3.1	1.7	3.9	2.7	2.1	4.0	4.8
(b) receipts from other countries	0.7	0.5	2.0	1.9	2.2		
For the transport of passengers and goods, repairs, use of carriages, etc.	—	1.1	0.9	1.0	1.0	0.9	
Other receipts from transit traffic	—	—	—	1.0	—	—	
Total	3.8	3.3	6.8	6.6	5.3	4.9	4.8
<i>Payments.</i>							
On account of transport of passengers and goods, repairs, use of carriages, etc.	—	0.7	1.5	1.8	1.1	1.3	—

The information concerning the receipts from Russia on account of goods in transit (the first item in the above table) is obtained from the railway administrations and receipts from other States are calculated on the assumption that these pay by weight on the same scale as Russia.

Insurance and commission (item 11). Insurance receipts and payments have been as follows :

	Lats (000,000's)					
	1922	1923	1924	1925	1926	1927
<i>Receipts from foreign insurance companies :</i>						
Premia received for re-insurance (commission deducted)	0.1	0.4	0.4	0.6	3.0	3.0
Compensation obtained for losses	0.7	1.0	1.7	2.0		
Total	0.8	1.4	2.1	2.6	3.0	3.0
<i>Payments to foreign insurance companies :</i>						
Premia paid for re-insurance (commission deducted)	0.9	1.6	2.0	2.4	3.0	3.0
Compensation paid on re-insurance	—	0.2	0.4	0.4		
Total	0.9	1.8	2.4	2.8	3.0	3.0

In addition, item 11 includes receipts and payments of commercial banks on account of commissions and interest. The receipts were 1.0 million lats in 1925 and 1926 and 0.2 million in 1927 (commissions only) ; the outward payments amounted to 1.5 million in 1925 and 1.3 million in 1927. ⁽¹⁾

Funds brought in by returning emigrants. Item 13 shows the money and precious metals brought into the country, mainly from Russia, by returning Latvian refugees, or optants, and former Latvian soldiers. Latvian soldiers in the service of the Soviet Government, as well as a great number of Latvian refugees, profited by the Russian revolution and brought considerable sums home. It was stated that by the end of 1925 nearly all Latvian optants had returned.

On the assumption that each returning emigrant brought into the country 150 lats (in 1925, 500 lats), the total influx of funds works out as follows :

	Lats (000,000's)		Lats (000,000's)
1919	1.3	1923	1.2
1920	14.0	1924	0.8
1921	14.2	1925	0.4
1922	3.5	1926-27	—

In 1919-1923, these amounts are offset by funds taken out of Latvia by foreigners (emigrants, refugees, prisoners, hostages, exiles and communists), mainly going to Russia. Each of these is estimated to have taken out 150 lats ; the totals work out at 0.1 million lats in 1919, 1.1 million in 1920, 1.0 million in 1921, 0.2 million in 1922 and 0.1 million in 1923.

Emigrants' remittances. The number of Latvians living abroad was estimated in 1926 at about 300,000, of which 150,000 in Russia, 50,000 in North America, 30,000 in Lithuania and 20,000 in South America. The amounts entered against item 14 represent (1) remittances to Latvia by postal orders, less similar remittances from Latvia abroad, and (2) remittances to Latvia by means of money orders entering the country through the banks and credit institutes (excluding those on account of commercial transactions), amounting to 15 million lats in the two years 1923 and 1924, and 6.16 million in 1925. No information is available concerning the amount of banknotes and cheques sent in letters.

(1) The corresponding amount for 1926 is included in the interest group (item 7).

Remittances received in the years 1920-23 are estimated at 2.8, 5.6, 8.4 and 8.4 million lats respectively.

Tourists' expenditure (item 15). The expenditure of foreign tourists and travellers comprises the following amounts :

	Lats (000,000's)							
	1920	1921	1922	1923	1924	1925	1926	1927
Russian emigrants passing through Latvia	0.5	2.4	3.3	8.8	4.4	3.3	3.9	1.9
Crew of foreign warships	—	—	0.5	—	0.5	0.5	—	—
Visitors at Latvian health resorts	0.8	3.0	3.5	4.6	6.1	31.0	23.0	17.4
Other foreign visitors	(1)	(1)	(1)	(1)	(1)			
Total	(1.3)	(5.4)	(7.3)	(13.4)	(11.0)	34.8	26.9	19.3

The first item in the above table represents mainly the expenditure of Russian emigrants forced, owing to travelling formalities, immigration restrictions, etc., to stay provisionally in Latvia. The expenditure of each emigrant is taken at 355 lats ; to the amounts thus obtained have been added the State receipts from the emigrants and foreign shipping companies, etc. Finally, the expenditure in Latvia of former emigrants returning to Russia from the United States has been taken into account.

The expenditure during the years 1925-1927 of the two last-mentioned categories of visitors in the above tables is estimated from the fees paid for short-period passport visas. In 1925, the revenue from this source represented 220,140 weeks, or about 1,541,000 days. The daily expenditure is taken at 20 lats. The total for 1925 works out at 31 million lats. Citizens of some States enjoy exemption from visas and fees during part of their stay in Latvia, but the resulting incompleteness in the figures mentioned is believed to be offset by the fact that some foreigners leave Latvia before their visas run out.

For the years prior to 1925, only the expenditure of foreign visitors to Latvian health resorts has been estimated (it being assumed that the expenditure of other visitors was offset by that of Latvians abroad). Each foreigner is estimated to have stayed 75 days, and the daily expenditure is taken at 20 lats.

The number of Latvians travelling abroad during 1925-1927 is taken as equalling the number of passports issued and prolongations of passports granted. In 1925, these amounted to 10,500 and the expenditure of each person was taken at 1,000 lats.

Diplomatic and similar expenditure (item 16). The expenditure for the Latvian diplomatic and consular representation abroad, as given in the budget, has been entered on the credit side. The expenditure of foreign diplomatic and consular representatives in Latvia is taken as about three times as high on account of the greater number of representatives concerned.

The figures for each of the years 1921-1923 were the same as those for 1924. In 1920, the expenditure of Latvian representatives abroad is given at 1.0 million lats and that of foreign representatives in Latvia at 2.6 million lats.

Government receipts n.e.i. (item 17). The following amounts were paid by foreigners in Latvia to the Ministry of the Interior (for visas, registration of passports,

(1) For these years no estimate relating to this category has been made, it being assumed that their expenditure in Latvia was roughly equal to that of Latvians abroad.

domiciliary permits, etc.), and by foreigners abroad to Latvian consulates (consular fees) :

	Lats (000,000's)						
	1921	1922	1923	1924	1925	1926	1927
Receipts by the Ministry of the Interior	0.1	0.6	0.6	0.7	0.8	0.8	1.3
Consular fees	0.3	0.3	0.4	0.5	0.6	0.5	
Total	0.4	0.9	1.0	1.2	1.4	1.3	1.3

Only 75 per cent of the total receipts from consular fees are taken into account, it being assumed that the rest are paid by Latvians.

Other current items. The amounts shown on the credit side against item 18 for 1926 and 1927 represent receipts of Latvian saw-mills for sawing Russian and Polish wood in transit (2.3 million lats in each year) and expenditure of Russian institutions in Latvia in connection with the transit of Russian goods, 1.6 million lats in 1927.

Capital items.

Public debt (items 1a and b). During the period 1921-1925, the following payments in amortisation of debt were made :

Payments to	Lats (000's)				
	1921	1922	1923	1924	1925
Norwegian Government	—	—	1,619	3,472	—
French Government	375	390	486	—	—
Estonian Government	—	—	—	79	336
British Government	—	—	—	483	—
Lloyds Bank	—	14,685	—	1,776	2,530
Total	375	15,075	2,105	5,810	2,866

No payments were made in 1920. Those in 1926 and 1927, entered against item 1a, include interest and were made to the Governments of the United Kingdom and the United States of America.

Real estate. The 0.5 million lats entered against item 2a for 1927 represent the purchase of an estate in Paris for the Latvian legation.

Other long-term investments. The amounts entered on the credit side against item 9 represent new long-term investments of foreign capital in Latvian companies and banks, according to an annual enquiry made by the Credit Department. In 1925, a net increase was recorded in foreign investments in joint-stock companies of 8.7 million and in commercial banks of 5.1 million lats; the total of these two amounts has been raised by about 25 per cent to 17.3 million lats, as replies were not obtained from all companies and banks.

Short-term operations. The movement of short-term capital is only entered in the account for 1927. The amount entered on the credit side against item 4 represents

the increase in miscellaneous credits granted by foreigners to Latvian joint-stock companies and banks. On the debit side, item 5 shows the increase in the foreign deposits of the Bank of Latvia, 26.4 million lats, and in the assets of commercial banks on account of bills payable abroad, 2.1 million lats. No information is available concerning the changes in the floating debts and assets of other enterprises.

For earlier years, the information concerning the movement of short-term capital is less complete. The available data, which refer to the floating assets and debts of the banks, have been given above on pages 124-125.

Balance of international indebtedness.

The following information has been supplied concerning the international indebtedness of Latvia at the end of 1926, 1927 and 1928 :

	Lats (000,000's) at the end of		
	1926	1927	1928
<i>Liabilities.</i>			
1. Liabilities on account of intergovernmental debts	85.8	83.5	81.2
2. National securities held abroad on account of other Government and municipal debt	32.3	32.3	32.3
3. Foreign joint-stock capital in Latvia	85.4	94.9	.
4. Floating foreign debt of banks (on current account with foreign correspondents) :			
(a) Bank of Latvia	3.4	0.6	.
(b) other banks	15.5	16.5	.
5. Floating foreign debt of other private enterprises (joint-stock companies)	70.2	84.1	.
Total liabilities	292.6	311.9	.
<i>Assets.</i>			
6. Foreign real estate owned by nationals of Latvia	0.7	1.2	1.2
7. Other long-term assets . . . . .	.	.	.
8. Floating assets abroad of :			
(a) Bank of Latvia (on current account with foreign correspondents)	21.3	47.7	71.3
(b) commercial banks (bills of exchange payable abroad, and cheques)	1.6	3.7	.
(c) other private enterprises and individuals . . . . .	.	.	.
Total assets	23.6	52.6	.
<i>Net debts</i>	269.0	259.3	.

Item 1 shows the intergovernmental debts to the United Kingdom and the United States of America, amounting to £2,225,000 and \$5,715,000 respectively at the end of 1927. Other foreign public debt is entirely repaid. The value of estates belonging to Latvian legations abroad is shown against item 7. The value of other Latvian-owned real estate abroad and of foreign-owned real estate in Latvia has not been established.

According to the *Latvian Economist* ⁽¹⁾, the foreign joint-stock capital in Latvia at the end of 1926 (item 3 in the above table) was divided as follows between main industries and lending countries :

Lats (000's)										
Countries	Metalurgical industry	Chemical industry	Textile industry	Paper-mills	Other industries	Trade insurance	Transport storage	Real estate	Banks	Total
Germany	2,158	1,879	1,976	335	2,513	980	414	253	2,000	12,508
U. K.	—	291	4,445	570	2,412	1,034	725	83	1,025	10,585
France	—	479	120	1,106	1,081	51	6,060	—	—	8,897
U. S. A.	—	1	652	—	409	257	28	—	6,899	8,246
Former Russia	2,442	1,446	172	1,869	505	225	845	1,029	66	8,599
Belgium	—	—	—	—	547	—	6,458	—	192	7,197
Denmark	—	4,681	—	—	105	155	4	25	3	4,973
Netherlands	—	2,803	1,249	681	74	140	90	1	217	5,255
Sweden	100	1,991	—	—	451	329	125	139	852	3,987
Estonia	—	575	668	1,260	153	539	579	—	172	3,946
Czechoslovakia	129	2	30	750	181	3	—	—	1,614	2,709
Soviet Russia	—	—	—	—	30	133	3	—	2,000	2,166
Lithuania	50	350	58	300	299	272	—	456	72	1,857
Switzerland	10	470	—	—	401	361	—	29	187	1,458
Poland	—	356	316	—	285	193	68	115	—	1,333
Finland	274	—	—	—	—	311	1	1	—	587
Turkey	—	—	—	—	346	—	—	—	—	346
Norway	—	—	—	—	176	29	114	—	—	319
Other countries	180	—	—	—	11	91	30	52	20	384
Total	5,343	15,324	9,686	6,871	(2) 9,979	(3) 5,103	(4) 15,544	2,183	15,319	85,352

Of the aggregate share capital in Latvian joint-stock industrial companies, about 50 per cent was owned by foreigners. The corresponding figure for trading companies was 33.9 per cent, for transport companies 63.1 per cent, for insurance companies 27.8 per cent and for banks 61.9 per cent.

(1) The periodical bearing this name was discontinued in 1927, but a book with the same title was issued in 1928 by the Latvian Ministry of Finance. The table here shown is derived from a study on foreign capital in Latvia contained in this book.

(2) Of which wood 3,294 ; foodstuffs, 2,678 ; clothing and footwear, 1,113.

(3) Of which insurance 890.

(4) Of which forwarding and storage 914.

LITHUANIA

A statement for the year 1927, which has been furnished by the Lithuanian Government, is set out below, together with figures for 1925 and 1926 which have already been published in a previous edition of this *Memorandum* ⁽¹⁾.

Current items.

Items	Litas (000,000's)					
	Inward or Credit Movements (Exports)			Outward or Debit Movements (Imports)		
	1925	1926	1927	1925	1926	1927
<i>I. Merchandise.</i>						
1. Merchandise	242.7	253.3	245.9	252.7	240.8	265.7
2. Contraband	0.6	0.2	1.2	9.7	8.5	3.9
<i>II. Gold coin and bullion.</i>						
3. Gold coin and bullion	—	—	—	—	—	—
<i>III. Interest and dividends.</i>						
4. Interest on intergovernmental debts	—	—	—	—	—	—
5. Interest on other public debts	—	—	—	1.6	1.9	1.9
6. Other interest and dividends on long-term capital	—	—	—	2.4	1.8	1.3
7. Interest on short-term capital	0.1	—	1.5	—	—	—
<i>IV. Other current items.</i>						
8. Shipping freights	—	—	—	4.0	5.0	—
9. Port fees	0.3	0.2	0.3	—	—	—
10. Other transport fees	2.3	6.1	10.2	2.2	4.0	4.3
11. Commissions, insurance, brokerage	0.3	0.3	3.9	0.3	0.3	3.3
12. Post, telegraph and telephone	2.5	2.0	1.9	0.3	0.2	0.1
13. Immigrants' and emigrants' funds	1.0	1.0	1.5	1.5	5.5	7.9
14. Immigrants' and emigrants' remittances	43.7	42.4	42.3	1.0	1.0	0.8
15. Tourists' expenditure	2.3	2.7	5.9	6.5	6.5	9.5
16. Diplomatic and similar expenditure	1.4	1.4	2.2	2.5	2.5	2.5
17. Miscellaneous personal services	0.1	0.1	—	0.1	0.1	—
18. Other Government receipts and expenditure	1.5	1.5	1.4	—	—	0.2
19. Other current items	1.5	2.0	4.5	3.0	3.0	1.4
Total	300.3	313.2	322.7	287.8	281.1	302.8
Surplus (+)	+ 12.5	+ 32.1	+ 19.9			

(1) *Memorandum on International Trade and Balances of Payments, 1912-1926, Vol. I (Series of Publications: 1927. II. 68/I), page 126.*

Capital items.

Items	Litas (000,000's)					
	Inward or Credit Capital Movement			Outward or Debit Capital Movement		
	1925	1926	1927	1925	1926	1927
<i>I. Long-term operations.</i>						
1. Amortisation :						
(a) of public debts	—	—	—	1.9	3.0	2.6
(b) of other debts	—	—	—	—	(¹) 0.2	(¹) 1.6
2. Purchases and sales :						
(a) of real estate abroad	—	—	—	—	—	0.7
(b) of real estate in the country	—	—	1.1	—	—	—
(c) of foreign securities	—	—	6.5	—	—	6.0
3. New capital issues floated abroad	(¹) 0.3	(¹) 1.7	—	—	—	—
4. Other long-term investments	—	—	(¹) 15.3	—	—	—
<i>II. Short-term operations.</i>						
5. Change in short-term assets			—			16.3
Total	0.3	1.7	22.9	1.9	3.2	27.2
Net outward (—) movement of capital	— 1.6	— 1.5	— 4.3			

SUMMARY TABLE.

	Litas (000,000's)								
	Current items					Capital items			All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
1925 Credit	243.3	—	0.1	56.9	300.3	0.3	(²)	0.3	300.6
Debit	262.4	—	4.0	21.4	287.8	1.9	(²)	1.9	289.7
Balance	— 19.1	—	— 3.9	+ 35.5	+ 12.5	— 1.6		— 1.6	+ 10.9
1926 Credit	253.5	—	—	59.7	313.2	1.7	(²)	1.7	314.9
Debit	249.3	—	3.7	28.1	281.1	3.2	(²)	3.2	284.3
Balance	+ 4.2	—	— 3.7	+ 31.6	+ 32.1	— 1.5		— 1.5	+ 30.6
1927 Credit	247.1	—	1.5	74.1	322.7	22.9	—	22.9	345.6
Debit	269.6	—	3.2	30.0	302.8	10.9	16.3	27.2	330.0
Balance	— 22.5	—	— 1.7	+ 44.1	+ 19.9	+ 12.0	— 16.3	— 4.3	(³) +15.6

No detailed explanation with reference to the manner in which the figures are obtained accompanies the statement. It is remarked, however, that the figures for the import of capital in 1925 and 1926 are incomplete and certainly under estimate the total borrowings effected.

(1) Incomplete figures.
(2) Figures concerning the movement of short-term capital in 1925 and 1926 are not available, and the balance of this movement is therefore included with the balance of all items shown in the last column.
(3) Balance due to errors and omissions.

NETHERLANDS

The following data concerning a number of items in the balance of payments of the Netherlands for 1926 and 1927 have been compiled by the Dutch Central Bureau of Statistics. Unofficial estimates for the years 1920-23 have been published in previous editions of this *Memorandum* ⁽¹⁾.

Current items.

Items	Gulden (000,000's)			
	Inward or Credit Movements (Exports)		Outward or Debit Movements (Imports)	
	1926	1927	1926	1927
<i>I. Merchandise.</i>				
1. Merchandise	1,749	1,900	2,443	2,550
2. Adjustment for fishery products sold and bought	2	1	2	2
<i>II. Gold coin and bullion.</i>				
3. Gold coin and bullion	16	42	28	26
<i>III. Interest and dividends.</i>				
4. Interest on intergovernmental debts . . .	12	10	—	—
5. Interest on other public debts	(²) 17	(²) 19	8	7
6. Other interest and dividends on long-term capital :				
(a) receipts, except from Dutch possessions, on account of foreign securities and real estate	50	50	—	—
(b) other receipts and payments			(³) 7	(³) 6
<i>IV. Other current items.</i>				
7. Shipping freights (net income)	200	221	—	—
8. Port fees	5	5	—	—
9. Post, telegraph and telephone	2	2	5	4
10. Diplomatic and similar expenditure . . .			3	3
11. Other Government receipts and expenditure	7	6	5	4

(1) See *Memorandum on Balance of Payments and Foreign Trade Balances, 1910-1924, Vol. I, page 35.*
 (2) Excluding receipts from Dutch possessions.
 (3) Payments in respect of certain foreign-owned real estate only.

Capital items (long-term operations).

Items	Gulden (000,000's)			
	Inward or Credit Capital Movement		Outward Debit or Capital Movement	
	1926	1927	1926	1927
1. Amortisation of intergovernmental debts. . .	40	35	—	23
2. Purchases and sales of securities through 16 banks	476	552	505	520
3. New capital issues :				
(a) Government and municipal	—	—	125	104
(b) other	—	—	196	190

Owing to the incompleteness of the information available, no totals are shown. The following notes, which are based on the memorandum accompanying the statement, explain the manner in which the figures given in the tables have been compiled and give in addition some information concerning certain other items for which it was not possible to enter any figures, such as transit earnings, commissions, insurance transactions, etc.

Current items.

Merchandise. The Dutch trade returns record the goods imported or exported at frontier values since November 1st, 1927. Prior to that date, the values recorded were those at the place of loading or unloading in the Netherlands. No adjustment on account of freights for transport inside the country has been made in the table.

Goods sent by post are excluded. The number of parcels in 1926 is estimated at 1,130,000 for imports and 644,000 for exports. Their value is unknown, but is believed to exceed 200 million florins, since diamonds are generally sent by post and the export of cut diamonds to the United States only was valued by the American Consulate-General in Amsterdam at \$ 26.7 million in 1926 and \$ 22.3 million in 1927.

Goods imported and exported by air are also excluded. Their weight, excluding parcels post, totalled nearly 645 metric tons in 1927. No information is available concerning their value.

The amounts entered on the credit side against item 2 represent the value of catches in international waters by Dutch fishing vessels, landed in Great Britain. Fish landed elsewhere is of little importance. The amounts on the debit side refer to the purchases of fish, not included in trade returns, from foreign vessels. The figures are derived from official statistics compiled by the Fisheries Section of the Ministry of Internal Affairs and Agriculture.

Interest and dividends. The receipts on account of intergovernmental debts (item 4) include, *inter alia*, interest on Government advances to the Dutch East Indies, Dutch Guiana and Curaçao, and on two long-term loans granted by the Government to the Dutch East Indies.

The outward interest payments under item 5 were made on account of two State loans issued in the United States of America. The figures overstate the payments made abroad as it has not been possible to deduct payments in respect of bonds held in the Netherlands. It is believed that the greater part of the bonds have been repatriated.

The figures entered on the credit side against items 5 and 6a represent the estimated receipts from foreign countries (including Dutch overseas possessions) on account of Dutch investments in foreign securities and in real estate situated abroad, including the income of the mortgage banks established in the Netherlands and transacting business abroad. The value of the investments concerned has been calculated from the amount of succession duties paid in respect thereof. In estimating the income from real estate, taxes payable abroad have been deducted. It is pointed out that, owing to the method of compilation, the figures do not reflect the increase in receipts which is believed to have taken place in 1927.

No information is available concerning interest and dividend receipts on account of investments in Dutch enterprises abroad or concerning the large yield from investments in the Dutch overseas territories.

The outward payments entered against item 6b represent the estimated yield of real estate which, according to the transfer duties paid, has come into foreign possession as a result of death or gifts *inter vivos*. Allowance has been made for taxes paid in the Netherlands.

Freights, etc. The shipping income entered under item 7 is estimated on the basis of an enquiry amongst shipping companies, covering 80 per cent of the total tonnage of the Dutch merchant marine (including Dutch ships engaged in Dutch East Indian waters). The expenditure abroad on account of bunkers, stores and port fees has been deducted. It is pointed out that the estimates are possibly somewhat too high.

