

Treasury Department
Division of Monetary Research

Date..... Nov. 24 1944

To: Mr. Bernstein

From: Mr. Dickens



I hope these tables and comments
will prove of some value to you.

Perhaps there are some specific
points about which you would like data
that are not given here.

File Scam
Committee

Foreign Capital Movements Affecting the United Kingdom:

There is no good measure of capital exports from the United Kingdom or the net international capital movement affecting the United Kingdom.

According to Sir Robert Kindersley (quoted in League of Nations, Balances of Payments, 1938, p. 131), new issues for overseas account and repayments of former overseas loans were as follows:

(millions of £ sterling)

<u>Year</u>	<u>New Issues</u>	<u>Repayments</u>	<u>Year</u>	<u>New Issues</u>	<u>Repayments</u>
1927	168	34	1933	83	67
1928	138	30	1934	63	42
1929	96	49	1935	51	81
1930	98	39	1936	61	107
1931	41	27	1937	60	61
1932	37	48	1938	-	-

New issues after 1930 were almost exclusively for members of the British Commonwealth.

British Balance of Payments Data (Net)

(millions of £ sterling)

<u>Year</u>	<u>Merchandise and Services</u>	<u>Gold</u> ^{1/}	<u>Unexplained</u> ^{1/}
1929	/ 103	/ 15	- 118
1930	/ 28	- 5	- 23
1931	- 104	/ 35	/ 69
1932	- 51	- 15	/ 66
1933	0	-196	/ 196
1934	- 7	-133	/ 140
1935	/ 32	- 70	/ 38
1936	- 18	-228	/ 246
1937	- 56	- 79	/ 135
1938	- 55	/ 63	- 8

^{1/} Not part of the Board of Trade official table.

Although it is a questionable use of balance of payments data to call the sum of the net merchandise and service account and the gold account the measure of the capital movement, that is what I did in Table I, re. the U.S. balance of payments and what is frequently done by others. Roughly those figures correspond in trend with Kindersley's figures shown above.

British Capital Embargo:

In 1932 a complete embargo was placed on all new capital issues, internal and external, though an appeal to the capital market by the Chancellor of the Exchequer with the cooperation of the Bank of England and the Treasury. Its purpose was to enable the Government to carry out its War Loan Conversion operation.

This embargo was relaxed in October, 1932 by permitting domestic issues, including those of the various parts of the Empire. Between January, 1933 and July, 1934 the restrictions on foreign (non-Empire) issues were relaxed by the Treasury in a few instances only.

In July, 1934 the Chancellor announced the continuance of restrictions on new overseas issues excepting, (1) issues by a sterling bloc country for the purpose of acquiring sterling assets with which to minimize exchange fluctuations and (2) sterling issues where the use of the proceeds would produce direct benefit to British industry.