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U. S. DEPARTMENT OF COMMERCE

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BUREAU OF FOREIGN AND DOMESTIC COMMERCE

WILLIAM L. COOPER, Director

AMERICAN DIRECT INVESTMENTS IN FOREIGN COUNTRIES

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FOREWORD

The direct foreign investments of American corporations and business men outstanding at the end of 1929 have been found to amount to about \$7,478,000,000. This is nearly half of the total private long-term American investments abroad, as previously estimated. Practically every type of industrial and commercial activity in which Americans are interested anywhere is found among these direct investments abroad. They are surprisingly varied—including the manufacture of needles and of heavy drilling machinery; the sale of patent medicines and of heavy chemicals; the production of petroleum in South America, of rubber in the Netherland East Indies, and of copper in South Africa; and the operation of electric utilities and steam railroads in Canada, Cuba, and elsewhere.

The largest investment is in Canada—nearly \$2,000,000,000—which exceeds the total for all of South America, the next in value. The manufacturing investments in Canada are the largest in any single country, although they are exceeded by the total for all of Europe. American investments in manufacturing enterprises abroad amount to about \$1,535,000,000, a much smaller figure than is commonly supposed. It is exceeded by the figure for communication and transportation services and is nearly equaled by the investment in mines and smelters and by that in petroleum lands and distribution facilities.

America's balance of payments, as published annually by the Bureau of Foreign and Domestic Commerce, attempts to measure nearly 30 different items of capital movement into or out of our Nation. The resultant net export of capital, which must accord reasonably with the balance of all other items in the statement, measures accurately enough our net annual growth as a creditor Nation. At no time, however, have we had better than rough estimates of the outstanding amount of American investments in foreign countries. With the statistics herein, for the end of 1929, we now have a much sounder basis for continuous accounting of our international creditor position in future years.

This bulletin describes the methods and results of an investigation started in the summer of 1929, several months before the Senate passed the Walsh resolution calling on the Department of Commerce for data on the investment of American capital in foreign branch plants. It is entirely independent of the report to be presented to the Senate later in answer to the resolution and covers a much broader field. It is a factual study, entering but casually into the causes and results of such investments.

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This study was made possible by the cooperation of about 1,750 American corporations and business men. The confidential information which they supplied was obtained under a voluntary assurance that the bureau, in compiling and presenting the material, would take every precaution to insure against divulging the operation of individual companies.

The compiling and destroying of the confidential returns was assigned to Paul D. Dickens, of the Finance and Investment Division of the Bureau of Foreign and Domestic Commerce. He is responsible also for the text of the report. The whole investigation was under the direction of the division's officers, Grosvenor M. Jones and Ray Ovid Hall.

WILLIAM L. COOPER, *Director,*
Bureau of Foreign and Domestic Commerce.

NOVEMBER, 1930.

Parrish

AMERICAN DIRECT INVESTMENTS IN FOREIGN COUNTRIES

By Paul D. Dickens, Finance and Investment Division

INTRODUCTION

Investments of American capital in foreign countries are so great at the present time and their growth has been so rapid in recent years that popular and scientific interest in the subject seems insatiable. Demands by other branches of the Government, by the public at large, and especially by business men and economists for more accurate figures in this field prompted the Department of Commerce to start, several years ago, first-hand compilations of foreign securities publicly offered in the United States. Other phases of the subject have been covered in the annual bulletin on our balance of international payments. The data thus obtained filled wide gaps in our knowledge of international financial movements, but the amount of capital involved in the extension of American enterprise into foreign countries still remained the subject of estimates based upon scattered and inadequate data.

This is the first attempt ever made on a world-wide and detailed scale to obtain statistics direct from American business men as to the actual value of their foreign properties. Their whole-hearted cooperation, which made the completion of the study possible, is evidence of their desire to contribute toward a better understanding of the economic relationships existing between countries. The international extension, affiliation, and cooperation of American business goes on continually. At best, therefore, the present survey is but a snapshot of a rapidly changing panorama.

The scope and the method of this study are carefully stated in the following paragraphs in order to prevent inaccurate use of the data.

SCOPE OF THE STUDY

Foreign "direct investments," as herein considered, include those commercial and industrial properties situated abroad and belonging to residents of the United States and its Territories, from which a return is normally expected. They are called "direct investments" to distinguish them from "portfolio investments" acquired through the purchase of foreign securities publicly offered and through the international securities movement; by definition, therefore, pure "interest capital" and capital that moves incidental to a migration of labor are, in large part, excluded. Investments of the "portfolio" type are included when they are part of the holding of American commercial and industrial corporations. Pure "interest capital" is

included when invested in American-controlled corporations operating abroad.