Earnings on account of river traffic (for example on the Rhine) are excluded.

Item 8 shows the amount of harbour dues paid by foreign vessels entering the public ports only. As regards the ports of Amsterdam and Rotterdam, it has only been possible to estimate these sums by comparing the tonnage of foreign vessels with the total tonnage. It has not been possible to estimate the harbour dues paid by foreign vessels engaged in inland navigation.

Account has been taken, as far as possible, of bridge tolls, crane dues, dock charges, etc.

The earnings on account of the repair of foreign vessels are of some importance, but no entry on this account has been made in the table.

Transit earnings (no entry). The weight of goods in transit is known, but it was not found possible to estimate the freight earnings, as the freight rates vary considerably for different kinds of goods and part of the transports are made for the account of Dutch firms. Thus, great quantities of goods in transit from Germany to the Dutch East Indies belong to the Royal Dutch Petroleum Company or Dutch export houses.

Large quantities of tea, coffee, tobacco and other articles arriving in the Netherlands are placed in bonded warehouse and subsequently re-exported. The earnings on account of these goods are also unknown.

Insurance (no entry). It is estimated that, in respect of fire, transport and accident insurance, policies effected by the Dutch in foreign insurance companies are larger than those taken out by foreigners in Dutch companies. Generally, therefore, there is a debit balance against the Netherlands on account of these forms of insurance.

According to the report of the Dutch Chamber of Insurance, the annual premiums paid to foreign life insurance companies amounted to 1.4 million gulden at the end of 1926 and 1.5 million at the end of 1927. The re-insurance of foreign companies in Dutch life insurance represented more than 35 million gulden at the end of 1926 and 36.5 million at the end of 1927.

Commissions (no entry). Appreciable sums are earned on account of exchange and Stock Exchange transactions.

Emigrants' remittances (no entry). In 1926 the number of Europeans in the Dutch East Indies was as follows :

	Total	Adult males
Java and Madura	169,000	58,000
Other parts of the Dutch East Indies	35,000	14,000

In 1920, 94 per cent of the Europeans in Java and Madura, and 78 per cent of those in other parts of the Dutch East Indies, were Dutch. Many Dutchmen employed in the Indies regularly transfer large sums to Holland or bring them back on their return home (1).

Tourists' expenditure (no entry). The expenditure by foreign tourists in the Netherlands is stated to be less than that by Dutchmen abroad.

Diplomatic and other Government expenditure. The outward payments entered against item 10 comprise the following amounts :

	1926	1927
	(Gulden 000's)	
Diplomatic expenditure	1,500	1,700
Consular expenditure	1,100	1,100
Contribution to the League of Nations	270	250

The receipts shown under item 11 include contributions from foreign countries (particularly Belgium) towards the maintenance of public works, and the sums received from Dutch overseas territories as their share in military or other expenditure. The amount entered on the debit side includes payments to foreign countries for the maintenance of public works, etc., and to international organisations, and also the grants made to Surinam and Curaçao and expenditure on behalf of these territories.

Part of the expenditure in the Netherlands by the Government of the Dutch East Indies on pensions, leave-pay, training of officials, etc., is included under merchandise. The rest is not entered in the table. The total expenditure was about 170 million gulden in 1926 and 175 million gulden in 1927, but from these amounts should be deducted 13 million gulden in 1926 and 12 million in 1927 on account of assets in the Netherlands and an unknown amount in each year on account of purchases of Dutch goods already included in the figures for merchandise exports, and of transactions which are simply financed in the Netherlands.

Expenditure of Dutch East Indian undertakings in the Netherlands (no entry). Large sums are paid to the Netherlands for salaries, etc., of employees or former employees of private undertakings in the Dutch East Indies ; the amount of these sums is not known.

Capital items.

Intergovernmental debts. The inward payments entered against item 1 represent the amortisation of credits granted by the Dutch Government to Germany, Poland, Belgium and France (relief credits and expenditure for foreign refugees, etc.) and of the Dutch East Indian share of two Dutch State loans. The outward payments in 1927 represent the increase in credits on raw materials sold to Germany.

(1) It should be noted that the transfer of securities and other long-term scrip by Dutchmen returning home, although it constitutes an increase in the foreign assets of the country, does not affect the balance of payments statement otherwise than in so far as it involves an increase in the income from its foreign investments. The sale of these securities abroad, on the other hand, is a credit item, but would appear to be included with the securities movement shown in the capital account. (See also the section for the Dutch East Indies.)

Securities movement. The amounts entered against item 2 are based on the replies to a special enquiry received from sixteen financial institutions (the principal banks and private bankers and certain so-called German banks) ; they do not represent a complete record of the movement of securities.

An idea of the import of foreign securities can be obtained from the net yield of the "centimes additionnels" levied on foreign securities submitted for stamping. The net yield of this duty amounted to 875,000 gulden in 1926 and 1,195,000 gulden in 1927. As 20 cents were levied on every nominal 100 florins, the nominal value of the securities would amount to 438 million gulden for 1926 and 597 million for 1927. The corresponding figures for the years 1922-24 were 58, 182 and 151 million gulden respectively. These figures refer, however, to the nominal and not the real value of the securities concerned. Further, it is pointed out that many foreign securities bought, which are simply kept on deposit in the Netherlands, are not submitted for stamping.

New capital issues. The figures entered against item 3 are derived from statistics published by the Central Bureau of Statistics and represent issue prices less 4 per cent of the nominal value on account of commissions, stamp-duty, etc. Conversion issues and issues which have not been publicly offered are not included. It is pointed out that part of the loans was utilised by the borrowers for amortisation of debts in the Netherlands and that a great part of the subscriptions was made by foreigners who were anxious to invest their money in Dutch securities because of the instability of their national currencies.

NEW ZEALAND

An official estimate of the balance of payments for the fiscal year 1927-28, drawn up on the basis of the form submitted by the Secretariat of the League of Nations, has been received from the Government of New Zealand and is reproduced below, together with the statements for 1924-26 published last year. It should be noted that the latest estimate covers the period April 1st, 1927, to March 31st, 1928, while those for 1926 and previous years refer to the calendar year. There is, therefore, a gap of three months from January 1st to March 31st, 1927, which is not covered in the statement given below.

Current items.

Items	£ (000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927-28	1924	1925	1926	1927-28
<i>I. Merchandise.</i>								
1. Merchandise	52,060	54,790	44,759	54,423	48,678	52,455	49,887	44,409
2. Adjustment for wrong valuation	—	—	—	—	2,426	2,621	1,245	1,009
<i>II. Gold coin and bullion.</i>								
3. Gold coin and bullion	552	472	516	539	—	2	2	10
<i>III. Interest and dividends.</i>								
4. Interest on intergovernmental debts	—	—	—	7	6,400	—	—	—
5. Interest on other public debts	—	—	—	376		6,111	6,880	7,488
6. Other interest and dividends	315	257	319			750	1,000	1,000
<i>IV. Other current items.</i>								
7. Shipping freights					800	840	885	830
8. Port fees	500	750	850	778				
9. Post, telegraph and telephone	19	—	—	—	12	—	—	—
10. Immigrants' and emigrants' funds	640	800	900	560	200	160	210	415
11. Tourists' expenditure	1,000	600	720	683	1,000	1,250	1,500	1,657
12. Diplomatic and similar expenditure	25	30	30	30	53	60	60	60
13. Reparations in cash	—	—	—	585	—	—	—	—
14. Other Government receipts and expenditure	425	402	511	225	866	713	781	728
Total	55,536	58,101	48,605	58,206	60,435	64,962	62,450	57,606
Surplus (+) or deficit (—)	— 4,899	— 6,873	— 13,845	+ 600				

Capital items.

Items	£ (000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1924	1925	1926	1927-28	1924	1925	1926	1927-28
<i>I. Long-term operations.</i>								
1. Repurchase of domestic securities	—	—	—	—	663	—	—	—
2. Purchases and sales of foreign securities	—	—	161	34	—	200	—	2,175
3. New capital issues :								
(a) Government and municipal	9,662	9,614	7,077	7,587	—	—	—	} 250
(b) other . . . . .	.	.	.	.	—	—	—
<i>II. Short-term operations.</i>								
4. Change in short-term debts and assets	—	—	6,607	—	4,100	2,553	—	5,796
Total	9,662	9,614	13,845	7,621	4,763	2,753	—	8,221
Net inward movement of capital (+)	+ 4,899	+ 6,861	+ 13,845	— 600				

SUMMARY TABLE.

		£ (000's)								
		Current items					Capital items			All items
		Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
1923	Credit . . .	45,268	699	315	2,544	48,826	12,117	—	12,117	60,943
	Debit . . .	45,646	—	6,000	2,665	54,311	5,597	1,035	6,632	60,943
	Balance . .	— 378	+ 699	— 5,685	— 121	— 5,485	+ 6,520	— 1,035	+ 5,485	—
1924	Credit . . .	52,060	552	315	2,609	55,536	9,662	—	9,662	65,198
	Debit . . .	51,104	—	6,400	2,931	60,435	663	4,100	4,763	65,198
	Balance . .	+ 956	+ 552	— 6,085	— 322	— 4,899	+ 8,999	— 4,100	+ 4,899	—
1925	Credit . . .	54,790	472	257	2,582	58,101	9,614	—	9,614	67,715
	Debit . . .	55,076	2	6,861	3,023	64,962	200	2,553	2,753	67,715
	Balance . .	— 286	+ 470	— 6,604	— 453	— 6,861	+ 9,414	— 2,553	+ 6,861	—
1926	Credit . . .	44,759	516	319	3,011	48,605	7,238	6,607	13,845	62,450
	Debit . . .	51,132	2	7,880	3,436	62,450	—	—	—	62,450
	Balance . .	— 6,373	+ 514	— 7,561	— 425	— 13,845	+ 7,238	+ 6,607	+ 13,845	—
1927/8	Credit . . .	54,423	539	383	2,861	58,206	7,621	—	7,621	65,827
	Debit . . .	45,418	10	8,488	3,690	57,606	2,425	5,796	8,221	65,827
	Balance . .	+ 9,005	+ 529	— 8,105	— 829	+ 600	+ 5,196	— 5,796	— 600	—

The fact that a perfect balance is struck in the above table should not be taken as a proof that the figures are rigidly correct, for the amounts entered as short-term capital operations are not based on direct evidence but are interpolated as balancing accounts and include, therefore, allowances for possible omissions and errors in the other items. It is stated, indeed, that in consequence of the lack of adequate data, particularly in regard to movements of private capital, the statements are rough approximations only.

Current items.

Merchandise. The import figures shown above are those published in the trade returns and represent the current domestic value of the goods in the country of export plus 10 per cent to cover carriage, insurance and freight. Investigation has shown this percentage to be insufficient, and a further addition of 5 per cent for 1924 and 1925 and $2\frac{1}{2}$ per cent for 1926 and 1927-28 has been made.

Interest and dividends. The amount shown as interest on intergovernmental debts (items 4, credit) for 1927-28 represents interest on the loan to the Samoan Government. The credit figure shown against items 5 and 6 for the same year relates mainly, and that shown against item 6 for previous years solely, to Government investments. An estimate of the amount of private capital invested abroad has, however, recently been made and in the figure for 1927-28 an allowance for interest on this capital is for the first time included.

Very little is definitely known about the foreign capital invested in New Zealand. The figures of British investments abroad compiled by Sir G. Paish in 1910 have been used as a basis for a conservative estimate and an allowance has been made for interest on this amount.

Receipts from shipping freights and port expenses abroad. Both of these items (7, credit and 8, debit) have been omitted for want of adequate data. It is known, however, that a large proportion of the shares of national shipping companies engaged in foreign trade is held abroad. No allowance has been made for this fact under item 6, and it is considered that this omission and the omission of port expenses abroad (item 8) should approximately counterbalance the earnings on account of foreign trade (item 7).

The figure given against item 7, debit (payments on account of shipping freights, etc.) covers only passage money estimated from the extent of the passenger traffic. Freight payments, except for imports, are negligible. It is stated that maritime freights on goods imported in foreign ships (included in item 1) amounted to approximately £4 million in the years 1925, 1926 and 1927-28.

Emigrants and immigrants. The estimate of immigrants' funds has been based on figures supplied by the Immigration Department. These figures were compiled from returns, prepared in the London High Commissioner's Office, showing emigrants to New Zealand other than those who received assisted passages. Allowance has also been made for personal cash and effects.

Government receipts and expenditure. Government payments abroad shown in the first table include the expenses of the High Commissioner's Office in London, management of Government loans, immigration expenses and contribution to the League of Nations.

Capital items.

Long-term operations. Item 3, credit, represents the net increase in the indebtedness abroad of the Government and local authorities, information regarding redemptions of existing loans not being available. The figures shown under item 2 relate to investments of the Government only.

International indebtedness.

The following information is given concerning the balance of international indebtedness of New Zealand at March 31st, 1926, 1927 and 1928. It relates to long-term investments only.

	£ (000's)		
	1926	1927	1928
<i>Liabilities.</i>			
1. Intergovernmental debts	26,257	25,907	25,539
2. National securities held abroad	125,666	134,709	142,665
3. Other long-term debt (national real estate owned by foreigners, foreign participation in national enterprises, and other foreign direct investments)	18,000	20,000	20,000
Total liabilities (excluding floating debt)	169,923	180,616	188,204
<i>Assets.</i>			
4. Claims on account of intergovernmental debts	110	131	160
5. Foreign securities held by the Government of New Zealand (on account of other foreign Government and municipal debt).	6,477	6,316	8,457
6. Estimated private holdings of foreign securities	1,000	1,250	1,500
Total assets (excluding floating assets)	7,587	7,697	10,117
Net liabilities	162,336	172,919	178,087

The liabilities shown under item 1 represent New Zealand's share of the British Funded Debt and the corresponding assets (item 4), the New Zealand loan to the Samoan Government. The debt of the general Government abroad (less the amount shown under item 1), plus foreign debt of local authorities, is shown against item 2. The figures shown against item 3 are based on an estimate made in 1910 by Sir George Paish.

NORWAY

A statement of the Norwegian balance of payments for the year 1928 compiled by the Central Statistical Office has been supplied by the Norwegian Government. This statement is set out below together with those for 1925-1927 which were published in the last edition of this *Memorandum*. In addition, the summary table includes the years 1923 and 1924.

Current items.

Items	Kroner (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Merchandise.</i>								
1. Merchandise	1,048	812	685	684	1,380	1,094	977	1,024
2. Whale oil sold from herding grounds	55	60	49	60	—	—	—	—
3. Contraband	10	—	—	—	1	1	1	—
<i>II. Gold coin and bullion.</i>								
4. Gold coin and bullion	—	—	—	—	—	—	—	—
<i>III. Interest and dividends.</i>								
5. Interest on intergovernmental debts	—	—	—	—	—	—	—	—
6. Interest on other public debts	7	6	4	3	60	50	50	55
7. Other interest and dividends on long-term capital	11	9	5	5	20	16	13	18
8. Interest on short-term cap.			6	7			12	12
<i>IV. Other current items.</i>								
9. Shipping freights	484	430	422	400	—	—	—	—
10. Port fees	8	7	4	4	(¹) 278	(¹) 224	(¹) 225	(¹) 215
11. Expenses of whaling companies abroad	—	—	—	—	10	10	10	15
12. Other transport fees	20	22	20	20	—	—	—	—
13. Post, telegraph and telephone	1	2	2	2	2	2	2	2
14. Immigrants' and emigrants' remittances	(²) 5	14	14	15	—	—	—	—
15. Tourists' expenditure	25	25	23	25	—	—	(³) 3	(³) 3
16. Diplomatic and similar exp.	—	—	—	—	4	3	—	—
17. Other Government receipts	—	—	—	6	—	—	—	—
18. Other current items	—	—	—	—	—	—	10	10
Total	1,674	1,387	1,234	1,231	1,755	1,400	1,303	1,354
Deficit (—)	— 81	— 13	— 69	—123				

(1) Including expenses abroad for bunker fuel, provisions, commissions, wages, insurance, repairs, etc., i. e. all foreign expenses of national ships.

(2) Sailors' remittances only (the corresponding figure for 1926 was 4).

(3) Included in item 18.

Capital items.

Items	Kroner (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Long-term operations.</i>								
1. Purchases and sales :								
(a) of domestic securities . . .	60	55	49	44	(¹) 150	(¹) 80	(¹) 75	(¹) 31
(b) of foreign securities . . .	(²) 10	(²) 60	(²) 98	(²) 54	18	85	55	59
2. New capital issues :								
(a) Government and municipal	(³) 220	—	21	164	—	—	—	—
(b) other		—	(⁴) 103	—	—	—	—	—
3. Other long-term investments . .	30	15	—	—	—	—	—	—
<i>II. Short-term operations</i> (⁵).								
4. Change in short-term debts . .		72	—	14			165	—
5. Change in short-term assets . .		—	111	—		7	—	56
Total	320	202	382	276	168	172	295	146
Net inward movement of capital (+)	+ 152	+ 30	+ 87	+ 130				

SUMMARY TABLE.

	Kroner (000,000's)								
	Current items					Capital items			All items
	Mer- chandise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
(⁶) 1923 Credit . . .	881	—	23	603	1,507	260	.	260	1,767
Debit . . .	1,359	—	75	264	1,698		.	52	1,750
Balance . . .	— 478	—	52	+ 339	— 191	+ 208		+ 208	(⁷) + 17
(⁶) 1924 Credit . . .	1,116	—	23	599	1,738	220	.	220	1,958
Debit . . .	1,549	—	85	306	1,940	53	.	53	1,993
Balance . . .	— 433	—	62	+ 293	— 202	+ 167		+ 167	(⁷) — 35
1925 Credit . . .	1,113	—	18	543	1,674	320	.	320	1,994
Debit . . .	1,381	—	80	294	1,755	168	.	168	1,923
Balance . . .	— 268	—	62	+ 249	— 81	+ 152		+ 152	(⁷) + 71
1926 Credit . . .	872	—	15	500	1,387	130	72	202	1,589
Debit . . .	1,095	—	66	239	1,400	165	7	172	1,572
Balance . . .	— 223	—	51	+ 261	— 13	— 35	+ 65	+ 30	(⁸) + 17

(1) Including amortisation payments and participation in foreign capital issues.
(2) Including amortisation receipts and foreign participation in national capital issues.
(3) Including proceeds from loans previously floated, brought home during 1925.
(4) Of which 92 million kr. were lent by the U. S. A. and 11 million by Switzerland.
(5) For 1926 and 1927, the influence of the decrease in foreign exchange rates has been eliminated.
(6) For detailed figures for 1923 and 1924, see *Memorandum on Balance of Payments and Foreign Trade Balances* 1911-1925, Vol. I, p. 79.
(7) Balance including (a) the movement of short-term capital, (b) errors and omissions.
(8) Balance due to errors and omissions.

SUMMARY TABLE (continued).

	Kroner (000,000's)								
	Current items					Capital items			All items
	Mer- chandise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
1927 Credit . . .	734	—	15	485	1,234	271	111	382	1,616
Debit . . .	978	—	75	250	1,303	130	165	295	1,598
Balance . . .	— 244	—	— 60	+ 235	— 69	+ 141	— 54	+ 87	(1) + 18
1928 Credit . . .	744	—	15	472	1,231	262	14	276	1,507
Debit . . .	1,024	—	85	245	1,354	90	56	146	1,500
Balance . . .	— 280	—	— 70	+ 227	— 123	+ 172	— 42	+ 130	(1) + 7

The difference between the totals of the credit and debit items for the years prior to 1926 may be attributed primarily to the exclusion of short-term capital operations. But even in the statements for 1926-1928, which include such operations, owing to omissions and possible errors a perfect balance is not obtained. The Central Statistical Office emphasises the fact that many of the figures given are necessarily of the character of estimates of varying probable accuracy. The most important items omitted are considered to be outgoing and receipts on account of commissions and insurance undertakings, etc., which, it is thought, probably roughly balance certain receipts from emigrants before 1926 and expenditure abroad by Norwegian tourists before 1927. Further, when calculating the movement of short-term capital, it has not been possible to eliminate certain changes in the floating assets and liabilities which do not result from international payments, e.g., losses and amounts written off. Some Norwegian firms are known to have written off several million kroner of their foreign assets in 1927.

Current items.

Merchandise. The figures shown under item 2 represent the estimated income from the produce of whale and other fisheries outside Norwegian waters, sold directly from the fishing grounds to foreign countries.

The contraband exports shown for 1925 consisted of small coin smuggled into Sweden. The contraband imports consisted of alcohol.

Interest and dividends. The estimates of interest and dividends are based on the country's total foreign assets and liabilities which are shown below.

Shipping freights. Official statistics of the gross income of the Norwegian commercial fleet from foreign trade exist and are given under item 9. The total expenditure of that fleet abroad on account of bunker coal, commissions, wages, insurance, repairs, etc., is given under item 10. Special enquiries have been conducted among shipowners in order to ascertain the amount of this expenditure.

Transport receipts (item 12). These are mainly on account of iron ore and paper pulp coming from Sweden.

Emigrants' remittances (item 14). In 1925, only remittances of sailors sent through the Sailors' Mission and the Shipping Section of the Department of Trade are shown.

(1) Balance due to errors and omissions.

Capital items.

Long-term operations. The estimates of these items are based on information received from the larger banks, brokers, insurance and shipping companies, industrial concerns and certain municipalities.

Prior to 1926, when figures showing the annual movement of short-term capital first became available, the amounts shown against item 2 do not represent the totals of loans raised abroad but the proceeds of loans brought home during the year. Therefore the figures for 1923-1925 include allowances for changes in floating assets arising from such loans.

Balance of international indebtedness.

The first statement of this sort referred to May 1919, but the enquiry upon which it was based was confined to foreign assets, an estimate being made for the liabilities. The more recent accounts are based on questionnaires which were sent to State Departments, the larger municipalities, commercial banks and a number of private firms. The results are given below :

	Liabilities			Assets			Balance	
	Bonds and shares	Real estate	Floating indebtedness	Bonds and shares	Real estate	Floating assets	Kroner (000,000's)	Gold kroner (000,000's)
	Kroner (000,000's)							
May 1st, 1919	750	?	300	410	?	2,000	+ 1,360	+ 1,310
Oct. 1st, 1924	1,575	65	1,025	245	30	730	— 1,660	— 880
Jan. 1st, 1926	1,400	60	780	230	25	580	— 1,405	— 1,065
Jan. 1st, 1927	1,165	55	777	260	20	492	— 1,225	— 1,150
Jan. 1st, 1928	1,247	55	594	213	20	361	— 1,302	— 1,290
Jan. 1st, 1929	1,457	55	608	180	20	417	— 1,503	— 1,503

A specification of the figures for the last four years shown in this table is given below :

	Kroner (000,000's)			
	at the beginning of			
	1926	1927	1928	1929
<i>Liabilities.</i>				
1. Norwegian bonds and shares, held abroad :				
(a) State bonds	860	690	635	1,004
(b) municipal debt	170	150	144	
(c) debt of certain banks (1)	90	90	97	147
(d) private long-term loans		59	152	
(e) foreign participation in national enterprises, and other direct investments	280	176	219	306
2. Real estate	60	55	55	55
3. Floating debt :				
(a) official institutions (including the Bank of Norway)	28	46	11	8
(b) banks and brokers	385	355	248	211
(c) other private enterprises	367	376	335	389
Total liabilities	2,240	1,997	1,896	2,120

(1) The Mortgage Bank and The Small Farm and Housing Bank ; in addition, the figure for January 1st, 1928, includes the debt of the Municipal Bank. Other banks are included with " Other private enterprises ".

