

1. The dollar was scarce in foreign countries after 1930 in the same way that the pound sterling, French franc and other currencies were. Basically, the criticism of the United States is that it succumbed to the depression. Other countries are equally vulnerable to that criticism. After the depression started the policies of most countries, perhaps all, became unwisely self-centered or self-contained.
2. It is not possible to discern, from the balance of payments (Table I), positive tendencies toward adjustment to our creditor status. It is equally impossible to say that no such tendencies were present.
3. Judging by the gold imports and exports, there was no serious unbalance in our international accounts during the period 1923 to 1932 inclusive.
4. The only apparent adjustment of our accounts was to the depression. That is evident in all items but particularly the net receipts of interest and dividends (Table I).
5. While U.S. imports dropped sharply, a study of the net merchandise trade figures (Table I) indicates that exports dropped even more from 1930 until 1938.
6. Most of the criticism of the shape of the U.S. balance of payments arose and arises out of the belief that it should be similar to that of the United Kingdom. It is really the balance on current account that is important and its relation to the capital account. On that score, criticism is not justified. The U.S. can be criticized for policies which reduced the total volume of foreign trade and, therefore, the range within which adjustments could be made in a manner less drastic than was necessary in the 30's.
7. Capital exports from the United States declined sharply after 1928-29. The same was true in other capital exporting countries. The U.S. alone could not correct such a situation, particularly when foreign investments were solely the responsibility of private capital.

The rapidity of the decline in foreign investments, without any agency for relieving the situation, made adjustments of the type many have suggested for the U.S. impossible. The change from a typical immature creditor balance of payments to that of a mature one does not take place in a year or two.

8. U.S. imports had dropped more in value by 1932 than those of the United Kingdom and France. The national income of the United States also dropped much more than that of those countries.

The ratio of imports to national income in the U.S. is much lower than the same ratio in the U.K., France and in a group of eleven countries including the U.K. and France (Table II). That is a simple fact determined by our geographic and resources position not by national policy.

The trends shown by all of the ratios of imports to national income (Table II) were strikingly similar in direction and extent. In view of the greater dependence of some countries upon imports of foodstuffs this is surprising.