

eign exchange for other types of imports. Secondly, if U.S. enterprise had not produced these commodities, it is likely that a portion of them at least would have been produced either by local firms or by firms established by third countries.

In short, therefore, it is not possible to show that our foreign investments in the less developed countries have harmed our balance of payments, and on the whole they have probably improved our balance. Nevertheless, in the field of manufactures at least we may expect U.S. private investment abroad to have some adverse effects on the markets for certain U.S. products, both in the United States and in third markets. But since our capital outflow provides increased purchasing power for the developing countries and our investments abroad are paying good returns, private capital exports to the less developed countries will not in themselves impair our balance-of-payments position. For many years the developing countries as a whole are not likely to be substantial accumulators of gold and foreign exchange reserves. In the last analysis the impact on our balance of payments will be determined by the competitiveness of our exports in world markets, especially in relation to those of the relatively rich countries, and this will be the case whether or not we expand our investments to the developing countries. It might also be said that our private capital exports to the developing countries—other than those directed toward the extractive industries—are a minor element in our balance of payments in any case. And even if the special efforts of the administration would be successful in expanding this flow by as much as 50 percent, the amounts would not loom large in the total picture. Furthermore, to the extent that private investment, dollar for dollar, makes a greater contribution to economic development abroad, the total cost of our aid effort will be lower, as will also any impact upon our balance of payments.

TABLE 1.—U.S. direct investments abroad by geographical areas, 1946, 1950, 1955, 1957, 1959, and 1960

[Billions of dollars]

	1946	1950	1955	1957	1959	1960 ¹
World total.....	\$7.2	\$11.8	\$19.3	\$25.3	\$29.8	\$32.7
Canada.....	2.5	3.6	6.5	8.6	10.3	11.2
Europe ²	1.0	1.7	3.0	4.2	5.3	6.6
Oceania, Japan, and Union of South Africa.....	.2	.4	.9	1.2	1.4	1.5
Total, high investment countries.....	3.7	5.7	10.4	14.0	17.0	19.3
Latin America ³	3.0	4.6	6.4	8.1	8.9	9.3
Middle East ⁴	.2	.7	1.0	1.1	1.2	1.2
Asia ⁵	.2	.3	.5	.7	.8	.9
Africa ⁶	.1	.15	.3	.4	.5	.6
Total, low investment countries.....	3.5	5.8	8.2	10.3	11.4	12.0
International ⁷	(9)	.35	.6	1.0	1.4	1.4

¹ Preliminary.

² Includes Turkey.

³ Includes 20 Latin American Republics and dependencies.

⁴ Includes countries east of Suez up to and including Iran but excluding Turkey.

⁵ Excluding Japan.

⁶ All of Africa except Union of South Africa.

⁷ Shipping enterprises registered in Liberia and Panama but operating worldwide.

⁸ Not available.

Source: U.S. Department of Commerce, "Survey of Current Business," various issues.