	Kroner (000,000's)			
	at the beginning of			
	1926	1927	1928	1929
<i>Assets.</i>				
4. Foreign bonds and shares, held in Norway by :				
(a) official institutions (including the Bank of Norway)	30	85	32	180
(b) banks and brokers	60	36	31	
(c) other private enterprises	140	124	150	
5. Real estate	25	20	20	20
6. Floating assets of :				
(a) official institutions (including the Bank of Norway)	224	282	99	102
(b) banks and brokers	130	67	55	139
(c) other private enterprises	226	143	207	176
Total assets	835	(¹) 772	594	617

Norwegian participation in foreign enterprises and direct investments abroad, included under items 4b and c in this table, amounted to 100 million kroner at the beginning of 1927, 114 million at the beginning of 1928 and 110 million at the beginning of 1929.

The information concerning the changes in the floating assets and liabilities has been utilised for determining the short-term capital items in the balance of payments statements for 1926-28. In 1926 and 1927, the book value of amounts due in foreign currency fell owing to the rise in the Norwegian krone. The fluctuations due to this fact have been eliminated, in a manner which was described in the preceding issue of this *Memorandum*, as they obviously do not affect the balance of payments.

The indebtedness on account of bonds, shares and real estate, if the influence of exchange fluctuations be eliminated in the same manner, shows a decrease of 105 million kroner in 1926 and an increase of 157 million in 1927 and of 243 million in 1928.

According to the balance of payments statement there was, however, a net outflow of long-term capital of 35 million kroner in 1926, and a net inflow of 141 and 172 million in 1927 and 1928 respectively. The difference between the two sets of figures is mainly due to variations in the book value of Norwegian shares and bonds held abroad, and to some extent to losses and to possible errors in the figures. With reference to errors, it should be noted that part of the Norwegian holdings of foreign bonds necessarily escapes record and that, accordingly, the figures entered against this item in the balance of international indebtedness are somewhat too low.

(1) Revised figure (the amounts shown in the table work out at a total of 757 million). The difference is due to an increase in the final figure for foreign bonds and shares held in Norway (from 245 to 260 million kroner).

POLAND

Statements of the balance of payments of Poland for the years 1927 and 1928 have been supplied by the Polish Central Office of Statistics and are set out below together with those for 1925 and 1926 published in last year's issue of this *Memorandum*.

The estimate for 1927 is published, together with explanatory text, in the *Revue trimestrielle de Statistique* (No. 1, 1929). As only an estimate in table form was available for 1928, the notes below are less complete for that year.

Current items.

Items	Zloty (000,000's) ⁽¹⁾							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
I. Merchandise.								
1. Merchandise	2,188.1	2,246.4	2,514.7	2,508.0	2,755.4	1,539.0	2,888.0	3,362.2
2. Adjustment of item 1:								
(a) foreign trade of Danzig .	— 51.6	— 50.0	— 60.0	— 125.4	— 82.7	— 46.2	— 86.8	— 100.9
(b) omissions in trade returns, etc.	+ 145.3	+ 101.6	+ 83.1	+ 87.7	+ 131.7	+ 45.8	+ 48.5	+ 56.0
3. Contraband	—	—	15.0	15.0	—	—	7.4	38.1
II. Gold coin and bullion.								
4. Gold coin and bullion	—	—	—	—	1.3	2.5	4.0	⁽²⁾
5. Adjustment of item 4	—	—	—	—	34.4	4.3	248.7	106.8
III. Interest and dividends.								
6. Interest on intergovernmental debts	—	—	—	—	—	—	—	—
7. Interest on other public debts:								
(a) on Government debts . .	—	—	—	—	30.0	78.3	90.4	120.2
(b) on municipal debts . . .	—	—	—	—	1.5	1.9	3.9	8.0
8. Other interest and dividends on long-term capital	0.2	0.5	0.2	0.9	15.8	14.3	51.5	64.0
9. Interest on short-term capital ⁽³⁾ :								
(a) bank interest	6.0	6.0	17.7	30.7	15.5	15.0	17.6	119.5
(b) other	—	—	—	—	58.4	64.8	76.7	—
IV. Other current items.								
10. Port fees	—	—	⁽⁴⁾	37.6	—	—	—	4.6
11. Transport fees	171.8	117.6	128.4	171.2	128.4	131.4	162.1	180.0
12. Re-insurance	22.7	4.2	6.7	14.7	22.9	5.4	5.4	11.7
Carried forward	2,482.5	2,426.3	2,705.8	2,740.4	3,112.6	1,856.5	3,517.4	3,970.2

(1) The figures up to 1927 inclusive relate to gold zloty of the new parity (introduced in October 1926).

(2) Included in item 1.

(3) Including commissions.

(4) Not available; negligible amount.

Items	Zloty (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
Brought forward	2,482.5	2,426.3	2,705.8	2,740.4	3,112.6	1,856.5	3,517.4	3,970.2
13. Post, telegraph and telephone	5.0	3.6	3.2	5.8	3.1	3.8	2.1	2.7
14. Immigrants' and emigrants' funds	13.9	9.1	30.7	34.2	134.2	62.4	53.6	61.1
15. Immigrants' and emigrants' remittances, etc.	257.9	240.2	224.4	231.4	6.9	8.0	9.0	5.0
16. Tourists' expenditure	48.2	60.7	71.1	98.3	141.0	76.9	122.0	169.0
17. Diplomatic and similar expenditure	13.8	13.0	17.0	21.7	21.5	20.1	22.4	26.9
18. Tantièmes and administration costs	—	—	—	—	2.6	1.2	5.7	3.9
19. Other Gov. receipts and exp.	127.7	52.2	70.4	111.6	90.6	56.3	79.6	102.8
20. Other current items	—	—	0.8	0.8	53.3	75.4	108.6	96.7
Total	2,949.0	2,805.1	3,123.4	3,244.2	3,565.8	2,160.6	3,920.4	4,438.3
Surplus (+) or deficit (—)	— 616.8	+ 644.5	— 797.0	— 1,194.1				

Capital items.

Items	Zloty (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Long-term operations.</i>								
1. Amortisation :								
(a) of intergovernmental debts	—	—	—	—	—	—	—	—
(b) of other Government debts	—	—	—	—	56.4	52.6	86.7	90.2
(c) of municipal debts	—	—	—	—	4.1	1.3	1.7	3.5
(d) of other debts	—	—	—	—	—	—	—	—
2. Purchases and sales :								
(a) of real estate abroad	—	—	—	2.2	—	—	—	—
(b) of real estate in the country	5.2	18.9	4.7	2.1	—	14.4	14.4	7.2
(c) of domestic securities	34.4	—	48.6	69.7	0.9	—	19.8	27.8
(d) of foreign securities	1.7	20.0	6.8	10.1	—	7.5	5.8	11.0
3. New capital issues :								
(a) Government	311.3	—	541.6	—	—	—	—	—
(b) municipal	75.5	12.1	3.3	167.0	—	—	—	—
(c) other	8.6	—	—	—	—	—	—	—
4. Other long-term investments	60.9	16.2	68.1	157.7	6.9	5.6	0.7	13.9
<i>II. Short-term operations.</i>								
5. Change in short-term debts :								
(a) of the Government	27.7	—	—	—	—	21.3	6.4	(1)
(b) of the Bank of Poland	—	—	—	—	—	61.7	12.6	—
(c) of other banks	140.5	71.2	106.3	136.9	16.9	—	9.2	—
(d) merchandise credits	—	189.2	299.3	—	526.7	—	—	—
(e) other private debts	545.9	596.2	426.2	1,190.6	422.8	486.7	310.7	529.8
Carried forward	1,211.7	923.8	1,504.9	1,736.3	1,034.7	651.1	468.0	683.4

(1) Included in item 1b.

Items	Zloty (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
Brought forward	1,211.7	923.8	1,504.9	1,736.3	1,034.7	651.1	468.0	683.4
6. Change in short-term assets :								
(a) of the Bank of Poland . . .	366.1	—	—	145.7	—	177.2	561.0	—
(b) of other banks	—	—	9.2	—	16.0	75.9	—	59.3
(c) merchandise credits	13.2	—	7.8	—	—	24.2	35.3	—
(d) other private assets	20.6	33.3	2.4	16.8	12.5	39.4	3.7	101.7
7. Losses of Polish companies abroad	—	—	—	—	—	3.9	1.6	0.5
Total	1,611.6	957.1	1,524.3	1,898.8	1,063.2	971.7	1,069.6	844.9
Net inward (+) or outward (—) movement of capital	+ 548.4	— 14.6	+ 454.7	+1,053.9				

SUMMARY TABLE.

	Zloty (000,000's)								
	Current items					Capital items			All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
1923 Credit	2,043.4	8.6	0.2	388.5	2,440.7	56.1	371.0	427.1	2,867.8
Debit	1,865.8	48.4	37.3	314.2	2,265.7	22.2	193.1	215.3	2,481.0
Balance	+ 177.6	— 39.8	— 37.1	+ 74.3	+ 175.0	+ 33.9	+ 177.9	+ 211.8	(1) + 386.8
1924 Credit	2,242.9	—	0.2	555.1	2,798.2	193.3	826.7	1,020.0	3,818.2
Debit	2,483.3	23.6	111.3	608.7	3,226.9	26.6	560.9	587.5	3,814.4
Balance	— 240.4	— 23.6	— 111.1	— 53.6	— 428.7	+ 166.7	+ 265.8	+ 432.5	(1) + 3.8
1925 Credit	2,281.8	—	6.2	661.0	2,949.0	497.6	1,114.0	1,611.6	4,560.6
Debit	2,804.4	35.7	121.2	604.5	3,565.8	68.3	994.9	1,063.2	4,629.0
Balance	— 522.6	— 35.7	— 115.0	+ 56.5	— 616.8	+ 429.3	+ 119.1	+ 548.4	(1) — 68.4
1926 Credit	2,298.0	—	6.5	500.6	2,805.1	67.2	889.9	957.1	3,762.2
Debit	1,538.6	6.8	174.3	440.9	2,160.6	81.4	890.3	971.7	3,132.3
Balance	+ 759.4	— 6.8	— 167.8	+ 59.7	+ 644.5	— 14.2	— 0.4	— 14.6	(1) + 629.9
1927 Credit	2,552.8	—	17.9	552.7	3,123.4	673.1	851.2	1,524.3	4,647.7
Debit	2,857.1	252.7	240.1	570.5	3,920.4	129.1	940.5	1,069.6	4,990.0
Balance	— 304.3	— 252.7	— 222.2	— 17.8	— 797.0	+ 544.0	— 89.3	+ 454.7	(1) — 342.3
1928 Credit	2,485.3	—	31.6	727.3	3,244.2	408.8	1,490.0	1,898.8	5,143.0
Debit	3,355.4	106.8	311.7	664.4	4,438.3	153.6	691.3	844.9	5,283.2
Balance	— 870.1	— 106.8	— 280.1	+ 62.9	— 1,194.1	+ 255.2	+ 798.7	+ 1,053.9	(1) — 140.2

(1) Balance due to errors and omissions.

It will be noted that a perfect balance is not obtained. From the information available, it is not possible to state whether this is due to the inadequacy of the data relative to the credit or the debit items of the account. Were the information available complete, the accounts for each year would, of course, balance exactly.

Current items.

Merchandise. The fact that Poland and Danzig constitute one Customs territory made it necessary to deduct from the official export and import values respectively the estimated values of exported goods produced, and the imported goods consumed, in the Free City of Danzig (item 2a).

The amounts entered under item 2b are composed as follows :

	1925	1926	1927	1928
	Zloty (000,000's)			
<i>Credit.</i>				
Silver in bars and coin, exported, not included in trade statistics	8.6	4.6	4.6	0.2
Probable net export from Poland to Danzig.	51.6	45.0	62.1	68.3
Excess value of exports in the active improvement trade . . .	85.1	52.0	16.4	19.2
Total (credit)	145.3	101.6	83.1	87.7
<i>Debit.</i>				
Probable value of merchandise (military supplies, etc.) omitted from the trade statistics	60.3	45.8	45.2	52.1
Silver in bars and coin imported by the Ministry of Finance (not included in trade statistics)	68.8	—	—	—
Excess value of imports in the passive improvement trade . . .	2.6	—	3.3	3.9
Total (debit)	131.7	45.8	48.5	56.0

Since 1927 no records have been kept of exported silver not included in trade statistics. The amounts entered in the table above for 1927 and 1928 are estimates. " Probable net export from Poland to Danzig " refers to exports of food, it being presumed that the import and the export movement of industrial products almost balances. The statistics of the active improvement trade are believed to be defective. Measures have been taken to improve them from 1929 onwards.

The contraband exports (item 3, credit) went mainly to Russia. The estimates of the clandestine imports are believed to be too low.

Gold bullion and specie. The values entered under 5 on the debit side for 1927 and 1928 represent the increase in the gold reserves of the Bank of Poland on account of gold from abroad.

Interest and dividends. Interest on municipal debts (item 7b, debit) shows an increase for 1928 as a result of increased borrowings by municipalities. Their foreign indebtedness rose from 116.3 million zloty on April 1st, 1927, to 215.8 million one year later. The increase was due in the first instance to the raising of a loan of \$10 million by the City of Warsaw in March 1928.

The amounts entered on the debit side against item 8 represent dividends paid to foreign shareholders. The increase from 1926 to 1927 is in part due to more complete information.

Item 9 comprises commissions paid in connection with credits obtained. The debit figure entered against item 9b for 1927, 76.7 million, does not represent the total interest due, the amount of interest still in arrears being 30.4 million. The

increase from 1926 to 1927 in the interest received by banks (item 9a, credit) is due chiefly to the fact that the proceeds of the stabilisation loan were kept abroad in interest-bearing accounts.

Freight, transport, charges, etc. The amounts entered under item 11 consist of :

	1925	1926	1927	1928
	Zloty (000,000's)			
<i>Credit.</i>				
Transit and other receipts by the Polish railways	83.6	91.3	111.4	159.7
Gross receipts of the Polish railways in Danzig	88.2	26.3	17.0	11.5
Total (credit)	171.8	117.6	128.4	171.2
<i>Debit.</i>				
Sums paid to foreign railways for the hire of locomotives and wagons, etc.	4.1	24.9	40.4	70.1
Expenditure of the Polish railways on the territory of the Free City of Danzig.	52.1	53.9	53.6	52.3
Railway freight in the territory of Danzig, paid by the Polish importers and exporters	72.2	52.6	68.1	57.6
Total (debit)	128.4	131.4	162.1	180.0

The receipts in 1927 on account of transit traffic (mainly between East Prussia and the remainder of Germany) amounted to 35.3 million zloty. The net amount actually due by Germany on account of this traffic was 73 million.

Emigrants' remittances ; funds brought in by immigrants. The total receipts under these two headings (items 14 and 15) are distributed as follows :

	1925	1926	1927	1928
	Zloty (000,000's)			
From emigrants in or returning from :				
United States of America	177.2	167.0	147.0	256.0
Canada	3.4	5.1	12.7	
Argentina		13.0	5.8	
France	25.8	23.0	42.4	
Germany	32.7	25.4	23.0	
Other countries	18.9	7.6	11.8	
Gifts received from abroad by Polish charitable organisations	13.8	8.2	12.4	9.6
Total	271.8	249.3	255.1	265.6

It appears from the detailed statements published that item 14 (funds brought in by immigrants and returned emigrants) is not complete, separate data not being available for some countries. The estimated amount of these funds in 1927 was 5.9 million zloty for the United States of America, 0.8 million for France, 23.0 million for Germany, 0.6 million for Canada and 0.4 million for the Argentine.

Prior to 1926 some of the remittances from Canada could not be separated from those from the United States and the figures for this country were slightly too high.

The figures entered for 1925-1927 on the debit side against item 14 are composed as follows :

	1925	1926	1927
	Zloty (000,000's)		
Funds taken out by :			
emigrants to Palestine	103.2	3.9	1.4
emigrants to other countries	31.0	58.5	52.2
Total	134.2	62.4	53.6

Travelling expenses are included in these sums and are estimated for overseas emigrants at 21.5 million zloty in 1925, 37.8 million in 1926 and 31.4 million in 1927. These estimates are net, the expenditure in Poland of foreign shipping companies being deducted.

The decrease in the debit figures for 1926 and 1927 is due to the falling-off of emigration to Palestine. The following statement shows the number of Polish emigrants during the years 1925-27, not including emigrants to Germany :

	1925	1926	1927
Emigrants to :			
United States of America	9,089	8,249	9,397
Canada	4,268	15,810	22,031
Argentina	8,820	14,435	20,189
France	36,373	68,704	16,211
Palestine	13,696	6,840	840
Brazil	} 8,972 {	2,490	3,376
Other countries		7,275	6,791
Total	81,218	123,803	78,835

The number of seasonal emigrants to Germany increased from 43,706 in 1926 to 68,779 in 1927.

The sums shown on the credit side under item 14 are estimates of gifts to Palestine organisations.

Tourists. When calculating this expenditure (item 16), the number of travellers and tourists and the length of their journey has been estimated from the number and nature of the passports issued and visas granted.

Details of the figures used in calculating the income under this head are given below :

Visas granted for a stay in Poland of :	Assumed length of stay. Days	Daily expenditure in zloty		
		1925	1926	1927
less than one month	5	43	50	60
1-3 months	14	43	40	50
3-6 months	30	34.4	30	40
over 6 months	60	34.4	25	30
Renewed visas	20	34.4	45	55
Transit visas	1		20	45

The daily expenditure in 1927 was increased in part on account of higher cost of living.

Owing to a considerable increase in the passport fees, the number of Polish tourists abroad was greatly reduced in 1926. It rose again in 1927 with increased facilities for obtaining passports at reduced fees. The expenditure of the Polish tourists has been calculated by estimating the length of stay abroad of the different kinds of travellers and their daily expenditure. The expenditure of Polish visitors to Danzig territory, estimated at 33.5 million zloty in 1927, is included. The expenditure of Danzig citizens visiting Poland is of little importance and has been ignored on the credit side.

Diplomatic and other Government expenditure. The increase in foreign diplomatic expenditure in Poland (item 17, credit) in 1927 is due to more accurate estimates, the 1926 figure being probably too low.

The Polish Government receipts entered on the credit side against item 19 comprise the following amounts :

	1925	1926	1927	1928
	Zloty (000,000's)			
Customs receipts collected by Danzig and transmitted to				
Poland	113.4	41.0	58.4	97.9
Receipts of Polish consulates abroad	14.3	11.2	12.0	13.7
Total	127.7	52.2	70.4	111.6

The amount transferred from Danzig in 1927 (58.4) is lower than the actual receipts by 16.7 million. This difference is included in the amount entered for 1928.

The figures entered on the debit side represent the customs duties collected in Danzig on Polish imports.

Other current items. The outward payments entered against item 19 are made up as follows :

	1925	1926	1927	1928
	Zloty (000,000's)			
Transloading expenses incurred in Danzig by Polish importers and exporters	20.6	33.4	42.1	35.8
Profits of merchants in Danzig from the foreign trade of Poland	25.8	30.0	32.5	24.3
Cinematograph film royalties and authors' fees	—	3.5	23.0	23.4
Receipts of foreign consular offices in Poland	6.9	8.5	11.0	13.2
Total	53.3	75.4	108.6	96.7

The increase in the film royalties is in part due to more accurate estimates.

Capital items.

Some of the items, particularly those referring to private companies, banks and individuals, are based on special enquiries which yielded incomplete results. The adjustments which had to be made on account of the incomplete material are in certain cases rough estimates.

Real estate. Item 2*b* shows the purchases of mine fields from foreigners.

New capital issues. The 541.6 million zloty, entered against item 3*a* for 1927, represent the yield of the foreign Stabilisation Loan of \$62 million and £2 million nominal, raised in October 1927. The loan bears 7 per cent interest and is redeemable in 20 years at 103. The rate of issue was 92. Of this loan \$47 million were subscribed in the United States, £2 million in the United Kingdom, \$4 million in the Netherlands, \$2 million in France and in Sweden, and \$1 million in Poland. The loan, which was raised mainly for currency purposes, is guaranteed by customs revenues, which are paid in monthly instalments to a special account in the Bank of Poland.

The Stabilisation Loan was followed by increased municipal borrowing in 1928 (item 3*b*, credit).

Foreign investments in Polish undertakings (item 4, credit) show a considerable increase in 1927 as compared with the preceding year. They are mainly in the form of capital increases in existing companies.

Short-term operations. Item 5*a* represents short-term credits which were raised by the Government with foreign banks in the latter half of 1925 to support the exchange. Those credits were repaid in 1926 and 1927.

Item 5b shows the changes in the foreign assets and liabilities of banks other than the Bank of Poland. Details of the position at the end of 1926 and 1927 are shown in the following table :

	Zloty (000,000's)			
	Liabilities at the end of		Assets at the end of	
	1926	1927	1926	1927
United Kingdom	101.2	54.4	37.4	27.5
Austria	24.2	33.7	4.3	4.2
Belgium	3.0	8.1	0.8	0.4
Czechoslovakia	1.3	17.1	1.4	2.4
France	17.1	71.4	11.9	8.3
Danzig	16.2	20.3	8.6	6.1
Netherlands	8.8	21.5	1.0	7.0
Germany	15.1	29.2	13.6	25.1
United States	20.5	58.8	66.6	51.7
Switzerland	12.3	8.5	2.3	2.9
Sweden	70.2	71.7	—	2.7
Other	2.3	3.8	1.6	2.0
Total	292.2	398.5	149.5	140.3

The increase in the assets during 1927 took place chiefly in the last quarter of the year as a result of the Stabilisation Loan.

It is understood that the changes indicated in the merchandise credits (items 5d and 6c) in 1927 and 1928 are not quite comparable with those for the preceding years, when certain credits on merchandise were entered as cash credits (items 5e and 6d). It would appear, however, that the comparability of the totals of merchandise and cash credits is not affected. The increase in credits due to foreigners in 1927 referred chiefly to the import of machinery, textiles, animal and chemical products.

