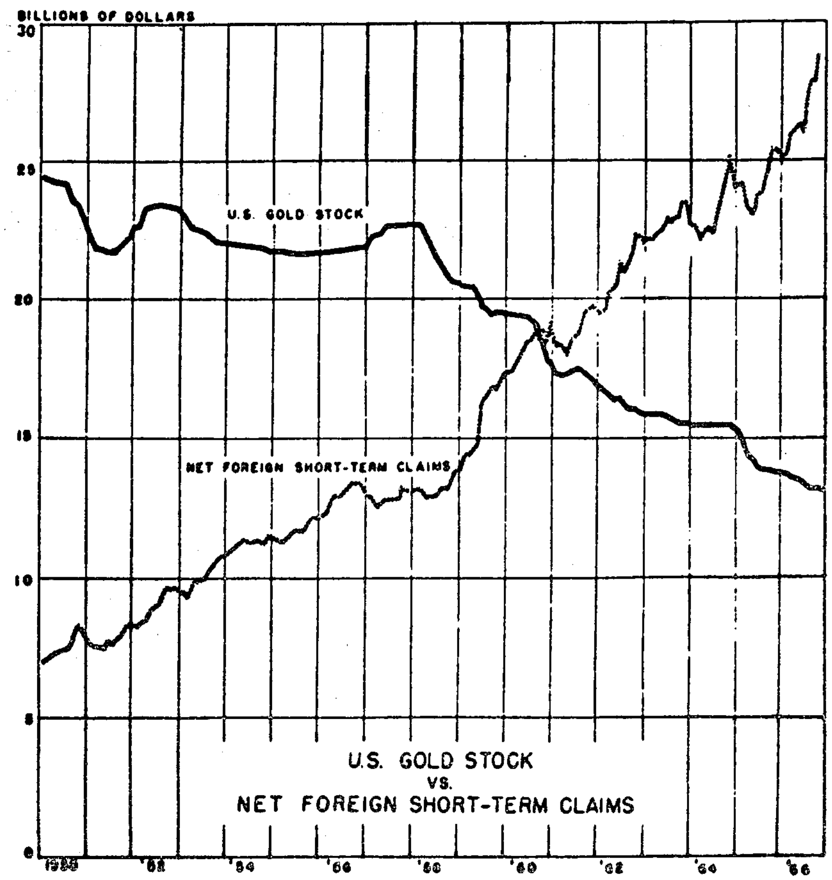
forced Europe to buy quantities of oil from the dollar area. This means that year after year more dollars have left our shores than have returned. This continuing and growing deficit exists because foreigners who get dollars from our imports, from tourism, and from gifts can, on the average, use these dollars to buy elsewhere cheaper than in the United States.

As a result of the continuing outflow of dollars, foreigners have built up dollar claims against us, and in addition, have claimed almost half of the gold that we had at the end of the war. Figure 9 shows our gold reserve, which was $24.6 billion in 1948 and 1949, has now been reduced to about $13 billion. Gross foreign dollar claims are now about $33 billion. The net figure is about $26 billion, after subtracting our claims against other currencies.



Source: American Institute for Economic Research

FIGURE 9