TABLE 5.—OUTSTANDING LOANS TO RESIDENTS OF CONTINENTAL EUROPE BY U.S. BANKING AND NONBANKING INSTITUTIONS AT YEAR END

BANKING

[In millions of dollars]

	Long term				Short term			
	1964	1965	1966	1967 [1]	1964	1965	1966	1967 [1]
France	66.3	58.4	42.9	44.8	81.3	72.2	73.2	71.3
Austria	134.9	77.3	27.6	13.8	10.6	8.5	16.2	9.9
Belgium	86.5	95.1	103.6	73.1	48.2	52.3	66.9	63.0
Denmark	56.8	43.4	28.7	15.9	26.2	37.4	61.8	48.0
Germany	159.5	205.2	141.1	93.0	151.6	190.2	234.3	169.8
Netherlands	15.2	7.3	5.0	1.1	36.5	38.3	40.2	49.4
Sweden	109.1	93.4	60.1	36.5	48.5	51.9	74.1	67.1
Norway	274.8	221.9	187.6	137.0	42.8	51.4	75.6	57.0
Italy	382.7	342.1	199.6	97.8	114.0	110.2	108.0	69.0
Portugal	82.4	90.2	73.5	63.1	23.0	25.5	43.9	13.5
Spain	73.1	72.4	63.9	46.2	39.6	50.1	67.4	53.4
Switzerland	37.3	37.5	16.4	11.1	111.2	73.0	88.0	109.7
Other Western Europe	19.9	10.5	12.4	18.8	20.2	28.0	36.6	34.1
U.S.S.R.	—	—	—	—	(1)	5.5	2.0	.08
Eastern Europe	13.3	5.5	12.8	18.6	20.4	27.2	16.2	18.9
Totals	1,511.8	1,360.2	975.2	670.8	774.1	821.7	1,004.4	834.2

NONBANKING

	Long term				Short term			
	1964	1965	1966	1967 [3]	1964	1965	1966	1967 [2]
France	15.15	10.82	14.29	14.88	60.91	81.60	110.28	101.97
Austria	1.31	1.30	1.30	1.17	6.55	6.01	7.64	9.20
Belgium	2.00	3.16	8.57	10.81	18.68	44.68	53.01	39.39
Denmark	6.95	3.36	4.72	5.97	6.26	8.97	13.70	9.65
Germany	4.85	7.11	9.05	60.83	139.96	111.83	126.61	122.18
Netherlands	.34	.07	.13	1.67	31.25	40.70	47.99	46.56
Sweden	.33	1.09	1.74	1.68	19.16	19.77	36.03	18.87
Norway	2.16	2.24	.38	1.04	7.66	7.52	8.18	6.20
Italy	20.56	19.44	21.00	23.09	94.80	76.58	101.00	80.33
Portugal	1.13	4.40	17.53	12.05	4.05	4.99	6.67	6.28
Spain	12.05	16.64	45.71	62.80	42.14	49.96	61.14	62.13
Switzerland	11.77	1.36	11.31	(2)	21.68	26.51	17.87	23.78
Other Western Europe	.82	2.18	3.60	3.90	9.01	8.31	11.48	13.21
U.S.S.R.	—	—	—	—	.30	1.06	.07	1.92
Eastern Europe	.20	.17	—	—	2.22	2.02	2.18	3.68
Totals	79.61	73.33	139.33	199.90	464.60	490.50	603.85	545.35

[1] Through Nov. 30, 1967.
[2] Less than $50,000.
[3] Through June 1967.

Source: Treasury Bulletin, U.S. Treasury Department, Office of the Secretary, August 1967, pp. 93, 94, 106; Februarv 1967, pp. 105 and 109.

Thus, the U.S. private capital account is likely to yield the $1.5 billion favorable contribution this year. In 1969 and future years, the adverse effects of this approach to the problem will gradually reduce earnings in other classifications in our balance of payments: exports, interest, and dividend income, and through possible reductions in equity positions in foreign subsidiares or loss of competitive vigor.

I am on record before this Committee and other committees of Congress that discouragement of direct, productive investments abroad is harmful to our long-run balance of payments interests. Income on investments has been one of the strongest, growing items in our international receipts, far surpassing direct dollar outflow for new investments.

Unfortunately there is a persistent opinion in the United States that the deficits are temporary and, therefore, "temporary" measures are justified. How one can hold to this view after persistent deficits since 1950 escapes this non-academic economist. There is a further view that other programs of the government, such as foreign aid and military expenditures, are irreducible; therefore, the private sector must be sacrificed. One might even agree to this view, as a national necessity. But what worries me is how we are going to maintain these