It is pointed out that the credits received, whether merchandise or cash credits, have been calculated conservatively and may be from 10 to 25 per cent. too low.

It will be noted that the net increase in 1927 of the assets held by the Bank of Poland with foreign banks (item 6a, debit) amounted to little more than the yield of the Stabilisation Loan.

International indebtedness.

The following details with regard to the international indebtedness of Poland have been supplied.

	Zloty (000,000's) at the end of		
	1926	1927	1928
<i>Liabilities.</i>			
1. Liabilities on account of intergovernmental debts	2,605.7	2,582.6	2,536.1
2. National securities held abroad on account of :			
(a) other Government debt	643.9	1,279.7	1,273.0
(b) municipal debt	123.0	(1) 123.3	.
(c) private debt . . . . .	.	.	.

(1) On April 1st, 1928.

	Zloty (000,000's) at the end of		
	1926	1927	1928
3. Floating foreign debt :			
(a) of banks	292.2	398.5	535.4
(b) of private enterprises (not banks)	448.6	(¹) 478.7	(²) 888.2
(c) merchandise credits received	446.1	745.4	1,167.0
<i>Assets.</i>			
4. Floating foreign assets :			
(a) of the Bank of Poland	165.9	894.6	749.0
(b) of other banks	149.5	140.3	199.6
(c) of private enterprises	25.1	23.4	50.3
(d) merchandise credits granted	233.8	269.3	288.8

No information is available concerning the amount of Polish private securities held abroad, or foreign securities held in Poland, or of other private investments in real estate or trade and industry. Owing to this incompleteness, no totals have been struck.

(1) Of which 64.6 on account of Polish branches of foreign enterprises.
(2) Of which 141.0 on account of foreign banking credits to the sugar industry.

ROUMANIA

No estimate of the balance of payments of Roumania has been published in this *Memorandum* since the partial statement for 1924, which appeared three years ago ⁽¹⁾. A more complete statement for the years 1926-1928 has now been supplied by the Roumanian Government and is reproduced below.

Current items.

Items	Lei (000,000's)					
	Inward or Credit Movements (Exports)			Outward or Debit Movements (Imports)		
	1926	1927	1928	1926	1927	1928
<i>I. Merchandise.</i>						
1. Merchandise ⁽²⁾	38,223	37,703	26,919	37,135	33,429	32,145
2. Contraband ⁽²⁾	280	313	385	—	—	—
<i>II. Gold coin and bullion.</i>						
3. Gold coin and bullion	—	—	—	10	5	—
<i>III. Interest and dividends.</i>						
4. Interest on intergovernmental debts	—	—	—	12	8	11
5. Interest on other public debts	—	—	—	3,492	4,038	3,912
6. Interest on short-term capital	375	381	445	450	466	480
<i>IV. Other current items.</i>						
7. Shipping freights	213	158	126	41	35	48
8. Port fees	—	—	—	104	85	67
9. Other transport fees	1,294	1,582	1,495	—	—	—
10. Commissions, insurance, brokerage	—	—	—	23	13	12
11. Post, telegraph and telephone	59	55	34	35	28	28
12. Emigrants' funds ⁽²⁾	518	458	480	—	—	—
13. Emigrants' remittances	⁽³⁾	⁽³⁾	⁽³⁾	1,039	1,160	1,188
14. Tourists' expenditure ⁽²⁾	1,250	1,050	850	—	—	—
15. Diplomatic and similar expenditure ⁽²⁾	556	531	550	185	266	349
16. Miscellaneous personal services	—	—	—	—	—	4
17. Reparations in cash	—	—	—	—	3	3
18. Counter-value of reparations in kind	340	422	495	—	—	—
19. Other Government receipts and expenditure	70	70	69	—	—	—
Total	43,178	42,723	31,848	42,526	39,536	38,247
Surplus (+) or deficit (—)	+ 652	+ 3,187	— 6,399			

(1) *Memorandum on Balance of Payments and Foreign Trade Balances 1911-1925*, Vol. I (Series of Publications: 1926.II.51/I), p. 86.

(2) Provisional figures.

(3) Information not available.

Capital items (Long- and short-term operations).

Items	Lei (000,000's)					
	Inward or Credit Capital Movement			Outward or Debit Capital Movement		
	1926	1927	1928	1926	1927	1928
1. Foreign capital withdrawn	—	—	—	—	1,000	1,500
2. Repayment of debts of individuals	—	—	—	1,780	1,800	1,500
3. Foreign capital invested in Roumania	3,500	3,661	3,800	—	—	—
4. Foreign credits received (in foreign currency).	—	—	3,833	—	—	—
5. Floating debts repaid	—	—	—	—	—	3
Total	3,500	3,661	7,633	1,780	2,800	3,003
Net inward movement of capital (+)	+ 1,720	+ 861	+ 4,630			

SUMMARY TABLE.

	Lei (000,000's)						
	Current items					Capital items	All items
	Mer- chan- dise	Gold	Interest and divi- dends	Other items	Total		
1926 Credit	38,503	—	375	4,300	43,178	3,500	46,678
Debit	37,135	10	3,954	1,427	42,526	1,780	44,306
Balance	+ 1,368	— 10	— 3,579	+ 2,873	+ 652	+ 1,720	1) + 2,372
1927 Credit	38,016	—	381	4,326	42,723	3,661	46,384
Debit	33,429	5	4,512	1,590	39,536	2,800	42,336
Balance	+ 4,587	— 5	— 4,131	+ 2,736	+ 3,187	+ 861	1) + 4,048
1928 Credit	27,304	—	445	4,099	31,848	7,633	39,481
Debit	32,145	—	4,403	1,699	38,247	3,003	41,250
Balance	— 4,841	—	— 3,958	+ 2,400	— 6,399	+ 4,630	1) — 1,769

It will be noted that a perfect balance is not obtained. The discrepancy is presumably due to the fact that certain items (belonging to both sides of the account), which are of some importance in the Roumanian balance of international payments, have not been included in the statement, *e.g.*, interest and dividends paid on private long-term capital invested in the country (debit item) and emigrants' remittances received (credit item).

The exchange value of the leu rose appreciably during the period covered by the tables. The heavy reduction in the value of merchandise exported during 1928 was, however, not due to this fact but to the diminution in the quantity of cereals available for export in consequence of the drought.

(1) Balance due to errors and omissions.

KINGDOM OF THE SERBS, CROATS and SLOVENES.⁽¹⁾

A statement for the year 1926, prepared by MM. M. B. Tosic, A. Vegner, P. J. Rudcenko and G. Streckacev⁽²⁾ and forwarded by the Serb-Croat-Slovene Government. was published in last year's issue of this *Memorandum*. The Government has now sent in a new statement, drawn up on the lines suggested by the League of Nations form, which contains figures for 1927 as well as revised figures for 1926. This statement is reproduced below.

Current items.

Items	Dinars (000,000's)			
	Inward or Credit Movements (Exports)		Outward or Debit Movements (Imports)	
	1926	1927	1926	1927
<i>I. Merchandise.</i>				
1. Merchandise	7,818	6,400	7,622	7,276
2. Adjustment for wrong valuation	157	128	381	364
3. Contraband	50	50	175	175
<i>II. Gold coin and bullion.</i>				
4. Gold coin and bullion	—	—	10	10
<i>III. Interest and dividends.</i>				
5. Interest on intergovernmental debts	—	—	280	421
6. Interest on other public debts	—	—	53	63
7. Other interest and dividends on long-term capital . .	1	1	550	575
8. Interest on short-term capital	2	7	22	86
<i>IV. Other current items.</i>				
9. Shipping freights	110	93	—	—
10. Port fees	1	1	—	—
11. Other transport fees	620	661	450	342
12. Commissions, insurance, brokerage	188	161	219	188
13. Post, telegraph and telephone	31	31	9	9
14. Immigrants' and emigrants' funds	751	780	120	118
15. Immigrants' and emigrants' remittances	—	—	—	—
16. Tourists' expenditure	338	427	511	454
17. Diplomatic and similar expenditure	160	170	170	176
18. Miscellaneous personal services	12	20	120	15
19. Reparations in cash	—	22	—	—
20. Counter-value of reparations in kind	589	557	589	557
Total	10,828	9,509	11,281	10,829
Deficit (—)	— 453	— 1,320		

(1) The name was officially changed to the Kingdom of Yugoslavia in 1929.

(2) *La Balance des Paiements du Royaume des Serbes, Croates et Slovènes en 1926*, Belgrade, 1928.

Capital items.

Items	Dinars (000,000's)			
	Inward or Credit Capital Movement		Outward or Debit Capital Movement	
	1926	1927	1926	1927
<i>I. Long-term operations.</i>				
1. Amortisation :				
(a) of intergovernmental debts	—	—	126	132
(b) of other public debts	—	—	325	386
2. Purchases and sales :				
(a) of real estate	12	22	—	—
(b) of domestic securities	10	5	10	1
3. New capital issues :				
(a) Government and municipal	95	993	—	—
(b) other	492	689	—	—
4. Other long-term investments	150	250	—	1
<i>II. Short-term operations.</i>				
5. Change in short-term debts	122	125	—	—
6. Change in foreign assets of the National Bank	190	—	—	391
7. Change in short-term assets of individuals	1	—	—	8
8. Change in other short-term assets	—	—	150	31
Total	1,072	2,084	611	950
Net inward movement of capital (+)	+ 461	+ 1,134		

SUMMARY TABLE.

	Dinars (000,000's)								
	Current items					Capital items			All items
	Merchan- dise	Gold	Interest and divi- dends	Other items	Total	Long- term	Short- term	Total	
1926 Credit . . .	8,025	—	3	2,800	10,828	759	313	1,072	11,900
Debit . . .	8,178	10	905	2,188	11,281	461	150	611	11,892
Balance . .	— 153	— 10	— 902	+ 612	— 453	+ 298	+ 163	+ 461	(1) + 8
1927 Credit . . .	6,578	—	8	2,923	9,509	1,959	125	2,084	11,593
Debit . . .	7,815	10	1,145	1,859	10,829	520	430	950	11,779
Balance . .	— 1,238	— 10	— 1,137	+ 1,064	— 1,320	+ 1,439	— 305	+ 1,134	(1) — 186

It will be noted that a perfect balance is not obtained. From the information available it is not possible to state whether this is due to the inadequacy of the data relative to the credit or the debit items of the account, or whether both totals require some adjustment. Were full information available the accounts for each year would, of course, balance exactly.

No memorandum accompanies the statement, but full details concerning the compilation of the 1926 figures were published in last year's *Memorandum*.

(1) Balance due to errors and omissions.

Balance of international indebtedness.

The following statement of the balance of international indebtedness of the Kingdom of the Serbs, Croats and Slovenes at the end of 1926 and 1927 has been forwarded by the Government of that country.

	Dinars (000,000's) at the end of	
	1926	1927
<i>Liabilities.</i>		
1. Liabilities on account of intergovernmental debts, n.e.i. (Inter-allied debts, etc.)	17,336	17,186
2. National securities held abroad on account of :		
(a) other Government debt	8,785	8,759
(b) municipal debt	58	178
(c) private long-term loans	—	—
3. National real estate owned by foreigners	200	222
4. Other long-term debt (foreign participation in national enterprises, and other foreign direct investments)	5,500	5,750
5. Floating foreign debt of :		
(a) banks	597	566
(b) other private enterprises and individuals	578	704
Total liabilities	33,054	33,365
<i>Assets.</i>		
6. Foreign real estate owned by nationals of S. H. S.	20	21
7. Other long-term assets	—	—
8. Floating assets abroad of :		
(a) banks (bills of exchange payable abroad)	615	1,006
(b) other private enterprises and individuals	39	47
Total assets	674	1,074

This statement does not include the claims of the Kingdom on account of reparations.

SIAM

Statements prepared by the Government of Siam for the years 1926 and 1927 are given below, together with those for 1924 and 1925 published in the 1912-26 edition of this *Memorandum*.

Current items.

Items	Ticals (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Merchandise.</i>								
1. Merchandise	191.0	237.8	237.9	281.9	155.0	177.8	189.7	196.6
<i>II. Gold coin and bullion.</i>								
2. Gold coin and bullion . . .	—	—	—	—	7.3	0.4	2.6	3.2
<i>III. Interest and dividends.</i>								
3. Interest on public debts . .	0.8	—	—	—	7.6	7.7	7.6	7.1
4. Other interest and dividends	1.8	—	—	—	—	—	—	—
<i>IV. Other current items.</i>								
5. Post, telegraph and telephone	0.02	—	—	—	0.3	0.2	0.4	0.3
6. Diplomatic and similar expen- diture	—	—	—	—	1.8	1.3	1.1	1.0
7. Other Government expen- diture	—	—	—	—	3.1	14.0	12.6	14.0
Total	193.62	237.8	237.9	281.9	175.1	201.4	214.0	222.2
Surplus (+)	+ 18.52	+ 36.4	+ 23.9	+ 59.7				

Known capital item (long-term operations).

	Ticals (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1924	1925	1926	1927	1924	1925	1926	1927
Amortisation of public debts .	—	—	—	—	2.1	2.3	2.4	2.5

The statement includes only foreign trade in goods and Government transactions. The current account shows a surplus varying from 18.5 million ticals in 1924 to 59.7 million in 1927, offset by just over 2 million ticals on account of amortisation of the public debt. There thus remains a considerable though varying surplus not accounted for.

In the *Reports of the Financial Adviser on the Budget of the Kingdom of Siam*, the figures for trade and Government remittances of funds are set out for fiscal years ending March 31st. The figures for Government remittances represent the net purchases of foreign currency. The surplus obtained in this account does not vary considerably from year to year. The figures are reproduced below.

	Ticals (000,000's)					
	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
Exports and re-exports of private merchandise, coin and bullion	170.5	201.6	203.1	244.7	240.1	276.3
Imports of private merchandise, coin and bullion	136.4	139.0	158.5	172.8	185.9	193.4
Excess of exports over imports	34.1	62.6	44.6	71.9	54.2	82.9
Government remittances	(1) — 2.0	23.4	12.1	41.1	22.1	48.9
Balance in favour of Siam	36.1	39.2	32.5	30.8	32.1	34.0

The credit balance obtained is, it is observed, liquidated by remittances made abroad for purposes other than the payment for imported merchandise. The remittances of Chinese immigrants to their relatives in China are considerable. In 1912 these were estimated by a well-known writer on Eastern affairs at 26 million ticals a year, but it is pointed out in one of the recent *Reports* that “ after making allowances for any possible disturbing factors, and for any import of private capital into Siam, it seems reasonable to conclude that the figure of 26 million ticals for this particular class of remittances, whether accurate or not when it was made, must in present conditions be an over-estimate ”.

(1) The minus sign indicates that in this year there was a net sale of foreign currency by the Government.

SWEDEN

The Swedish Government has supplied a statement for 1928, which is given below, together with those for 1925-27 previously published. In addition, the summary table covers the years 1923 and 1924.

Current items.

Items	Kronor (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Merchandise.</i>								
1. Merchandise	1,361	1,420	1,617	1,576	1,449	1,491	1,588	1,711
<i>II. Gold coin and bullion.</i>								
2. Gold coin and bullion	6	2	12	3	8	—	11	14
<i>III. Interest and dividends.</i>								
3. Yield of capital invested abroad	30	32	48	60	—	—	—	—
4. Interest on Swedish securities held abroad	—	—	—	—	20	20	24	30
5. Interest on foreign capital in Sweden	—	—	—	—	7	5	5	5
<i>IV. Other current items.</i>								
6. Shipping freights ⁽¹⁾	149	169	183	183	—	—	—	—
7. Emigrants' remittances ⁽²⁾	33	35	35	35	—	—	—	—
8. Tourists' expenditure ⁽³⁾	—	—	—	—	20	20	24	28
Total	1,579	1,658	1,895	1,857	1,504	1,536	1,652	1,788
Surplus (+)	+ 75	+122	+243	+ 69				

(1) Net, i.e., less cost of coal, oil, etc., purchased in foreign ports.

(2) Remittances from the United States only.

(3) Net, i.e., expenditure of Swedish tourists abroad less the expenditure of foreign tourists in Sweden.

Capital items.

Items	Kronor (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Known long-term operations.</i>								
1. Purchases and sales :								
(a) of Swedish securities	34	33	100	84	21	18	30	56
(b) of foreign securities	14	25	61	41	34	84	177	134
2. Other long-term investments	25	85	205	67	50	25	50	185
<i>II. Known short-term operations.</i>								
3. Changes in the foreign assets of the banks	—	12	—	37.7	88	—	200	—
Total	73	155	366	230	193	127	457	375
Net inward (+) or outward (—) movement of capital	—120	+ 28	— 91	—145				

SUMMARY TABLE.

	Kronor (000,000's)								
	Current items					Capital items			All items
	Merchandise	Gold	Interest and dividends	Other items	Total	Long-term	Short-term	Total	
1923 Credit . .	1,160	2	20	172	1,354	55	147	202	1,556
Debit . .	1,297	2	17	33	1,349	77	(¹) 29	106	1,455
Balance . .	— 137	—	+ 3	+ 139	+ 5	— 22	+ 118	+ 96	(²) + 101
1924 Credit . .	1,283	52	22	172	1,529	100	22	122	1,651
Debit . .	1,431	16	16	28	1,491	74	(¹) 34	108	1,599
Balance . .	— 148	+ 36	+ 6	+ 144	+ 38	+ 26	— 12	+ 14	(²) + 52
1925 Credit . .	1,361	6	30	182	1,579	73	—	73	1,652
Debit . .	1,449	8	27	20	1,504	105	88	193	1,697
Balance . .	— 88	— 2	+ 3	+ 162	+ 75	— 32	— 88	— 120	(²) — 45
1926 Credit . .	1,420	2	32	204	1,658	143	12	155	1,813
Debit . .	1,491	—	25	20	1,536	127	—	127	1,663
Balance . .	— 71	+ 2	+ 7	+ 184	+ 122	+ 16	+ 12	+ 28	(²) + 150
1927 Credit . .	1,617	12	48	218	1,895	366	—	366	2,261
Debit . .	1,588	11	29	24	1,652	257	200	457	2,109
Balance . .	+ 29	+ 1	+ 19	+ 194	+ 243	+ 109	— 200	— 91	(²) + 152
1928 Credit . .	1,576	3	60	218	1,857	192	38	230	2,087
Debit . .	1,711	14	35	28	1,788	375	—	375	2,163
Balance . .	— 135	— 11	+ 25	+ 190	+ 69	— 183	+ 38	— 145	(²) — 76

(1) Currency notes imported.
(2) Balance due to errors and omissions.

It will be noted that a perfect balance is not obtained. Were the information available complete, the account for each year would, of course, balance exactly.

In the notes accompanying the statements, attention is drawn to the fact that the accuracy of the balance-sheets is necessarily only approximate and that that of the individual items varies to an appreciable extent. Only the figures referring to the import and export of goods and the net changes in the foreign assets of the banks are based on entirely reliable official statistics. Those referring to the import and export of Swedish and foreign securities are calculated from official statistics, but are incomplete. The other items are estimated.

Certain unimportant items are not shown in the tables.

Current items.

Merchandise. The values entered against item 1 are those given for special trade in the trade returns. An enquiry which has recently been published ⁽¹⁾ throws some light upon the effects on the trade figures of the use of official values for certain imported goods. From 1929 the use of declared values has been extended to all goods when in "consignments with uniform contents". It is estimated that the old system of valuation resulted in an under-statement of the total value of imports in 1928 by 10.3 million kronor.

Shipping freights. The net contribution to the balance of payments resulting from freights is estimated from the official annual statistics of navigation and from enquiries into the expenditure on coal, oil, etc., incurred by merchant shipping in foreign ports.

The gross shipping earnings in foreign trade were, in million kronor :

Year	Freights	Charges on postal shipments	Passenger fares	Time charter income	Total
1923	185.2	0.3	16.4	3.6	205.5
1924	186.6	0.1	11.4	6.5	204.6
1925	194.7	0.3	14.1	5.1	214.2
1926	218.4	0.4	19.2	6.5	244.5
1927	234.8	0.4	19.7	9.5	264.4
(²) 1928	230.2	0.3	20.2	12.8	263.5

Emigrants' remittances. The amount of remittances by Swedes in America has been determined on the basis of the statistics concerning postal remittances from the United States of America.

Tourists' expenditure. The expenditure of Swedish tourists abroad has been calculated from the statistics of the number of Swedes leaving the country or returning to it.

Capital items.

Long-term operations. The imports, and for 1925-1927 also the exports, of Swedish and foreign securities have been determined on the basis of the annual

(1) In the *Kommerstella Meddelanden*, issued by the Swedish Board of Trade, for January 15th, 1930.
 (2) Provisional figures.

reports of the Royal Bank Inspectorate. They comprise sales and purchases through private banks and brokers.

The other items in this group have been calculated from information received from bankers and other experts. Part of the data utilised were net figures, and the movement in either direction has accordingly been more important than the figures suggest.

Short-term operations. The changes in the floating assets and liabilities of the banks are based on the information in the official bank statistics ⁽¹⁾ concerning the financial position of the Bank of Sweden and the banking companies. A summary of the figures in question is given below :

	Kr. (000,000's) at the end of :					
	1923	1924	1925	1926	1927	1928
<i>Assets.</i>						
Foreign Government bonds	121.5	67.1	63.1	90.3	148.6	214.0
Other foreign bonds					69.1	
Claims on foreign banks	184.9	232.9	196.5	210.8	339.4	290.0
Foreign bills	31.7	60.8	156.6	115.4	140.4	133.1
Total	338.1	360.8	416.2	416.5	697.5	637.1
<i>Liabilities.</i>						
Amounts due to foreign banks	108.3	152.9	120.4	132.9	144.4	121.7
<i>Excess of assets over liabilities</i> . . .	229.8	207.9	295.8	283.6	553.1	515.4
Change in net assets, as compared with the preceding year	—147.0	—21.9	+ 87.9	—12.2	(²) +200.4	—37.7

The foreign assets of the banks up to 1926 inclusive as given in this table are somewhat too low, as the specification in the statistics before 1927 did not permit the inclusion of foreign bonds other than Government stock. It is believed, however, that the changes in the net assets of the banks are not much affected by the movement of the holdings of such bonds.

Information concerning other short-term capital movements is not available. The credit balances of the account for 1926 and 1927 suggest that considerable amounts of short-term capital have been invested abroad by private enterprises during these years.

(1) *Uppgifter om bankerna.*
 (2) Not taking into account the increase in the total caused by the inclusion of " Other foreign bonds " from 1927.