In the category of direct investments are embraced corporate investments (1) in American-controlled manufacturing and selling organizations in foreign countries, (2) in the stock and bonds of foreign-controlled manufacturing and selling corporations, (3) in purchasing agencies, (4) in petroleum lands, and petroleum refining and distribution facilities, (5) in mining and smelting properties, (6) in public utilities, (7) in plantations, and (8) in other miscellaneous properties, in all known cases, regardless of the fact of American or foreign control. The minority interests of American corporations in foreign businesses and properties constitute an important part of the study.

Real property owned by individuals resident in the United States, consisting chiefly of mines and timber lands in Canada and Mexico and plantations in Cuba and Mexico, is also included. Holdings by individuals and groups of individuals of important equity interests in foreign corporations are likewise entered wherever ascertainable. Investments of this latter character often involve a peculiar type of subsidiary control. For example, the stockholders of American corporations frequently hold the stock of a foreign subsidiary in order to maintain corporate control without the American corporation having legal title, (1) where State laws prohibit companies incorporated in that State from directly owning a foreign subsidiary, and (2) where American corporations desire to avoid possible conflict with the antitrust laws of the United States.

Of necessity, investments by private individuals in the stock of foreign corporations—undoubtedly very important in the aggregate, though widely distributed—could not be considered in the present study because of the impossibility of obtaining adequate data. Likewise, no attempt was made to ascertain the holdings of foreign corporate bonds by individuals, with a single exception to be noted later. Furthermore, bank holdings of foreign deposits, acceptances, loans, and securities; investments of investment trusts and insurance companies;¹ and temporary holdings of foreign securities by brokers are excluded from the scope of this study. The larger portion of this type of foreign investment is covered in the schedules of foreign securities publicly offered in the United States recently published² and in the annual study of the international movement of securities and of short-term capital in the balance of international payments of the United States. Estimates of the total of this type of investment fall logically under a study of the outstanding holdings of American investors resulting from the international securities short-term capital movements and from the purchase of foreign securities publicly offered in the United States.

"Direct investments" and "portfolio investments" overlap. American corporations often finance their direct investments by the public sale of securities. Such sales, by definition, are included in

¹ Insurance company deposits with the authorities and reserves against policy liabilities, which the laws of some foreign countries require, have been found to be approximately equal to the policy liabilities and do not represent a net American investment in foreign countries.

² Trade Promotion Series No. 104, Handbook on American Underwriting of Foreign Securities, by Ralph A. Young.

the lists of foreign securities publicly offered in the United States. Appended to this study, therefore, is a list of the publicly offered securities of American corporations operating abroad, showing the amount of the original offering and the portion of each issue outstanding on December 31, 1929. The latter total about \$1,145,000,000. The outstanding portions of the bond issue are added to the reported book value or equity interest after checking with the company balance sheet. The stock issues are considered to have already entered into the reported valuation. Chances of duplication in future studies of total American investments abroad are thus eliminated.

No account is taken of the investments outside the United States of American citizens domiciled in foreign countries, nor of missionary and charitable enterprises and archaeological expeditions. The claims of American citizens against foreign governments are likewise excluded.

The number of investments as given in this study, strictly speaking, is the number of different items of investment entering into the total figures. It does not represent the exact number of plants in the case of manufacturing, since one subsidiary may have more than one plant under its control. A single subsidiary organization sometimes conducts operations in several countries, and in such cases the figures on the number of investments really represents the number of countries among which the investment is divided. Nevertheless, the number of items of investment corresponds rather closely to the number of subsidiaries and branches since corporations usually have a branch or a subsidiary in each country where they have investments.

METHODS EMPLOYED

PREPARATION OF MAILING LISTS

It was essential that all corporations having foreign investments be circularized. With that in mind, all possible lists of such corporations were obtained; books on foreign investments were studied, and such sources as the Petroleum Register, the Mines Handbook, and Moody's Manuals were scanned. The principal source of information, however, was the Foreign Service of the Government. In August, 1929, the foreign offices of the Department of Commerce and certain of the consular offices of the Department of State were requested to report on all American investments, as herein defined, in their districts, together with any data on those investments that they might be able to obtain, such as estimates of the capital invested and copies of corporate balance sheets.