TURKEY

A statement of the balance of payments of Turkey in 1926 ⁽¹⁾, elaborated by the Turkish Supreme Economic Council, has been supplied by the Turkish Government and is set out below in a somewhat modified form.

Current items.

Items	£T (000,000's) ⁽²⁾	
	Inward or Credit Movements (Exports)	Outward or Debit Movements (Imports)
	1926	1926
<i>I. Merchandise.</i>		
1. Merchandise	186.4	234.7
2. Adjustment for :		
(a) wrong valuation	18.5	5.0
(b) ships' stores	1.1	—
(c) bunker coal	3.0	—
(d) Government imports	—	10.0
3. Contraband . . . . .	.	10.0
<i>II. Gold coin and bullion.</i>		
4. Gold coin and bullion . . . . .	.	—
<i>III. Interest and dividends.</i>		
5. Interest and dividends	0.7	8.3
<i>IV. Other current items.</i>		
6. Shipping freights	1.2	—
7. Port fees	2.8	0.2
8. Other transport fees	1.6	—
9. Commissions on exported goods, not included in item 1, and on transit goods	1.8	—
10. Insurance	2.5	5.0
11. Post, telegraph and telephone	—	0.3
12. Immigrants' remittances	—	4.0
13. Tourists' expenditure	4.5	3.2
14. Diplomatic and similar expenditure	5.0	1.7
15. Other Government receipts and expenditure	0.3	1.2
Total	229.4	283.6
Deficit (—)	— 54.2	

(1) *All İktisat Meclisi, Türkiyenin Tediye Mubazenesi, 1926, Angora, 1929.*
(2) The average exchange value of the £T was \$0.523 in 1926.

Capital items.

Items	£T (000,000's)	
	Inward or Credit Capital Movement	Outward or Debit Capital Movement
	1926	1926
<i>I. Long-term operations.</i>		
1. Sale of real estate in the country	2.0	—
2. Sale of foreign securities	2.8	—
3. Other known long-term investments	4.5	—
<i>II. Short-term operations.</i>		
4. Commercial credits received	41.7	—
Total	51.0	—
Net inward (+) movement of capital	+ 51.0	

SUMMARY TABLE.

	£T (000,000's)								
	Current items					Capital items			All items
	Merchan- dise	Gold	Interest and divi- dends	Other items	Total	Long- term	Short- term	Total	
1926 Credit . .	209.0	—	0.7	19.7	229.4	9.3	41.7	51.0	280.4
Debit . . .	259.7	—	8.3	15.6	283.6	—	—	—	283.6
Balance . .	— 50.7	—	7.6	+ 4.1	— 54.2	+ 9.3	+ 41.7	+ 51.0	(1) — 3.2

It will be noted that a perfect balance is not obtained, a fact which must be attributed to possible errors in the figures and the lack of information concerning a number of items, such as the export of gold, certain commissions earned and paid, etc.

Current items.

Merchandise. It is pointed out that the estimated adjustment of the export figures entered against item 2a is supported by independent estimates of exporters in Constantinople and Smyrna.

Interest and dividends. The inward payments of £T0.7 million entered against item 5 represent interest warrants cashed through Turkish banks on account of foreign Government and municipal securities held in Turkey.

(1) Balance due to errors and omissions.

The amount entered on the debit side against the same item (£T8.3 million) is a conservative estimate of interest and dividends paid in respect of foreign capital. According to another estimate, the yield of the investments of foreign collective undertakings was £T9.3 million, distributed as follows :

	£T (000's)
Foreign banks (according to their balance sheets)	350
Foreign-owned railway companies (according to their balance sheets)	2,959
Foreign-owned mines (estimate)	2,555
Foreign trading companies (estimate)	2,240
Foreign municipal enterprises (estimate)	1,158
	9,262

The foreign capital invested in private undertakings is believed to be of little importance.

Freights, etc. The freight receipts (item 6) and the expenditure of national ships in foreign ports (item 7, debit) comprise the following amounts :

	£T (000's)	
	Freight receipts	Port expenditure
6 vessels chartered to Russia (72 voyages)	576	72
7,200 tons coal shipped to Piræus	288	36
3 vessels chartered to Roumania (36 voyages)	288	54
20,000 tons salt transported abroad	60	—
Total	1,212	162

The receipts from foreign ships (item 7, credit) comprise the following amounts :

	£T (000's)
Fees paid in Turkish ports	100
Fees paid by foreign ships passing through the Bosphorus	180
Lighthouse dues	200
Pilotage and towing of foreign vessels, use of cranes, and warehouse maintenance	1,840
Diving	200
Repairs of foreign ships	250
Total	2,770

Item 8 shows the earnings on account of Persia-Trebizond transit trade, £T1,500,000, and on transhipment of foreign transit goods in Constantinople, £T100,000.

Commissions, etc. Item 9 shows freight commissions paid to Turkish agents by the owners of foreign vessels carrying Turkish export goods, £T1,500,000, and commissions on transit trade, £T250,000.

Item 10 shows indemnities received from foreign insurance companies (credit) and premia paid to such companies (debit). The figures are estimates arrived at after consultation with insurance experts in Turkey.

Immigrants' remittances (item 12). According to enquiries made, about 10,000 of the foreigners visiting Turkey in 1926 came for the purpose of conducting business and stayed throughout the year. It has been estimated that each of these sent £T400 to his country.

Tourists' expenditure (item 13). As no statistics are available concerning the tourist traffic in 1926, the figures entered against this item have been based on the statistics for 1927. In that year 30,227 foreign visitors, of whom 18.2 per cent are believed to have expended large sums, stayed in Turkey more than two days. On the basis of a daily expenditure of £T15, the total expenditure of these visitors works out at £T3,919,000. To this figure £T230,000 have been added on account of 2,300 visitors (included in the number given above) arriving for the purpose of transacting business with Government departments and expending £T100 each on travelling to Angora and back. Finally, at least 10,000 visitors, particularly to Constantinople, staying one or two days, are assumed to have spent £T400,000.

It is pointed out that tourist agencies estimate the annual expenditure of foreign tourists in Turkey at £500,000 sterling, or, according to the average exchange rate in 1926, £T4,644,000.

The number of Turkish nationals travelling abroad in 1927 was about 8,000. According to Swiss tourist statistics, 736 Turkish nationals visited Switzerland, of whom 225 stayed in sanatoria. Allowing for a duration of medical treatment of six months, the expenditure of all Turkish nationals in Switzerland is calculated at £T542,000. The expenditure of the 7,264 other Turkish visitors to foreign countries is taken at £T10 daily during 15 days, or £T1,090,000. Finally, the travelling expenses of all the 8,000 Turkish nationals are calculated at £T1,600,000 (£T200 for each person).

Government receipts and expenditure. Item 15 shows on the credit side the amount of Turkish consular fees levied abroad, and on the debit side the following Government expenditure abroad :

	£T (000's)
Various recurrent accounts	665
Special demands for payments	478
Expenditure by the General Administration of State railways	58
Total	1,201

Capital items.

Long-term operations. The £T4 million entered against item 3 include the foreign capital invested in consequence of the establishing of the alcoholic beverages monopoly and the Turkish Aeroplane and Motor Co. and the expansion of certain other firms (Ergani Madeni Co., Bulğar Dağı Madeni Cos., and Eregli Co).

Short-term operations. It was not possible to include in the statement the change in foreign deposits with Turkish banks.

The £T41.7 million entered against item 4 represent merchandise credits raised in Italy, Czechoslovakia and Great Britain. The credits received in Italy rose in the year from 700 to 1,200 million lire, or by £T36.7 million, whereas those received in Czechoslovakia and Great Britain increased by £T5 million.

UNION OF SOUTH AFRICA

Estimates of the balance of payments of the Union of South Africa for the years 1925, 1926 and 1927 have been prepared by the Government of that country on the lines suggested in the League of Nations schedule. The statements are given below, together with that for 1924 published in the 1911-25 issue of this *Memorandum*. Summary figures for 1923, derived from the same issue, are also given in the summary table below.

The figures refer not only to the Union of South Africa, but also to Basutoland, Swaziland and Bechuanaland. They exclude the trade of South-West Africa.

Current items.

Items	£ (000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Merchandise.</i>								
1. Merchandise	40,174	48,074	42,941	51,560	65,895	67,936	72,601	72,743
2. Adjustment for wrong valuation :								
(a) freight and insurance	—	—	—	—	+5,128	+5,839	+6,203	+6,424
(b) allowance for exchange rate	—	—	—	—	-1,606	-200	+333	+326
<i>II. Gold coin and bullion.</i>								
3. Gold coin and bullion	44,261	41,364	43,223	44,899	—	1	718	1,271
4. Adjustment for wrong valuation	-1,208	—	— 48	— 40	—	—	—	—
<i>III. Interest and dividends.</i>								
5. Interest on public debts	145	153	161	150	5,301	5,185	5,896	6,011
6. Other interest and dividends	—	—	—	—	11,821	10,841	11,399	10,637
<i>IV. Other current items.</i>								
7. Shipping freights	—	—	—	—	—	—	—	—
8. Port fees	537	645	609	623	—	—	—	—
9. Other transport fees	195	245	375	368	260	291	303	315
Carried forward	84,104	90,481	87,261	97,560	86,799	89,893	97,453	97,727

Items	£ (000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1924	1925	1926	1927	1924	1925	1926	1927
Brought forward	84,104	90,481	87,261	97,560	86,799	89,893	97,453	97,727
10. Commissions, insurance, brokerage	—	—	—	—	1,285	1,332	1,416	1,416
11. Post, telegraph and telephone	—	—	—	—	92	112	110	103
12. Emigrants' funds	—	—	—	—	720	711	788	914
13. Pensions paid by the Imperial Government	568	412	372	306	—	—	—	—
14. Tourists' expenditure	609	734	873	953	4,267	3,887	3,949	3,981
15. Diplomatic and similar expenditure	340	366	339	335	156	172	151	140
16. Reparations in cash	19	45	362	85	—	—	—	—
17. Other Governmental receipts and expenditure	108	102	115	96	215	254	293	315
Total	85,748	92,140	89,322	99,335	93,534	96,361	104,160	104,596
Deficit (—).	—7,786	—4,221	—14,838	—5,261				

Capital items.

Items	£ (000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1924	1925	1926	1927	1924	1925	1926	1927
<i>I. Long-term operations.</i>								
1. Purchases and sales:								
(a) of real estate in the country	—	—	—	—	—	1,116	—	—
(b) of foreign securities	250	19	—	—	—	—	150	211
2. New capital issues (Government and municipal)	5,409	3,085	2,901	4,901	—	—	—	—
3. Other long-term investments	1,360	1,076	1,311	1,551	—	—	—	—
<i>II. Short-term operations.</i>								
4. Change in short-term debts and assets	767	1,157	10,776	—	—	—	—	980
Total	7,786	5,337	14,988	6,452	—	1,116	150	1,191
Net inward movement of capital (+)	+7,786	+4,221	+14,838	+5,261				

SUMMARY TABLE.

	£ (000's)								
	Current items					Capital items			All items
	Merchan- dise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
(¹) 1923 Credit . .	39,649	40,356	117	1,778	81,900	3,777	—	3,777	85,677
Debit . . .	61,566	2	15,693	5,618	82,879	—	2,798	2,798	85,677
Balance . .	-21,917	+40,354	-15,576	-3,840	— 979	+3,777	-2,798	+ 979	—
1924 Credit . .	40,174	43,053	145	2,376	85,748	7,019	767	7,786	93,534
Debit . . .	69,417	—	17,122	6,995	93,534	—	—	—	93,534
Balance . .	-29,243	+43,053	-16,977	-4,619	- 7,786	+7,019	+ 767	+ 7,786	—
1925 Credit . .	48,074	41,364	153	2,549	92,140	4,180	1,157	5,337	97,477
Debit . . .	73,575	1	16,026	6,759	96,361	1,116	—	1,116	97,477
Balance . .	-25,501	+41,363	-15,873	-4,210	- 4,221	+3,064	+ 1,157	+ 4,221	—
1926 Credit . .	42,941	43,175	161	3,045	89,322	4,212	10,776	14,988	104,310
Debit . . .	79,137	718	17,295	7,010	104,160	150	—	150	104,310
Balance . .	-36,196	+42,457	-17,134	-3,965	-14,838	+4,062	+10,776	+14,838	—
1927 Credit . .	51,560	44,859	150	2,766	99,335	6,452	—	6,452	105,787
Debit . . .	79,493	1,271	16,648	7,184	104,596	211	980	1,191	105,787
Balance . .	-27,933	+43,588	-16,498	-4,418	- 5,261	+6,241	- 980	+ 5,261	—

The fact that a perfect balance is struck in the above table should not be taken as a proof that the figures are rigidly correct, for the amounts entered as short-term capital operations are not based on direct evidence but are interpolated as balancing accounts and include, therefore, allowances for possible omissions and errors in the other items.

It is pointed out that the estimates must be regarded as tentative, but that they are valuable for comparative purposes. The great debit balance of known items in 1926, appearing in the tables as an increase in the floating indebtedness, was due to changes in the visible trade. Exports fell off because of the bad harvest, whereas imports were stimulated by the activity of the diamond diggings. "It is difficult to explain how such abnormal circumstances were not made visible in the exchanges. It is probable that the platinum boom with the over-capitalisation of stocks balanced a portion of this, while the steady appreciation of gold stocks during this period probably indicated London buying."

Current items.

Merchandise and gold. The value of the imported goods subject to an *ad valorem* duty is the selling price for home consumption of similar articles in the principal markets of the country from which the goods were exported plus packing and carriage to port of shipment. For goods subject to a rated duty or free of duty, f.o.b. values are given.

Goods imported into the Union through the port of Lourenço Marques are for the most part declared at f.o.b. prices.

An allowance for freight and insurance on imported goods up to the South African port and frontier has been made under item 2*a*.

(1) For detailed figures for 1923, see *Memorandum on Balance of Payments and Foreign Trade Balances 1911-1925*, Vol. I (Series of Publications : 1926. II. 51/I), page 89.

The value of domestic goods exported is that current at the time and place of shipment plus packing and loading charges. For re-exports from open stock the f.o.b. value is given and for re-exports from bond the recorded warehouse value.

Overseas imports are declared in terms of London sterling, while the exports are believed to be declared at South African prices. The adjustment entered against item 2b represents the difference between the internal and the external price level as indicated by the exchange rate between South Africa and London.

The adjustment of the recorded value of exported gold (*cf.* item 4) in 1924 represents the difference between the price obtained in London and the value declared by the exporters (*i.e.*, the standard value plus an estimate for the gold premium), due allowance being made for the charges for freight and insurance, etc. The gold premium disappeared at the end of 1924. Gold is valued in the trade returns at mint parity, but it has been thought advisable from 1926 to replace it by the buying rate of the South African Reserve Bank, namely £3. 17s. 9 $\frac{1}{8}$ d. per standard oz. for gold bullion and to value gold specie at its face value. This adjustment of valuation is covered by the figures shown against item 4.

It is uncertain how far the export values represent the actual amounts received by Union nationals. But it is believed that, in the case of goods purchased in the Union by foreign agents, they are probably as accurate as any that can be obtained and that even in the case of goods sold on consignment after the adjustments mentioned above have been made they fairly represent the receipts.

Interest and dividends. The sums shown on the credit side under item 5 represent the interest received by the Public Debt Commission from foreign investments. The interest paid on Government and municipal debt held abroad is shown on the debit side. With reference to the private interest and dividends (item 6), the following explanation has been supplied :

It was found that, in 1917, 14 $\frac{1}{2}$ % of the mining shares were held by South Africans, apart from holdings by investment companies. The proportion of dividends paid to South Africans was slightly higher and was estimated in 1918 at 17 $\frac{1}{2}$ %. It is known that South Africans have since acquired a larger proportion of the shares, especially those of the East Rand. In the absence of definite statistics on the subject, it has been assumed that the proportion of dividends paid to South Africans increased by 3% between 1918 and 1923 and by 1% in each year between 1923 and 1927. In addition, the holdings of South African industrial companies were estimated at approximately 4/11ths in 1918 and this proportion has been left constant.

This estimate is, however, stated to be open to a considerable amount of doubt. No exact figures are obtainable later than 1917 and 1918. It is known that South African nationals hold more gold stocks but the amount of the change is not known and may possibly have been under-estimated. Opinions are held that the total figure of dividends going abroad may be several millions less than is indicated in the table. In view of this the figures should be used with caution until a further investigation has been carried out.

Besides the payment of dividends, approximately five millions of profits are made by companies in South Africa. These profits are almost entirely put back into the business and, therefore, in so far as they are held by foreign investors, they should be shown as profits on one side of the account and new capital invested on the other side. In these circumstances, this item has been omitted. On the whole, profits of overseas firms such as insurance companies are re-invested in South Africa. Between 1919 and 1922 their assets in the Union increased by a million and a half, between 1924 and 1926 by over a million and a quarter:

Commissions, insurance, etc. (item 10). The debit sums entered against this item represent the estimated amounts expended in Buying Commissions. They are calculated at the rate of 2% of the imports.

Freights, transport charges, etc. The estimate made under item 9 of receipts for transit trade has been framed as follows. The proportion of sea-borne traffic to South African traffic to Rhodesia has been applied to the railway revenue derived from this source. As, however, it is estimated that only 10% of the Rhodesian in-transit traffic from Rhodesia through the Union is carried on behalf of Rhodesians, only 10% of the revenue derived from this source has been included.

Funds taken out by emigrants, etc. No estimate has been made of the amount of money brought into the country by immigrants or taken out by emigrants. The amounts entered against item 12 refer to money taken out by Portuguese natives returning to Mozambique and by Indians repatriated to India.

Item 13 shows the amounts paid by the Imperial Government to pensioners living in South Africa.

Government receipts from abroad. The amounts entered on the credit side against item 17 represent Government receipts from the London mint.

Capital items.

Long-term operations. The amount entered against item 1a in 1925 represents the purchase of the New Cape Central Railway by the Union Government.

Item 1b represents the net sales and purchases of the holdings of the Public Debt Commissioners; item 2 the net increase in the Government and municipal debt, and item 3 the amount of new money apart from Government and municipal loans raised in London for investment in the Union.

No allowances have been made on account of the possible effects of the liquidation of enemy property on the balance of payments. Assets controlled by the Custodian of Enemy Property belonging to (1) British, Allied or Neutral subjects, (2) Enemy Missions, (3) Stateless persons and (4) Enemies who were resident or domiciled in the Union on outbreak of war, have been released, and transferable certificates of credit were issued to those ex-enemies who were not resident or domiciled in the Union on the outbreak of the war. The certificates have now been funded in the form of a local 4% registered stock, payable in 30 years, which amounted to £8,206,424 on March 31st, 1928. "It is impossible to say how much of this stock is now in the hands of Union nationals and how much in the hands of agents of foreign subjects."

UNITED KINGDOM

Estimates of the current items in the balance of payments of the United Kingdom are published regularly at the beginning of each year in the Board of Trade Journal under the heading "Balance of Trade". The latest statement covers the years 1926-28. The figures for 1926 and 1927 differ from those published previously as "advantage has been taken of some important private enquiries to give greater reality to some of the estimates"; further, certain figures for these years have been revised on the basis of later and more reliable information.

The estimates in question are reprinted below. The figures for 1924 and 1925 have been added for purposes of comparison; they have not, however, been revised in the light of the private enquiries referred to above.

BALANCES OF INCOME AND EXPENDITURE IN THE TRANSACTIONS (OTHER THAN LENDING AND REPAYMENT OF CAPITAL) BETWEEN THE UNITED KINGDOM AND ALL OTHER COUNTRIES.

Particulars	£ (000,000's)				
	1924	1925	1926	1927	1928 ⁽¹⁾
Excess of imports of merchandise and bullion	324	384	475	390	358
Estimated excess of Government payments made overseas ⁽²⁾	25	11	—	—	—
Total	349	395	475	390	358
Estimated excess of Government receipts from overseas ⁽²⁾	—	—	4	1	15
Estimated net national shipping income ⁽³⁾	140	124	120	140	130
Estimated net income from overseas investments	220	250	285	285	285
Estimated net receipts from short interest and commissions	60	60	60	63	65
Estimated net receipts from other sources	15	15	15	15	15
Total	435	449	484	504	510
Estimated total credit balance on items specified above.	86	54	9	114	152
<i>New overseas issues on London market in year ⁽⁴⁾</i>	134	88	112	139	143

The Government transactions shown in the statement include certain amounts properly belonging to the capital account, such as amortisation, receipts and payments on account of inter-allied debts. Otherwise the statement relates to current items only; the aggregate of new overseas issues on the London market, according to statistics issued by the Midland Bank, have, however, been added on the last line of the table for reference.

(1) Revised figures. — Since this section was drafted the figures for 1929 have appeared. They are as follows (in million £): Excess of imports of merchandise and bullion, 366; estimated excess of Government receipts from overseas, 22; estimated net national shipping income, 130; estimated net income from overseas investments, 285; estimated net receipts from short interest and commissions, 65; estimated net receipts from other sources, 15. The credit balance on these items works out at 151, whereas the new foreign issues on the London market amounted to 94.3.

(2) These include some items on loan accounts.

(3) Including disbursements of foreign ships in British ports.

(4) This item, not being part of the balance as compiled, is not shown in the body of the table by the Board of Trade Journal. It is shown above for reference.

Merchandise, coin and bullion. The figures for the last five years are :

	£ (000,000's)				
	1924	1925	1926	1927	1928
<i>Imports.</i>					
Merchandise, including silver bullion and coins other than gold	1,291.3	1,331.3	1,252.6	1,225.5	1,205.8
Gold coin and bullion	35.8	41.5	38.5	32.4	47.8
Total	1,327.1	1,372.8	1,291.1	1,257.9	1,253.6
<i>Exports and re-exports.</i>					
Merchandise, including silver bullion and coins other than gold	953.3	939.6	789.5	839.2	853.0
Gold coin and bullion	49.4	49.6	27.1	29.0	42.2
Total	1,002.7	989.2	816.6	868.2	895.2
Excess of imports over exports	324.4	383.6	474.5	389.7	358.4

No account is taken of the imports of rough diamonds from South Africa (about £7-10 million) which are not included in trade returns because these diamonds are, for the most part, subsequently exported to the Continent for cutting. The re-imports of cut and polished gems are likewise excluded from the trade returns, but it is stated that the net charge against the country cannot be great.

Ships' stores and bunker fuel exported on foreign vessels are likewise excluded, but are taken into account when calculating the shipping income. Old vessels bought and sold are included under "Receipts from other services".

The export of gold coin and bullion in 1928 is given above as £42.2 million as against £60.5 million recorded in trade returns. But of this amount some £18 million, representing gold sent to France in February and March, was not remitted in consequence of any current commercial or financial transaction. Its export was merely the repatriation of the gold pledged by the Bank of France with the Bank of England as security for a loan, the balance of which was repaid in the spring of 1927. This amount has therefore been excluded from the calculations.

Government transactions. Receipts and payments in respect of loans between governments, reparations receipts, and receipts on account of Indian home charges form the chief elements under this heading. Receipts on account of Indian debt and interest on Indian railway capital are, however, not included here, but with income from foreign investments. Of less importance, but still of some magnitude, are receipts and payments on account of the overseas activities of the Admiralty, War Office, Air Ministry, Dominions Office, Colonial Office, Diplomatic and Consular Service, and other public departments. Only receipts originating overseas and payments made overseas are taken into account; for example, the value of stores sent from home and the cost of sea-transport paid in the United Kingdom are excluded.

The figures published last year for 1926 and 1927 have been revised; the credit balance for 1926 has been raised from £3 million to £4 million, and the account for 1927, which was taken previously as balancing, now shows a credit balance of £1 million. The revised estimate for 1928 shows a net income of £15 million.

Net international shipping income. Under this heading net income from shipping services, *i.e.*, gross earnings of British shipping, less disbursements (bunkers, stores, port dues, commissions, etc.) in overseas ports, is taken together with disbursements by foreign ships in British ports.

Taking 1920 as a basis, the index numbers of shipping freights in 1927 and 1928 were as follows :

	Charter rates (1920 = 100)	Other freight rates (1920 = 100)	Combined index
1927	24.9	27.8	26.93
1928	22.4	25.8	24.8

The index is calculated on the assumption that 30 per cent of British shipping is tramp shipping. The fall in this index was 7.98 per cent. The total net registered tonnage of British ships entered and cleared with cargoes in foreign trade at ports in the United Kingdom rose, however, from 82,785,000 in 1927 to 83,598,000 in 1928. If an adjustment in this proportion is made and it is assumed that ships were loaded to the same proportion of their capacity and that the trade to and from home ports occupied the same fraction of the active capacity of British shipping in the two years, the reduction in earnings would work out at 7.08 per cent.

The aggregate number of passengers carried to or from non-European ports in British ships in 1928 was substantially the same as in 1927 ⁽¹⁾.

It is believed that the expenditure on bunkers and stores by British shipowners in overseas ports and by foreign shipowners in British ports was at lower rates in 1928 than in 1927, and that there was some increase in the earnings of British shipowners for agency services, commissions, etc.

In view of the foregoing considerations, the estimate of the gross earnings of British shipping (including the amount paid by foreign shipowners in British ports) has been reduced from £155 million in 1927 to £144 million in 1928, or by 7 per cent, and net earnings from £140 million to £130 million.

It is pointed out that as the Chamber of Shipping index of freights is mainly derived from the rates on coal, wheat, and other staple commodities and does not take account of the rates on measurement cargo and other commodities, which are less mobile than those on the great staple articles of commerce, the figure of £130 million and the corresponding figures for earlier years are framed on a conservative basis, and are probably on the low side.

A summary of the amounts of shipping earnings and port receipts and expenditure taken into account is given below :

Year	Gross earnings	Port receipts ⁽²⁾	Port expenditure	Net income including port receipts
	£ (000,000's)			
1924	155	10	25	140
1925	138	9	23	124
1926 . . . . .	.	.	.	120
1927	155		15	140
1928	144		14	130

Port receipts and expenditure have fallen considerably in recent years owing to lower prices, especially for bunkers.

(1) Earnings from passenger traffic have been estimated at about one-sixth, and net earnings from traffic between overseas countries at one-seventh, of total gross earnings (in 1924).

(2) Expenditure of foreign ships in British ports.

Net income from overseas investments. The "net income from overseas investments" includes all income from overseas investments, whether of a joint-stock or private character, and allows for the deduction of income paid to overseas residents in respect of their investments in the United Kingdom. It does not take account of receipts and payments between governments in respect of war debt settlements. The total value of British investments abroad was believed to have been about £3 milliards in 1925, but stress was laid on the conjectural character of this estimate.

The estimates in respect of this item have previously been based mainly on the figures shown in the Inland Revenue Reports for the assessments of income from Dominion and Foreign Government securities and from companies operating abroad. These amounted to £107,511,000 for 1922-23, the latest year for which assessments have been published. In addition, the assessment of income from foreign railways amounted to £28,255,000 in 1919-20. Later figures are not available. The income from business abroad not organised in company form is not shown separately, but it has been estimated at a sum comparable with the total of the identified items. From the aggregate so reached, the income payable to subjects of overseas countries from property in the United Kingdom has to be deducted.

A new investigation has, however, been carried out by Sir Robert Kindersley, the results of which have recently been published (1). It is pointed out that they are in the nature of pioneer results and are to be regarded as a first approximation to the facts. It is hoped to continue the investigation periodically and to arrive at more accurate figures as better methods are devised.

The inquiry undertaken covered the receipts in England from the operation of sinking funds and maturity payments of foreign Government, State and municipal loans, and the capital arrangements of British companies operating abroad and at home for specified years, but did not include certain "private" receipts, *inter alia* those from private English companies operating abroad and from the investments of private individuals. The statistics cover all the investments dealt with in the Stock Exchange Official Intelligence for 1926 with the following exceptions :

(a) American railway stocks and bonds : These were excluded because the bulk of the holdings of British nationals were requisitioned by the British Treasury during the war to provide funds in America, and investigation has failed to disclose any appreciable post-war investment by British nationals in these securities. Total war-time requisitions were estimated at £623 million. (According to an estimate by Sir George Paish in 1907, British nationals' investments in the American railway group totalled £600 million).

(b) Financial trust stocks, etc. : These were excluded to avoid double counting : the income derived by such companies from "private" investment abroad was therefore necessarily omitted.

The information was derived from the London banking agents of foreign Governments, municipalities, etc., and from British companies operating abroad. In all, some sixty banks and several hundreds of companies gave their assistance.

In 1926 the proportion which British holdings constituted of the total outstanding loans or redeemable capital in securities listed on the London Stock Exchange was as follows :

	%		%
Colonial and provincial Governments	82	Financial and land	76
Indian and colonial corporations	80	Gas	99
Foreign corporations	83	Iron, coal and steel	48
Foreign Governments	75	Mines	82
Indian railways	83	Nitrate	99
Foreign railways	86	Oil	96
Railways in British possessions	84	Rubber	93
Banks and discount companies	41	Shipping	99
Canals and docks	96	Tea and coffee	97
Commercial and industrial (Foreign)	68	Telegraphs and telephones	86
Commercial and industrial (British)	99	Tramways and omnibus	98
Electric light	94	Waterworks	99

(1) *The Economic Journal*, March 1929, page 8.

The results showed an average British holding in all the securities examined of 79 per cent in 1926. The estimated total nominal amounts of British-owned capital invested abroad and the gross income therefrom in 1926 and 1927 are as follows :

Group	£ (000's)					
	1926			1927		
	Income	Nominal amount of loan and share capital	Rate %	Income	Nominal amount of loan and share capital	Rate %
Colonial and provincial Governments	31,561	594,248	5.3	32,883	620,445	5.3
Indian and colonial corporations	4,793	82,262	5.8	4,805	82,855	5.8
Foreign corporations	1,539	32,816	4.7	1,885	39,476	4.8
Foreign stocks and bonds	15,998	359,161	4.4	16,155	367,161	4.4
Indian railways	7,271	116,444	6.2	7,102	114,554	6.2
Railways in British possessions	15,103	276,201	5.5	14,871	275,389	5.4
Foreign railways	24,320	483,999	5.0	23,992	489,642	4.9
Banks and discount companies	15,796	143,609	11.0	15,785	143,583	11.0
Canals and docks	651	20,160	3.2	644	16,130	4.0
Commercial and industrial (foreign)	30,328	340,118	8.9	30,195	339,617	8.9
Commercial and industrial (British)	6,343	92,971	6.8	7,253	97,968	7.4
Electric lighting and power	21,572	294,934	7.3	23,994	299,627	8.0
Financial and land	8,359	110,108	7.6	8,970	118,727	7.6
Gas	776	25,015	3.1	745	24,858	3.0
Iron, coal and steel	7,845	134,427	5.8	6,595	130,598	5.0
Mines	12,985	118,517	11.0	11,932	127,471	9.4
Nitrate	1,696	18,171	9.3	1,262	16,530	7.6
Oil	36,619	222,386	16.5	35,739	233,374	15.3
Rubber	31,988	156,827	20.4	30,960	170,353	18.2
Shipping	692	21,288	3.3	752	21,488	3.5
Tea and coffee	7,601	36,162	21.0	9,642	45,918	21.0
Telegraphs and telephones	7,147	91,844	7.8	7,156	92,943	7.7
Tramways and omnibuses	5,800	105,964	5.6	4,424	102,909	4.3
Waterworks	1,408	18,525	7.6	1,420	18,472	7.7
Total	298,191	3,896,157		299,161	3,990,088	

A similar estimate made by Sir George Paish of "British capital invested in Indian, colonial and foreign loans and companies and the income derived therefrom" in 1907-8 is reproduced below.

	£ (000's)		
	1907-1908		
	Income	Capital	Rate %
Indian Government loans	5,017	156,369	3.21
Colonial and provincial Governments	13,933	375,190	3.71
Foreign Government loans	8,338	167,000	4.75
Colonial and foreign municipalities	2,650	58,901	4.5
Indian railways	4,774	123,341	3.87
Colonial railways	7,598	188,950	4.0
American railways	27,000	600,000	4.5
Foreign railways	13,467	286,700	4.7
Carried forward	82,777	1,956,451	

	£ (000's)		
	1907-1908		
	Income	Capital	Rate %
Brought forward	82,777	1,956,451	
Banks	7,353	54,101	13.6
Breweries	732	17,205	4.2
Canals and docks	1,174	5,974	19.6
Commercial and industrial	4,863	77,610	6.3
Electric light	321	7,686	4.2
Financial and land	6,233	187,027	3.3
Gas	1,194	16,419	7.3
Mines :			
Iron and coal	505	12,956	3.9
Copper	5,074	38,525	13.2
Diamonds	4,468	14,646	30.5
Gold	14,947	161,178	9.3
Silver	843	10,513	8.0
Tin	308	5,568	5.5
Nitrate	1,637	10,903	15.0
Oil	642	14,268	4.5
Rubber	446	5,433	8.2
Tea and coffee	1,794	21,399	8.4
Telegraphs and telephones	2,233	34,235	6.5
Tramways	1,809	35,289	5.1
Waterworks	438	6,352	6.9
Total	139,791	2,693,738	5.2

Another estimate was made in 1911, in which the capital invested overseas was placed at £3,500 million, and the income derived therefrom between £175 and £190 million.

These estimates and those for 1926 and 1927 are not quite comparable owing to differences in the methods employed ; but on the basis of the two sets of results obtained, if allowance is made for changes in the value of money as measured by the *Statist* index of wholesale prices, the 1927 figure of capital invested overseas is less than that of 1907 at 1927 values by roughly £118 million, and is still smaller when compared with the 1914 figure, which was estimated in the *Board of Trade Journal* in March 1923 at £4,000 million at 1914 prices. The 1927 figure of gross income received is, however, larger than that of 1907 in terms of 1927 values by roughly £86 million.

A comparison between the above tables shows that since 1907 there has been a change in the direction of overseas investments in favour of industrial undertakings. The Government, municipal and railway groups provided in 1907 about three-quarters of the whole of the capital and nearly two-thirds of the income, as compared with one-half of the capital and one-third of the income in 1927.

The table for 1926 and 1927 shows that over one quarter of the British capital invested abroad is in the form of loans to Governments and corporations, as distinguished from shares held in and loans made to industrial undertakings. Only about one-sixth of the total income, however, is derived from this quarter.

The income from foreign investments as shown in the above tables does not include receipts on account of inter-governmental loans and reparations, and no deduction has been made on account of interest payable on foreign-owned investments in the United Kingdom. On inter-governmental loans and reparations there was a credit balance of about £5 million for 1927 (1). Interest on foreign-owned investments in the United Kingdom for 1927 is estimated at about £14 million.

A sum of between £8 million and £10 million remains therefore to be deducted from the gross income figure and the net income from this category of overseas investment works out at £289.291 million in 1927. This figure does not allow for such factors as the earnings of foreign balances in the London market, the profits of foreign companies operating factories in England, and balances held and short loans made by British banks abroad.

Re-payments in 1926 and 1927 from sinking funds and maturities on account of securities listed on the London Stock Exchange are shown in the following table. (The figures for 1926 represent actual receipts, those for 1927 are adjusted from the 1926 figures.)

(1) According to the *Finance Accounts of the United Kingdom for the Financial Year 1927-28*. Reparations, which elsewhere in this *Memorandum* are not reckoned as a capital or interest item, accounted for an income of £14.5 million.

Group	£ (000's)							
	1926				1927			
	British holders			Foreign holders	British holders			Foreign holders
	Repay-ments	Redeemable capital	Rate of repay-ment %	Repay-ments	Repay-ments	Redeemable capital	Rate of repay-ment %	Repay-ments
Colonial and prov. Governments.	6,221	594,248	1.0	1,365	16,105	620,445	2.6	3,383
Indian and colonial corporations.	630	82,262	0.8	157	647	82,855	0.8	156
Foreign corporations	815	32,816	2.5	166	630	39,476	1.6	164
Foreign Governments	6,287	359,161	1.8	2,095	6,816	367,161	1.9	2,182
Indian railways	1,890	91,745	2.1	387	1,446	89,352	1.6	289
Foreign railways	1,970	230,409	0.9	320	1,120	229,830	0.5	168
Railways in British possessions .	906	159,565	0.6	172	21	156,971	0.01	4
Banks and discount companies .	26	4,669	0.6	37	26	4,643	0.6	37
Canals and docks	130	6,342	2.0	5	130	4,839	2.7	5
Commercial and industrial (Br.) .	501	22,044	2.3	4	879	22,532	3.9	9
Commercial and industrial (for.) .	823	74,122	1.1	388	859	71,319	1.2	393
Electric light and power	307	8,974	3.4	20	398	8,988	4.4	32
Financial and land	892	22,943	3.9	288	940	23,745	4.0	273
Gas	157	2,188	7.2	1	94	1,988	4.7	1
Iron, coal and steel	229	30,570	0.7	249	176	28,731	6.1	192
Mines	1,909	7,486	25.5	414	707	8,030	8.8	149
Nitrate	641	8,044	8.0	—	651	7,273	9.0	—
Oil	1,378	7,789	17.7	62	1,361	8,168	16.7	69
Rubber	559	6,120	9.1	40	114	6,643	1.7	8
Shipping	40	4,247	0.9	—	98	4,082	2.4	—
Tea and coffee	115	2,152	5.3	4	31	2,709	1.1	1
Telegraphs and telephones	121	23,334	0.5	20	296	23,235	1.3	48
Tramways and omnibuses	410	40,550	1.0	9	410	39,105	1.0	9
Waterworks	53	7,805	0.7	—	53	7,942	0.7	—
Total	27,010	1,829,585		6,203	34,008	1,860,062		7,572

Foreign holders resident in the United Kingdom are considered in the above table as British. "Redeemable capital" consists of the bonds of Governments and municipalities, etc., and the debentures and redeemable preference shares of companies.

It is pointed out that the colonial and provincial Government receipts, the principal part of which is composed of maturities of securities falling due for payments, seem to vary considerably from year to year, whereas most of the other groups show little change in absolute amounts. The first-mentioned group is, however, the most important, and the total receipts from all groups are thus bound to be rather irregular.

The high rate of repayment in the mining group for 1926 (25.5 %) is due to maturities. The rate of other repayment was only 6.5 %.

An estimate of amortisation receipts during 1928-1931 has also been made. It includes (a) the receipts from maturities on all existing loans; (b) the calculated British share of receipts from the operation of sinking funds on recent overseas issues; (c) the annual repayments by the operation of sinking funds on other overseas issues. For the last-mentioned group, which shows only slight annual variations, the figure already calculated for 1927 has been repeated. The estimate in question is shown in the following table.

	£ (000's)			
	1928	1929	1930	1931
(a) Maturities	5,208	36,369	8,221	19,373
(b) New annual repayments	1,470	2,054	2,176	2,233
(c) Annual repayments already calculated . . .	16,781	16,781	16,781	16,781
Total	23,459	55,204	27,178	38,387

The figures naturally exclude amortisation of such new loans as may be issued between 1929 and 1931. The amounts under (c) do not allow for the falling off in receipts on account of loans being finally redeemed between 1928 and 1931, nor for the automatic increase in sinking fund receipts where an accumulative sinking fund is in operation due to interest savings. To some extent, however, these two factors are believed to neutralise one another.

On the basis of percentages of foreign subscriptions ascertained from issuing houses, such subscriptions to new capital issues for overseas are estimated at £2,300,000. This figure does not include applications made by British residents on behalf of foreign clients.

On the assumption that the rate of amortisation and of foreign subscriptions to new issues was the same before the war as in 1927, Sir Robert Kindersley makes the following estimate of the new savings "which can be regarded in this part of the nation's savings as the result of the individual desire to save" (amortisation is deducted as it may be looked upon as "automatic" savings):

	£ (000's)	
	1913	1927
New capital issues (1):		
home	50,709	164,324
overseas	197,528	152,991
Total	248,237	317,312
Deduct money "automatically" available for subscriptions:		
1. Foreign subscriptions to new overseas issues	3,000	2,300
2. Sinking funds:		
(a) Government (2)	7,600	65,000
(b) domestic	3,500	5,850
(c) overseas capital (British portion)	11,000	17,000
Total	25,100	90,150
New money subscribed	223,137	227,162

These figures take no account of British subscriptions to foreign issues owing to the impossibility of obtaining a reliable estimate of such investment.

The resultant figures of "new" money invested are not comparable owing to changes in the price level. Adjusting, according to the *Statist* index-number of wholesale prices, the revised figures at 1927 values are:

1913	£320,270,000
1927	£227,162,000

Savings were thus about £93 million less in 1927 at 1927 prices than in 1913.

If the overseas investment position alone is taken after deducting sinking fund receipts from the figures of new issues, excluding refunding operations, the figures work out as follows:

1913 (at 1927 values)	£263,400,000
1927	£133,700,000

Savings for overseas purposes (less amortisation receipts) in terms of 1927 values were thus in 1927 only about half of those in 1913.

The *per capita* figures of "new" money for investment at home and abroad in the securities dealt with in the study, in terms of 1927 values, are:

1913	£7.5
1927	£5.0

(1) Taken from *Statist*, Jubilee No., 1928, where comparable figures for both years are given which exclude refunding operations, etc.

(2) Included and considered as a collective saving from taxation as distinct from individual saving. It is recognised that not necessarily all these sums went to British nationals as there was probably some foreign holding. There were no data available regarding this percentage, however, and the only course was to work on the figures taken.

Consideration of the factors involved in Sir Robert Kindersley's estimate and those previously made is believed to suggest that the probable net income of the United Kingdom derived from overseas investments of a joint-stock character is in the neighbourhood of £285 million. There should be added the income derived from investments of a private character, short loans, etc., which is probably in excess of the similar income paid to overseas residents, but there is no information available on which an estimate can be based, and it has therefore been considered "best to leave any such net addition in suspense, regarding it as guaranteeing the figure of £285 million as a conservative estimate of the total". This sum has consequently been substituted for each of the years 1926, 1927 and 1928, instead of the sum of £270 million which was previously taken for 1926 and 1927.

"In taking £285 million for 1928, an error of under-estimation has probably been committed, but, as the amount of increase cannot at present be calculated, it has been thought best to adopt the same amount as in 1927, subject to revision when further examination has been made. It is also probable that some addition should be made to the estimates of net national income from overseas investments which have been used for the years before 1926, but it would be hazardous, in the lack of data, to venture any estimate of the amount of correction necessary."

Short interest and commissions. "Receipts from short interest and commissions" include acceptance credits, discount on foreign bills, bank interest (*i.e.*, short interest), commissions, etc., on new issues paid by overseas borrowers, merchanting commissions on overseas produce, brokers' commissions, insurance remittances from abroad, earnings on exchange transactions. Payments have also to be made to foreigners for similar services.

The money value of imports in 1928 was less than in 1927 and with the stabilisation of foreign currencies there was less exchange business. On the other hand, the imports of grain and cotton from America were financed in the United Kingdom instead of in the United States as had been the case in the 1927 season. The lower rates at which money could be borrowed in London as compared with New York also brought much financial business to the British market, especially in acceptances. These considerations indicate a decided increase in net earnings in this category. The estimated receipts in 1928 have been taken as 5 per cent higher than in 1927, "not as affording an exact measure of the increase which, it is believed, has taken place, but as registering the conclusion that there has been an increase".

Receipts from other services. This item, including receipts and outgoings on account of the sale and purchase of second-hand ships to and from other countries, emigrants' remittances, the savings of emigrants returning to the country, tourists' expenditure, etc., is allowed to stand at £15 million, as in the preceding four years.

Balance. The statements published in the previous issue of this *Memorandum* showed a debit balance of £7 million for 1926 and a credit balance of £96 million for 1927. The more favourable figures now shown are in the main due to the larger valuation of income from overseas investments resulting from Sir Robert Kindersley's investigations, and in part to more complete available information concerning Government transactions. As already stated, there has probably been some under-estimate of income from overseas investments in 1928 and in the years before 1926, but there was not enough information on which to base an adjustment.

If possible errors in the estimates be disregarded, the credit balances obtained would appear to equal the net outward movement of capital other than that received and paid in respect of loans between governments, which is included in the items for Government transactions.

New overseas issues. The new overseas issues on the London market in 1928, according to the Midland Bank statistics, totalled £143 million, or £6 million less than the estimated credit balance of the current account given above. As explained in previous issues of this *Memorandum*, there is no reason for expecting a close correspondence between the total of new overseas issues and the balance just mentioned. It has been shown by Sir Robert Kindersley's investigation that a great portion of the new overseas issues on the London market is subscribed by foreigners and by means of amounts received in amortisation of former lendings. Profits on the realisation of overseas investments are another source of "new" money. Short-term placements of foreign money in the London market have also helped indirectly in the financing of permanent loans to other countries, but in 1928 foreign balances in London were probably reduced on account of the greater attractiveness of New York and Berlin.

The geographical distribution of the capital issues on the London market for foreign investment in recent years has been as follows :

	£ (000,000's)											
	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929		
India and Ceylon	3.5	29.5	36.1	25.4	2.6	3.4	2.1	1.4	7.7	10.1		
Other British countries	37.0	61.3	39.4	62.2	70.9	54.0	49.9	86.4	78.4	44.3		
Of which :												
Australasia					50.0	25.5	31.5	41.0	34.75	17.0		
Canada and Newfoundland					4.5	2.0	6.0	7.0	20.5	15.25		
Africa					15.0	15.0	6.5	28.0	16.5	10.5		
Asia					1.2	11.0	5.0	5.0	4.25	1.4		
Foreign countries	12.7	24.9	59.7	48.6	60.7	30.4	60.4	50.9	57.3	39.9		
Of which :												
Germany					36.0	(1)11.0	6.0	7.0	8.25	21.5		
Belgium							7.0	11.8	(2)14.5		(3)25.5	
Other European												
Dutch East Indies					17.3	3.5	2.8	1.5	1.0			
Japan							1.3				5.0	
Other Asiatic											0.2	
Argentina					7.0	8.0	9.0	6.0	4.5	8.5		
Brazil							6.0	12.3	13.0		9.25	
Chile								3.0	7.0		6.0	7.5
Other American												
Total	53.2	115.7	135.2	136.2				134.2	87.8		112.4	138.7	143.4	94.3

These statistics of new capital issues are based on issue prices and exclude all shares issued to vendors, bonus shares, issues for conversion or redemption of securities previously held in the United Kingdom, short-dated bills sold in anticipation of long-term borrowings, and loans by municipal and county authorities, except in cases where there is a specified limit to the total subscription. They do not include issues of capital by private companies except where particulars are publicly announced.

(1) Mainly Germany and Italy.
 (2) Italy, Greece and Poland about £2 million each.
 (3) Greece £7.5 million and Hungary £4.75 million.

A classification of the objects of the issues, by main groups of countries, in the last seven years is given in the following table :

	£ (000,000's)						
	1923	1924	1925	1926	1927	1928	1929
India and Ceylon :							
Governments	18.0	—	—	—	—	6.9	9.1
Municipalities and Public Boards	3.4	1.2	—	—	—	—	—
Railways	—	—	1.7	—	—	—	—
Industrial undertakings . . .	4.0	1.4	1.7	2.1	1.4	0.8	1.0
Other British countries :							
Governments	44.1	50.9	29.5	32.4	51.8	37.9	17.7
Municipalities and Public Boards	2.0	5.1	2.0	1.2	5.1	7.3	3.8
Railways	3.0	0.6	—	—	5.0	9.5	4.5
Industrial undertakings . . .	13.1	14.3	22.5	16.3	24.5	23.7	18.3
Foreign countries :							
Governments	26.9	40.6	1.0	14.3	11.8	12.9	3.6
Municipalities and Public Boards	—	2.4	1.4	8.1	8.1	6.8	0.5
Railways	6.0	3.3	4.2	7.6	6.3	4.2	7.8
Industrial undertakings . . .	15.7	14.4	23.8	30.4	24.7	33.4	28.0
Total :							
Governments	89.0	91.5	30.5	46.7	63.6	57.7	30.4
Municipalities and Public Boards	5.4	8.7	3.4	9.3	13.2	14.1	4.3
Railways	9.0	3.9	5.9	7.6	11.3	13.7	12.3
Industrial undertakings . . .	32.8	30.1	48.0	48.8	50.6	57.9	47.3
Grand total	136.2	134.2	87.8	112.4	138.7	143.4	94.3

UNITED STATES OF AMERICA

Estimates of the balance of payments of the United States of America in recent years have been compiled by the Department of Commerce. The figures for 1926 and 1927 were published in last year's edition of this *Memorandum*. A statement for 1928, containing revised figures for 1927, has now appeared ⁽¹⁾ and is set out below in a somewhat modified form in order to render it comparable with the majority of statements in this volume.

It has been possible to add also the corresponding revised figures for 1925 and 1926 and summary figures back to 1922.

Certain refinements of method have been introduced in the new statement, relating mainly to the estimates of tourists' expenditure, to the adjustments of the recorded figures for trade in goods and to the movement of capital. Further, certain freight payments to Canadian railways and changes in merchandise credits are taken into account for the first time.

Current items.

Items	\$ (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Merchandise.</i>								
1. Merchandise	5,009	4,901	4,941	5,216	4,291	4,500	4,239	4,159
2. Adjustments of item 1 :								
(a) bunker coal and oil . . .	59	78	60	50	28	33	29	25
(b) ship chandling and repairs	45	45	45	45	34	34	34	34
(c) vessels sold and bought	4	1	4	3	—	—	5	3
(d) unrecorded parcels post	25	19	22	20	25	19	22	20
(e) freights on imports, paid to foreign ships and carriers	—	—	—	—	170	186	169	187
(f) other adjustments, includ- ing contraband	—	—	—	—	166	160	179	201
<i>II. Gold coin and bullion.</i>								
3. Gold coin and bullion.	262	116	201	561	128	214	207	169
Carried forward	5,404	5,160	5,273	5,895	4,842	5,146	4,884	4,798

(1) United States Department of Commerce, *Trade Information Bulletin* No. 625.

Items	\$ (000,000's)							
	Inward or Credit Movements (Exports)				Outward or Debit Movements (Imports)			
	1925	1926	1927	1928	1925	1926	1927	1928
Brought forward	5,404	5,160	5,273	5,895	4,842	5,146	4,884	4,798
<i>III. Interest and dividends.</i>								
4. Interest on intergovernmental debts	160	160	160	160	—	—	—	—
5. Interest on other public debts	—	—	—	—	—	—	—	—
6. Other interest and dividends on long-term capital	644	683	743	817	165	190	203	252
7. Interest on short-term capital	45	57	57	65	64	78	78	107
<i>IV. Other current items.</i>								
8. Shipping income :								
(a) freights, except on American imports	104	111	125	133	—	—	—	—
(b) passage money	63	69	89	89	—	—	—	—
9. Other transport fees	13	16	15	14	31	36	37	40
10. Insurance	78	80	80	80	70	70	70	70
11. Telegraph and telephone	22	22	22	23	18	18	18	19
12. Immigrants' and emigrants' funds	40	35	35	28			20	
13. Immigrants' and emigrants' remittances	—	—	—	—	275	253	221	217
14. Missionary and charitable contributions	—	—	—	—	50	46	49	52
15. Tourists' expenditure :								
(a) Canada	49	71	83	87	156	171	199	232
(b) Mexican border	6	6	6	6	29	30	32	32
(c) overseas (including West Indies)	57	71	74	75	400	422	465	518
16. Diplomatic and similar expenditure			9				9	
17. Government receipts and expenditure n. e. i. (1)	30	46	48	53	91	95	77	110
18. Other current items :								
(a) cinematograph royalties	75	75	75	70	4	4	4	6
(b) press subscriptions	5	5	5	5	2	3	3	3
(c) Canadian electric power	—	—	—	—	4	5	5	3
(d) patents, copyrights and royalties	15	15	15	15	15	15	15	15
(e) advertising	2	2	2	3	10	10	10	13
Total	6,812	6,684	6,916	7,618	6,226	6,592	6,399	6,487
Surplus (+)	+ 586	+ 92	+ 517	+ 1,131				

(1) Receipts on account of war debts are shown against current item 4 and capital item 1a.

Capital items.

Items	\$ (000,000's)							
	Inward or Credit Capital Movement				Outward or Debit Capital Movement			
	1925	1926	1927	1928	1925	1926	1927	1928
<i>I. Long-term operations.</i>								
1. Amortisation :								
(a) of intergovernmental debts.	26	35	46	50	—	—	—	—
(b) of other debts :								
(i) bond redemption payments	221	322	200	260	60	65	70	70
(ii) sinking fund payments			104	101				
2. Purchases and sales :								
(a) of domestic securities	530	665	861	1,634	307	485	661	1,153
(b) of foreign securities	216	299	398	442	64	110	166	568
3. New capital issues	—	—	—	—	953	1,009	1,183	1,124
4. Direct long-term investments	30	32	28	70	219	240	257	378
5. Resale to foreigners of direct long-term investments	46	51	51	50	—	—	—	—
<i>II. Short-term operations.</i>								
6. Changes in earmarked gold	15	50	183	68	47	24	23	188
7. Changes in merchandise credits (net)	35	—	19	—	—	20	—	55
8. Changes in international banking accounts (net)	—	359	—	—	61	—	—	226
9. Movement of currency notes	—	—	—	—	30	—	—	—
Total	1,119	1,813	1,890	2,675	1,741	1,953	2,360	3,762
Net outward movement of capital (—)	— 622	— 140	— 470	— 1,087				

SUMMARY TABLE.

		\$ (000,000's)								
		Current items					Capital items			All items
		Mer- chandise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
1922	Credit . .	4,021	37	681	511	5,250	645	519	1,164	6,414
	Debit . .	3,589	275	144	1,055	5,063	1,298	—	1,298	6,361
	Balance .	+ 432	— 238	+ 537	— 544	+ 187	— 653	+ 519	— 134	(1)+ 53
1923	Credit . .	4,368	29	761	546	5,704	836	58	894	6,598
	Debit . .	4,272	323	180	1,059	5,834	714	54	768	6,602
	Balance .	+ 96	— 294	+ 581	— 513	— 130	+ 122	+ 4	+ 126	(1)— 4

1) Balance due to errors and omissions.

SUMMARY TABLE (continued).

		\$ (000,000's)								
		Current items					Capital items			All items
		Mer- chandise	Gold	Interest and dividends	Other items	Total	Long- term	Short- term	Total	
1924	Credit . .	4,834	62	795	579	6,270	777	262	1,039	7,309
	Debit . .	4,094	320	192	1,126	5,732	1,487	41	1,528	7,260
	Balance . .	+ 740	- 258	+ 603	- 547	+ 538	- 710	+ 221	- 489	(1)+ 49
1925	Credit . .	5,142	262	849	559	6,812	1,069	50	1,119	7,931
	Debit . .	4,714	128	229	1,155	6,226	1,603	138	1,741	7,967
	Balance . .	+ 428	+ 134	+ 620	- 596	+ 586	- 534	- 88	- 622	(1)- 36
1926	Credit . .	5,044	116	900	624	6,684	1,404	409	1,813	8,497
	Debit . .	4,932	214	268	1,178	6,592	1,909	44	1,953	8,545
	Balance . .	+ 112	- 98	+ 632	- 554	+ 92	- 505	+ 365	- 140	(1)- 48
1927	Credit . .	5,072	201	960	683	6,916	1,688	202	1,890	8,806
	Debit . .	4,677	207	281	1,234	6,399	2,337	23	2,360	8,759
	Balance . .	+ 395	- 6	+ 679	- 551	+ 517	- 649	+ 179	- 470	(1)+ 47
1928	Credit . .	5,334	561	1,042	681	7,618	2,607	68	2,675	10,293
	Debit . .	4,629	169	359	1,330	6,487	3,293	469	3,762	10,249
	Balance . .	+ 705	+ 392	+ 683	- 649	+ 1,131	- 686	- 401	- 1,087	(1)+ 44

It will be noted that a perfect balance is not obtained. Were full information available, the figures for each year would, of course, balance exactly.

Current items.

Merchandise. The figures entered against item 1 refer to general trade.

Item 2a shows sales and purchases of bunker coal and oil. The sales were obtained directly from the trade returns. The import figures (purchases by American ships abroad) were based mainly on estimates.

Previous estimates of receipts and expenditure on account of ship chandlery, dry docking and repairs (item 2b) have been found to be too small. The new debit figures are based on the fact that the average expenditure for supplies and repairs per round voyage of the Merchant Fleet Corporation in the fiscal year ended June 30th, 1928, was \$12,077. As round voyages of all American vessels numbered 11,265, the total expenditure works out at \$136 million. One quarter of this total is assumed to have been spent in foreign ports for purposes other than bunkering. The receipts are estimated in a similar way: the average expenditure of foreign vessels is taken at \$10,500 per round voyage, the number of round voyages to the United States made by foreign vessels 17,271, and one quarter of the total outlay is estimated to have been spent in American ports for purposes other than bunkering.

The value of vessels sold and purchased, according to statistics collected by the Bureau of Navigation, is shown in item 2c.

To exports have been added \$22 million in 1927 and \$20 million in 1928 on account of unrecorded parcels post (item 2d). The unrecorded imports of parcels

(1) Balance due to errors and omissions.

post — duty-free packages and such dutiable packages as are in practice delivered duty-free — are valued at the same amount as the unrecorded exports.

Sums entered against item 2e, representing freight paid to foreign ships and carriers on account of imports into the United States, are added as the recorded import value excludes freight from the place of origin to the United States. The import figures are by this adjustment not rendered comparable with those given for the majority of other countries (which show the c.i.f. value of imports), as freights earned by national ships on account of imports are not included ⁽¹⁾.

Of the amounts entered in the table against the item in question, \$20 million in each year represents inland freight from the place of origin to the United States frontier on goods imported by land, and to the foreign port in the case of other goods. The remaining \$149 million in 1927 and \$167 million in 1928, were paid to foreign ships (*cf. Freights* below).

Additional sums of \$179 million in 1927 and \$201 million in 1928 are entered under item 2f for the following reasons :

(a) Certain exports and imports are not in fact offset by reciprocal payments. An allowance must be made for bad debts, lost consignments, pilferage and destruction of goods in transit. This would imply a reduction of both export and import figures, but it is believed that the American exports are more affected by losses of this kind than imports.

(b) The *ad valorem* duties levied on about 16 per cent of the American imports lead to some under-valuation.

(c) A reduction must be made in the value of imported goods produced by American capital abroad, *e.g.*, sugar from American plantations in Cuba, newsprint paper from American forests and mills in Canada, petroleum from American oil companies in Mexico, and copper from American mines in Chile. The imports of such goods are believed to be generally valued at the market price, but the profit on sales, the reserves and the administration expenses of the head offices in the United States do not go abroad but remain in the country. It is assumed that the profits on sales are offset by the yield from foreign investments accounted for in item 6. The share unaccounted for is included, as a negative entry, in the amounts shown against item 2f.

(d) Sums paid to foreigners for liquor smuggled into the United States are included in the same item, as objection was raised to publishing separately the official estimates of the value of contraband.

(e) Finally, the estimated payments by American exporters to foreign consular offices in the United States on account of consular invoice fees are included.

Gold. In September 1927, after 11 consecutive months of moderate gold inflow, gold began to be exported. In the next 11 months (September 1927 to July 1928), the net outflow was \$577 million. Then for four months the gold movement was negligible. In December 1928 and January 1929 there were again large imports. The net outflow during 1928 was \$392 million.

It is pointed out that some of the gold exported, intended for the reserves of central banks, notably the Bank of France, "moved on a commodity basis rather than on a foreign exchange basis". The dollar exchange was, however, during nearly the whole 11-month period of gold outflow, at a discount, caused, at the outset, by

(1) In the statements for most countries, the figure shown as freight receipts by national ships includes freight on national imports. In the present statement, the freight income (item 8) excludes freight on imports, and this freight can accordingly be excluded also from the import value. Freights earned by national vessels on account of imports into the United States amounted to \$102 million in the economic year ended June 30th, 1927, and \$119 million in the economic year ended June 30th, 1928.

falling interest rates in the United States and by rising interest rates in Europe in the last months of 1927.

“ The continuing discount on dollar exchange during the first half of 1928 may have resulted partly from a continuing outward movement of short-term funds, but there were other contributing influences. There was certainly a heavier outward movement of long-term funds At the same time there was a lighter inward movement of funds from our foreign trade during the first half of 1928.”

During the second half of 1928, interest rates rose rapidly in the United States, and this is believed to have attracted a considerable quantity of short-term funds back into the country. At the same time, compared with the first half of 1928, foreigners had to pay \$452 million more for merchandise, although they received from the United States \$610 million less of long-term public loans. “ No wonder dollar exchange quickly went to a premium ; the marvel is that there was not an earlier and heavier inflow of gold.”

Interest and dividends. Item 4 shows interest receipts of the United States Treasury on account of war debts. Details of these receipts may be found in the table on page 199.

A new estimate of total American long-term investments abroad at the beginning of 1929 is given below :

	\$ (000,000's)	
Latin America	4,652	5,552
Europe	3,709	4,309
Canada and Newfoundland	3,090	3,390
Asia, Australia and Africa	1,104	1,304
Total	12,555	14,555

These figures are assumed to represent nominal capital in the case of securities and original outlay or present capitalised earning power in the case of direct investments in physical properties. They exclude war debts to the United States Treasury and investments in the United States territories and possessions that are treated as part of the United States for the purpose of the balance of payments statement.

The weighted-average dividend rates for each year from foreign securities underwritten from 1924 to 1928 were 6.09, 6.11, 6.18, 5.98 and 5.67 per cent respectively. The average yield of the foreign investments is believed to be somewhat higher. The total yield during 1928 of long-term American investments abroad was estimated at \$817 million (item 6). This includes an estimated half-year's dividend on half of the net increase in these investments during the year, and \$5 million for estimated profits from construction abroad by American engineering houses.

Foreign long-term investments in the United States at the end of 1927 were estimated at \$3,700 million. The geographical distribution of this amount, which is admittedly a very rough estimate, was shown in last year's *Memorandum*. The average yield was taken at 5.5 per cent of the total in 1927 and 6.5 per cent in 1928 ; a further \$11 million have been added in 1928 on account of part-year dividends upon the important increase of principal during the year.

Short-term interest receipts and payments have been entered against item 7. The figures are based upon information obtained from the banks concerning the floating balances.

Freights. Ocean and Great Lakes freight on American imports and exports during the fiscal years ended June 30th, 1927 and 1928, has been estimated by Mr. Virgil C. Miller, of the United States Shipping Board.

	§ (000's)							
	July 1st, 1926 — June 30th, 1927				July 1st, 1927 — June 30th, 1928			
	On American imports		On American exports		On American imports		On American exports	
	Earned by Americans	Earned by foreigners	Earned by Americans	Earned by foreigners	Earned by Americans	Earned by foreigners	Earned by Americans	Earned by foreigners
Ocean freight :								
Dry cargoes . . .	77,033	146,585	98,854	318,624	68,166	152,246	100,483	209,543
Tankers	21,460	6,341	25,433	53,318	46,986	14,221	23,952	55,584
Total	98,493	152,926	124,287	371,942	115,152	166,467	124,435	265,127
Great Lakes freight	3,636	1,799	2,711	4,471	3,618	1,509	3,075	4,274
Grand total	102,129	154,725	126,998	376,413	118,770	167,976	127,510	269,401

The corresponding amounts for the calendar years 1927 and 1928 have been calculated on the basis of the figures in the table and the differences existing between those years and the fiscal years in charter rates and the total quantity of goods entering into foreign trade. In this way the earnings of American vessels in respect of American exports were estimated at \$128.9 million in 1928 ; this figure has been raised to \$133 million on account of freight earned by American vessels on cargoes carried between foreign ports. The earnings of foreign vessels on American imports are estimated at \$166.6 million. The corresponding revised figures for 1927 are \$125 million and \$149 million.

Freights paid to foreigners on American imports have been entered against item 2e as an adjustment to the import value (*cf. Merchandise* above), and the freight earnings of American vessels on account of American exports are included in the amounts shown against item 8a.

Payments by foreigners to foreign vessels for ocean passages from the United States do not, of course, affect the American balance of payments. Payments to foreign vessels by American passengers are likewise excluded from this heading, as they are included in the expenditure by American tourists abroad ; but payments to American vessels by foreign passengers constitute a credit item. Payments to American vessels by American tourists ought, in theory, to be deducted from the American tourists' expenditure, but insufficient data exist for this purpose, and the payments to American vessels by foreign and American passengers have been taken together at \$89 million in each year and entered on the credit side against item 8b.

An analytical statement of the ocean passenger traffic during 1926, 1927 and 1928 is given below :

Nationality of vessel	Number of passengers					
	1926		1927		1928	
	Inbound	Outbound	Inbound	Outbound	Inbound	Outbound
American	233,372	202,194	294,983	263,895	285,272	268,604
British	398,032	338,866	417,278	367,055	392,306	334,450
Danish	12,826	8,407	12,094	8,483	13,887	11,372
French	42,518	47,107	51,780	64,152	50,748	52,155
Italian	57,191	46,735	65,893	54,959	66,540	47,411
Norwegian	10,360	6,648	10,506	6,621	10,844	7,463
Japanese	7,738	10,535	10,613	10,545	9,353	10,871
Swedish	13,695	6,024	14,357	8,125	16,411	11,248
Dutch	15,940	12,125	17,469	13,954	15,125	12,475
German	82,283	38,476	92,227	54,011	98,854	61,221
All others	12,478	10,975	8,673	8,431	10,335	12,289
Total	886,433	728,092	995,873	860,231	969,675	829,559

The railway earnings on transit traffic (item 9) refer mainly to Canadian bread-stuffs carried to American Atlantic ports. In 1928, the freight receipts from this traffic totalled about \$10.5 million. This figure is raised to \$14 million on account of other Canadian export goods in transit and the reverse transit traffic to the Canadian border of Canadian import goods. The debit figures entered against the same item relate chiefly to Canadian freight charges on American goods moving in bond from the United States, mainly across southern Ontario, and back into the United States. The outlay was estimated from the weight of the goods carried, the average length of haul through Canada and the average earnings per ton-mile of Canadian railways on revenue-bringing freight. With the exception of certain minor freight charges, the expenditure in question was overlooked in previous estimates of the balance of payments of the United States. The amounts concerned for the years 1922 to 1928 are respectively (in round millions of dollars) : 30, 33, 31, 31, 36, 37 and 40.

Insurance, commissions and brokerage. The figures entered against item 10 relate to insurance transactions only. Profits and losses on exchange and arbitrage transactions and other services of international banks are unknown, and it is assumed that the two sides of the account balance. Similarly, no information was available concerning the inward or outward payments on account of foreign speculation on the New York Stock Exchange and the income from brokerage in connection therewith.

Funds brought in by immigrants, etc. Each of the 287,461 immigrants admitted to the United States in 1928 was required to show \$25 in cash, plus enough to cover the journey to his or her inland destination. Taking the average sum brought in per person at \$80, a total of \$23 million is reached. As aliens who entered illegally are not recorded, the figure was raised to \$28 million (item 12).

Immigrants' remittances. On the basis of replies to questionnaires sent out to commercial attachés and consular officers of the United States, total remittances to foreign countries were estimated at \$221 million in 1927 (item 13). The funds taken out by "emigrant aliens" leaving the United States and declaring their intention not to return were taken at \$20 million in the same year (item 12). The total for both these items was estimated to have fallen 10 per cent in 1928, or to \$217 million.

Item 14 shows the amounts of remittances abroad by religious, charitable and scientific organisations. The figures for 1928 were based on the replies to a questionnaire which was sent out to the organisations concerned. A similar questionnaire was sent out in 1926 ; the remittances in 1927 were assumed to be midway between those calculated for 1926 and 1928.

Tourists' expenditure. — (a) Canada. According to Canadian statistics, the number of foreign cars entering Canada for tourist purposes during the years 1922 to 1928 was as follows :

Year	Cars admitted for period of			Total
	one day	one month	two to six months	
1922	818,374	175,535	2,420	996,329
1923	966,499	273,444	1,954	1,241,897
1924	1,314,885	361,830	2,344	1,679,059
1925	1,515,035	481,161	2,948	1,999,144
1926	1,521,181	550,906	4,168	2,076,255
1927	2,410,087	(¹) 740,398	(²) 3,315	3,153,800
1928	2,698,737	(¹) 945,545	(²) 1,173	3,645,455

(1) Admitted for two months.

(2) Admitted for three to six months.

On the basis of replies to 3,500 questionnaires sent out to the motorists, the expenditure of the cars admitted in 1928 has been estimated by the Canadian Bureau of Statistics at \$167 million. This amount was reduced to \$163 million on account of the goods brought back into the United States and included in recorded imports. The revised figures for the years 1922 to 1927 are, in millions of dollars : 29, 42, 61, 81, 92 and 129.

The number of Canadian motor-cars entering the United States for tourist purposes in the years 1922 to 1928 was :

1922	100,810	1926	346,387
1923	126,628	1927	495,929
1924	162,475	1928	519,871
1925	223,077		

According to the replies to questionnaires sent out by the Canadian Bureau of Statistics, the average number of persons per car was 3.4 in 1928, the average length of stay 8.8 days, and the average gross expenditure per car \$115. The last-mentioned figure was accepted for the whole period, and the expenditure of Canadian motorists in the United States during the years 1922 to 1928 thus works out, in millions of dollars, at 12, 15, 19, 26, 40, 57 and 60 respectively.

Estimates of the amounts involved in rail and steamer traffic between the United States and Canada are now regularly made by the Dominion Bureau of Statistics. The method of making the estimates was explained in the section for Canada in last year's issue of this *Memorandum*, where the results for the years 1920 to 1926 are reproduced. In 1927 and 1928, the expenditure of United States visitors by rail and steamer to Canada was estimated at \$70.3 and \$70.0 million respectively, and that of Canadian visitors to the United States at \$26.3 and \$26 million.

(b) *Mexican border.* Receipts and payments in 1928 on account of the tourist traffic over the Mexican border have been estimated by the American consular offices in the districts concerned at \$6 million and \$32 million respectively. The same amounts have been entered for 1927.

(c) *Overseas.* Of 437,111 United States citizens leaving for foreign countries by seaports in 1928, about 10,000 went to Canada, 122,486 to the West Indies and Central America, and a few were government officials and missionaries, elsewhere accounted for. The overseas tourists leaving for other countries were thus about 303,000. The repartition of these in different classes of accommodation, according to the ratios found by the Bureau of Emigration for Europe, and the average expenditure of tourists belonging to each class, as calculated from the replies to questionnaires sent out to a number of tourists in the same year, are shown below :

	Number of passengers	Average expenditure \$
Third class	65,903	516.92
Tourist and student class.	57,691	705.63
Second class.	45,995	982.40
Cabin class.	63,266	1,171.11
First class	70,145	1,984.97

The total gross expenditure works out at \$336.1 million (the corresponding revised figure for 1927 is \$300 million), but \$13.8 million of this amount represent goods imported and included in trade returns. Further, \$12 million were deducted on account of reductions granted in Europe to tourist parties by hotels, vessels and railways, and \$6.8 million on account of commissions retained in the United States by agents of steamship companies.

The number of United States tourists to the West Indies and Central America was 122,486. Their expenditure abroad was calculated at \$85.7 million (\$700 each).

American visitors to the Philippines numbered 2,651. Their expenditure was taken at \$1.3 million (\$500 per head). Residents of the Philippines visiting the United States statistical area numbered 18,853 and their expenditure was taken at \$9.4 million.

Further, there are about 393,000 Americans residing abroad. Most of these earn their living abroad, and may even send a portion of their earnings to the United States. An amount of \$32 million is, however, estimated to be spent by wealthy persons living mainly in France, England, and Italy, by American heiresses married to foreigners, and by students.

Foreigners returning to the United States to resume residence after a visit abroad numbered 99,139 in 1928. Their average expenditure abroad was taken at \$880, the total expenditure thus working out at \$87 million in 1928.

Foreign visitors to the United States from overseas countries numbered about 101,000 in 1928. Of these, about 27,000 passed through the United States for other destinations and are assumed to have spent only \$100 each; 9,000 were Canadians and Mexicans and are dealt with above; 6,300 were Government representatives of foreign countries and their expenditure is included with the figures shown against items 16 and 17; and 3,000 are believed to have earned what they spent in the United States. The remaining 56,000 are assumed to have spent \$1,000 each. The total expenditure works out at \$58.7 million.

Finally, the expenditure of sailors on shore leave was taken as balancing at \$7 million on each side of the account.

A summary of the different items grouped under the heading "Tourists' expenditure" is given below:

	\$ (000,000's)	
	1927 (revised)	1928
<i>Foreign services to American tourists.</i>		
Canada:		
Motorists	134.5	167.4
Rail and steamer tourists	70.3	70.0
Mexican border	32.1	32.1
Citizen tourists overseas:		
West Indies and Central America	69.3	85.7
Europe and rest of world	300.0	336.1
Citizens permanently residing abroad	30.0	32.0
Alien-American tourists (immigrants visiting fatherland)	85.0	87.0
Citizens visiting insular possessions	1.3	1.3
American sailors on shore leave	7.0	7.0
Gross total	729.5	818.6
Deduct merchandise declared	17.0	18.0
Deduct commissions of steamship agencies, etc.	16.6	19.0
Total deductions	33.6	37.0
Net total	695.9	781.6

	\$ (000,000's)	
	1927 (revised)	1928
<i>American services to foreign visitors.</i>		
Canada :		
Motorists	57.0	59.7
Rail and steamer visitors	26.3	26.0
Mexican border	6.2	6.2
Foreign visitors from overseas	57.6	58.7
Visitors from insular possessions	9.4	9.4
Foreign sailors on shore leave	7.0	7.0
Total	163.5	167.0

Government receipts and expenditure.

The diplomatic and consular expenditure and other Government transactions (including postal receipts and payments, but excluding receipts on account of war debts) are entered against items 16 and 17. A specification of the amounts involved in 1926 and 1927 was given in last year's *Memorandum*. The principal receipts in 1928 were \$21.9 million from Germany on account of the American Army of Occupation and awards of the Germano-American Mixed Claims Commission. Of outward payments, the disbursements by the Alien Property Custodian increased from \$13 million to \$30 million.

Capital items.

Intergovernmental debts. Receipts during the years 1925-1928 of the United States Government on account of interest and principal of war debts (current item 4 and capital item 1a) were as follows :

	\$ (000,000's)							
	1925		1926		1927		1928	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Belgium	0.9	1.6	1.2	1.9	2.1	2.1	2.5	2.4
Czechoslovakia	1.5	—	3.0	—	3.0	—	3.0	—
Estonia	—	—	—	0.1	—	0.1	—	0.2
Finland	—	0.3	0.1	0.3	0.1	0.3	0.1	0.2
France	—	20.4	0.4	20.3	10.0	20.4	11.2	20.3
Great Britain	24.0	136.6	25.0	135.9	25.0	135.2	27.0	134.4
Hungary	—	—	—	0.1	—	0.1	—	0.1
Italy	—	—	5.0	—	5.0	—	5.0	—
Latvia	—	—	—	—	—	—	—	0.1
Lithuania	—	0.1	—	0.1	—	0.1	—	0.1
Nicaragua	0.1	—	—	—	—	—	—	—
Poland	—	0.8	—	1.5	—	2.0	—	2.5
Roumania	—	—	0.2	—	0.3	—	0.4	—
S. H. S.	—	—	0.2	—	0.2	—	0.2	—
Total	26.5	159.8	35.1	160.2	45.7	160.3	49.4	160.3

Amortisation of other debts. The geographical distribution of the amounts entered against item 1b on the credit side is shown below :

	Year	\$ (000,000's)				
		Europe	Latin America	Canada	Rest of world	Total
Bond redemption payments	1927	55	66	77	2	200
	1928	100	35	125	—	260
Sinking-fund payments	1927	49	23	25	7	104
	1928	54	29	9	9	101

The figures were based on replies to questionnaires sent out to American underwriting houses. The bond redemption payments from Europe were recorded at \$142 million (of which \$70.2 million on account of French 8 per cent bonds, \$22.3 million on account of Czechoslovak 7.5 per cent bonds and \$20 million on account of an issue redeemed by Bavaria), but as large quantities of the redeemed bonds were in foreign hands, the figure was arbitrarily reduced to \$100 million.

The amounts entered on the credit side against the same item (\$70 million in each year) represent the estimated bond redemption and sinking-fund payments to foreigners.

New capital issues in the United States. In estimating the exports of capital resulting from public issues of foreign securities, a number of deductions have to be made from the nominal value of such issues, on account of : (1) refunding of old loans ; (2) issues of territorial possessions included in the United States Customs statistics (1) ; (3) bond and stock discounts ; (4) underwriters' commissions ; (5) refunding loans.

Data for the years 1919-28 are given in the following table :

Year	\$ (000,000's)						
	Nominal capital (excluding issues of territorial possessions)	Refunding	Net nominal value	Discounts	Com-missions	Total deduction from col. 2	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7) (3+5+6)	(8)
1922	827	99	728	52	49	200	627
1923	487	74	413	22	26	122	365
1924	1,215	214	1,001	73	52	339	876
1925	1,303	231	1,072	63	56	350	953
1926	1,306	176	1,130	40	81	297	1,009
1927	1,537	235	1,302	56	63	354	1,183
1928	1,483	237	1,246	63	59	359	1,124

The issues of territorial possessions within the United States Customs area, which are not included in this table, amounted to \$5 million in 1928 (nominal capital).

(1) These possessions are Alaska, Hawaii and Porto Rico. The Philippine Islands are in all years treated as a foreign country because they have an independent statistical regime.

The corresponding unrevised figures for 1927 and 1926 are \$34 million and \$14 million respectively.

The geographical distribution of the foreign capital issues in the years 1929-1928 (including those of territorial possessions) is given in the following table. The figures for 1926 and 1927 are unrevised and therefore differ somewhat from those given above.

	\$ (000,000's)								
	1926			1927			(1) 1928		
	Num-ber of issues	Nominal new capital	Refund-ing	Num-ber of issues	Nominal new capital	Refund-ing	Num-ber of issues	Nominal new capital	Refund-ing
<i>Europe.</i>									
Austria	2	7.00	—	5	32.22	—	1	3.50	—
Belgium	3	56.50	—	1	14.13	—	2	14.28	—
Bulgaria	1	4.50	—	—	—	—	1	9.00	—
Czechoslovakia	—	—	—	1	1.50	—	—	—	—
Free City of Danzig	—	—	—	1	3.00	—	—	—	—
Denmark	1	0.13	—	4	24.05	—	4	61.50	13.00
Finland	1	12.00	—	1	4.00	—	2	13.00	—
France	—	—	—	1	50.00	50.00	3	17.25	9.76
Germany	56	301.45	5.00	20	235.06	15.00	44	292.47	15.25
Greece	1	(2)4.00	—	—	—	—	1	15.00	—
Hungary	5	14.50	—	10	30.14	3.00	9	26.45	—
Irish Free State	—	—	—	1	15.00	—	1	0.88	—
Italy	8	54.09	—	13	120.40	15.00	10	65.46	—
Luxemburg	1	7.50	—	—	—	—	—	—	—
Netherlands	—	—	—	2	2.88	—	—	—	—
Norway	1	4.00	—	4	29.47	2.50	3	44.00	—
Poland	1	(2)15.00	—	1	47.00	—	2	17.00	—
Saar Territory	—	—	—	3	5.00	—	—	—	—
Sweden	1	19.11	—	—	—	—	1	29.07	15.00
Switzerland	—	—	—	—	—	—	3	12.48	—
S. H. S.	2	6.00	6.00	3	37.03	—	—	—	—
United Kingdom	2	6.25	6.00	4	5.91	—	6	24.58	—
Total nominal	86	512.03	17.00	75	656.79	85.50	93	650.92	53.01
Total refunding		17.00			85.50			53.01	
Nominal new capital		495.03			571.29			597.91	
<i>Asia and Oceania.</i>									
Australia	—	—	—	4	92.43	—	2	56.50	—
Hawaii	3	4.35	—	6	8.14	—	3	3.57	—
Japan	3	31.74	—	2	28.29	—	3	97.90	24.00
Dutch East Indies	—	—	—	1	24.35	—	1	0.44	—
Philippine Islands	3	5.54	3.42	4	5.25	—	4	2.11	—
Total nominal	9	41.63	3.42	17	158.46	—	13	160.52	24.00
Total refunding		3.42			—			24.00	
Nominal new capital		38.21			158.46			136.52	

(1) The figures for 1928 are obtained from a publication by the United States Department of Commerce, entitled "American Underwriting of Securities in 1928" (Trade Information Bulletin, No. 613).

(2) The figure for Greece in 1926 represents an issue which was destined in part also for Poland and other countries.

	\$ (000,000's)								
	1926			1927			(1) 1928		
	Num-ber of issues	Nominal new capital	Refund-ing	Num-ber of issues	Nominal new capital	Refund-ing	Num-ber of issues	Nominal new capital	Refund-ing
<i>North America.</i>									
Canada	60	296.59	58.13	103	316.80	48.47	59	237.36	52.50
Newfoundland	—	—	—	—	—	—	2	0.75	—
Alaska	—	—	—	—	—	—	—	—	—
Total nominal	60	296.59	58.13	103	316.80	48.47	61	238.11	52.50
Total refunding	—	58.13	—	—	48.47	—	—	52.50	—
Nominal new capital	—	238.46	—	—	268.33	—	—	185.61	—
<i>Latin America.</i>									
Argentina	6	88.29	20.60	12	109.35	—	7	113.03	34.21
Bolivia	1	5.00	—	2	12.59	—	1	19.88	1.00
Brazil	5	59.97	—	7	66.78	—	8	78.25	13.00
British West Indies	1	1.50	—	—	—	—	—	—	—
Chile	5	109.34	44.99	3	23.38	—	5	81.41	33.00
Colombia	10	37.57	0.75	18	68.67	5.00	13	74.16	5.73
Costa Rica	1	8.00	—	1	1.80	—	—	—	—
Cuba	7	45.72	1.38	5	71.75	39.51	5	16.90	1.00
Dominican Republic	1	3.30	2.80	1	5.00	—	2	6.25	—
Guatemala	1	(2) 3.50	—	2	(3) 6.30	—	2	(3) 3.55	—
Honduras	1	0.50	—	—	—	—	2	1.75	—
Mexico	1	1.10	—	2	2.38	—	—	—	—
Nicaragua	—	—	—	—	—	—	1	1.00	—
Panama	3	5.80	—	2	1.50	—	1	10.80	6.22
Peru	1	16.00	—	3	53.96	30.00	2	20.50	13.24
Porto Rico	7	9.47	1.50	9	26.81	8.40	3	0.83	—
Salvador	2	(2) 1.52	—	—	(3) —	—	—	(3) —	—
Uruguay	2	31.67	—	—	—	—	—	—	—
Venezuela	4	40.06	33.33	2	10.28	—	1	10.00	—
Total nominal	59	468.31	105.35	69	460.55	82.91	53	438.31	107.40
Total refunding	—	105.35	—	—	82.91	—	—	107.40	—
Nominal new capital	—	362.96	—	—	377.64	—	—	330.91	—
<i>Grand total nominal capital</i>									
Grand total nominal capital	214	1,318.56	183.90	264	1,592.60	216.88	220	1,487.86	236.91
<i>Grand total refunding</i>									
Grand total refunding	—	183.90	—	—	216.88	—	—	236.91	—
<i>Grand total nominal new capital</i>									
Grand total nominal new capital	—	1,134.66	—	—	1,375.72	—	—	1,250.95	—

The totals differ from those entered in the balance of payments account inasmuch as bankers' commissions, etc., have been deducted from the latter.

The proportion of corporate issues (including Government guaranteed) rose from 40 per cent in 1925 to 55 per cent in 1926, fell to 48 per cent in 1927 and rose again to 57 per cent in 1928.

Of the total of \$1,488 million in 1928, \$1,049 million were subscribed during the first half-year. The rise in interest rates, caused by the increase in brokers' loans

(1) The figures for 1928 are obtained from a publication by the United States Department of Commerce, entitled "American Underwriting of Securities in 1928" (*Trade Information Bulletin*, No. 613)

(2) The figure for Guatemala in 1926 represents an issue which was destined in part for Salvador.

(3) The figures for Guatemala in 1927 and 1928 include Salvador.

in connection with the speculation on the New York Stock Exchange and by the heavy export of gold, was followed by a decline in the amount of issues during the second part of the year. "Many prospective foreign borrowers either suspended negotiations or turned to London or other financial centres."

Existing securities purchased and sold (items 2 a and b). The figures entered against these items are, it is stated, only rough estimates. They are based on the replies to questionnaires sent out to international banks and bond houses in the United States. As some of these did not reply, 10 per cent was added to each item for omissions; further, it was assumed that 60 per cent of the discrepancy due to errors and omissions in the entire balance of payments statement, as first computed, was due to the incompleteness of these items. The figures were therefore altered so as to eliminate 60 per cent of that discrepancy. The following table shows the figures for 1928 before and after this adjustment:

	\$ (000,000's)	
	As recorded, plus 10 %	Finally adjusted
Sales of :		
Domestic securities	1,661	1,634
Foreign securities	449	442
Purchases of :		
Domestic securities	1,135	1,153
Foreign securities	559	568

Besides purchases and sales of existing securities, the figures include foreign participation in new American capital issues, and American participation in foreign issues.

It is believed that the figures published in earlier years are too low.

The net purchases of foreign securities in 1928 work out at \$126 million. The following geographical distribution of this amount was adopted: Europe, 91; Latin America, 5; Canada and Newfoundland, 25; rest of world, 5.

Direct investments. Item 4 represents "the amount of new foreign capital directly invested in physical properties" (credit), and "foreign securities privately taken (in large blocks), direct investments, credit grants, and the floating of securities of American investment trusts known to be specially interested in foreign securities" (debit). It is pointed out, however, that credit grants, in so far as they are known, are duplicated in the reported changes in bank loans and deposits, and that foreign securities privately taken are duplicated in the returns from the questionnaire on the international securities movement. "Only the direct investments in physical property abroad are likely to be free from duplication". Each transaction has therefore been scrutinised before being taken into account.

The geographical distribution of the American investments in question is given as follows:

Year	\$ (000,000's)				
	Europe	Latin America	Canada	Far East	Total
1927	99	77	51	30	257
1928	159	124	91	4	378

The resale to foreigners of direct investments (item 5, credit) was only arbitrarily estimated.

Short-term capital operations. The figures shown against item 6 are based on statistics published by the Federal Reserve Board concerning gold earmarked for foreign account in the United States and for American account in other countries.

It has not been found possible to estimate the movement of currency notes.

The new statement contains an estimate of the net change in credits on merchandise imported or exported (item 7). It is pointed out that invoice terms vary widely with the article, with the country of origin or destination, with the customer and within the trade, and that there are too many articles in American foreign trade to make feasible any weighted-average of the periods of credits. According to the opinion of experts in the American Department of Commerce, such periods are shorter for imports than for exports. The credits outstanding at the end of each year were therefore calculated from the monthly trade statistics on the arbitrary assumption that at that date: (1) all transactions up to the end of October had been paid for; (2) one-fourth of the November exports and half of the December exports were unpaid; (3) one-sixth of the November imports and one-third of the December imports were unpaid.

By adopting these ratios, it was found that the discrepancies due to errors and omissions in the revised statements for previous years were reduced.

As pointed out last year, the endeavour to ascertain the changes in the unfunded indebtedness during 1927 by means of the questionnaire to bankers, did not succeed, and no entry was made for that year on this account. A revised questionnaire was sent out in 1928, and replies were received from 188 leading financial institutions, including 12 reserve banks, all large private bankers in New York, foreign banking agencies in the United States and the largest investment trusts. The result, which is believed to give the most accurate picture of the position yet obtained, is reproduced below. All the figures were raised by 5 per cent for omissions.

Item	\$ (000,000's)		
	Dec. 31st, 1927	Dec. 31st, 1928	Increase (+) or decrease (-)
<i>Due from foreigners :</i>			
1. American deposits with foreigners	233	198	— 35
2. Short-term loans to foreigners :			
(a) liabilities of American banks for unmatured bills drawn by foreigners and accepted by American banks (1)	402	519	+ 117
(b) overdrafts by foreigners	185	261	+ 76
(c) other short-term loans and advances	383	341	— 42
3. American short-term funds "put out" (in foreign money markets)	33	28	— 5
Total short-term funds due from abroad.	1,236	1,347	+ 111

(1) Regarded as an offset to foreign deposits in American banks.

Item	\$ (000,000's)		
	Dec. 31st, 1927	Dec. 31st, 1928	Increase (+) or decrease (—)
<i>Due to foreigners :</i>			
4. Foreign deposits with Americans	1,938	1,751	— 187
5. Short-term borrowings from foreigners :			
(a) outstanding volume of unmatured bills drawn by American banks and their customers, accepted abroad and discounted there (as estimated) ⁽¹⁾	48	103	+ 55
(b) overdrafts by American banks	23	36	+ 13
(c) other short-term borrowings	8	12	+ 4
6. Foreign funds "put out" (in the American market) :			
(a) into American acceptances	406	570	+ 164
(b) into brokers' loans	101	207	+ 106
(c) into Treasury certificates	444	174	— 270
(d) into other short-term loans	13	8	— 5
7. Undiscounted foreign-drawn acceptances (held for collection by American banks) ⁽²⁾	118	123	+ 5
Total short-term funds due to foreigners	3,100	2,985	— 115

The table does not include the amounts of liabilities of American banks for unmatured bills drawn by Americans to finance American exports and accepted by American banks, estimated at \$288 million at the end of 1927 and \$362 million at the end of 1928 (assets), nor the outstanding volume of American guarantees or acceptances executed by foreign banks for the account of American importers, \$30 million and \$50 million respectively (liabilities), as these are to be regarded as merchandise credits and were dealt with in the preceding item. The net inflow of short-term funds, despite the rising money rates in the United States, is attributed to the rise in the dollar exchange towards the end of the year, caused by the increased exports and the declining outflow of long-term capital. The premium on dollar exchange outweighed the difference between interest rates in the United States and in foreign capital markets.

(1) Regarded as an offset to American deposits in foreign banks.
(2) A corrective entry offsetting item 2a of the statement.

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