By these various means the names of about 2,500 corporations were obtained, and a questionnaire was mailed to the president of each corporation, accompanied by an explanatory letter signed by the Secretary of Commerce, Robert P. Lamont. Copies of the questionnaire and letter are given in the appendix. Many of these corporations did not actually have foreign investments; others were out of business. A few refused to supply the desired data, so their investments were estimated by the compiler on the basis of foreign-office estimates, capitalization figures, balance-sheet data, reported earnings, and other private estimates, after consulting with the vari-

ous regional and commodity experts in the Bureau of Foreign and Domestic Commerce.

Over 1,750 corporations reported investments as requested. The data supplied by them were then checked with all other available sources of information to make sure that certain areas, such as Canada and the Philippine Islands, were not omitted from the company's return through misunderstanding, and that valuations had been made in accordance with the principles stated in the questionnaire. These returns were then tabulated in such form that individual corporate investments could not be identified, while it remained possible to compile the data by countries and industrial groups. The returns themselves, in accordance with the department's promise, were then completely destroyed, since the information asked for was of a highly confidential character.

METHOD OF EVALUATION

The problem of evaluation was both important and difficult. The questionnaire asked for "the present book value or the fair market value" of the investment and, as a separate item, in cases of partial ownership, "the amount of advances and loans by the parent company to the subsidiary or affiliated corporation." The "present book value" was taken to be the capital account plus surplus or less deficit. The par value of bond issues, held in the United States, of American companies confining their operations to foreign countries (except foreign-controlled American corporations, such as the International Match Corporation) was added to the "present book values" as defined above, along with the "advances and loans to the subsidiary or affiliated corporations." The same rule applied to bond issues by American corporations possessing branches in foreign countries where the proceeds had been definitely allocated to foreign use.

Where the investment was one of partial ownership of the stock of the foreign company, the market value of the holding was requested—on the assumption that the market value would, to some extent, reflect the surplus or deficit position of the company more clearly than the par value of the stock. Although some companies reported the market value as of September, 1929, this value was not accepted, because for many stocks it represented the highest level reached by a very speculative market. All such returns were changed to the market values as of the end of December, 1929. Where the stock of the foreign subsidiary or corporation was closely held, or for some other reason was not listed on any stock exchange, it was necessary to use its par value.

A few other exceptions to the general rules were found necessary. Some mining companies, especially in Mexico and British Colombia, organized to develop claims of unknown value, reported capitalizations fixed at the time of organization. Since many of the claims, upon being worked, have proved worthless or of little value, the book value in such cases did not reflect the actual value, and adjustments were necessary. Likewise, where unusual disturbances, political or other, have resulted in the destruction or excessive deterioration of properties and have made such investments unprofitable or temporarily unworkable, reductions in the reported book values have

been made. Some striking reductions from earlier estimates of investments in certain countries resulted from making these adjustments, notably in Mexico.

The value of open accounts with subsidiaries, stocks of goods on consignment, and stocks of goods in the hands of company sales agents were included in the compilation; but accounts receivable from foreign customers, where the title to the goods rested in foreign hands, were not included.

Because of the fact that the ownership of mines and agricultural properties in Canada and Mexico by individuals in the United States is so common that it is virtually impossible to get all the required data, omission estimates were included in the investment figures for those two countries.

The rules described above were consistently followed throughout the study. The values arrived at by following them are far from perfect, but they are believed to give the most reliable appraisal possible. While it is entirely probable that the reporting officers of the corporations interpreted particular items differently, it is doubtful if any significant errors resulted therefrom. Greater discrepancies doubtless arose because of marked differences in the accounting practices and in the depreciation policies of the several corporations. Absolutely accurate figures of investment, domestic or foreign, however, will never be attainable, even if engineers' estimates are taken, for the estimates of different engineers regarding the same property often vary widely.

Adjustments for exceptions to general rules and the occasional inclusion of omission estimates have not invalidated the figures given, nor affected the totals greatly. In the aggregate, such adjustments did not amount to 10 per cent of the total reported investments. Inasmuch as errors would tend to offset each other, the variation from the standard valuation aimed at has probably not been greater than 2 per cent.

RULES OF GEOGRAPHIC DISTRIBUTION

Each corporation was requested to list separately its investments in each subsidiary company and country. In a few instances, however, investments were reported in totals for large areas or for more than one country. Consequently, it was necessary for the compiler to divide those totals by countries on the basis of the best information available. For that reason there is a greater margin of error in the country totals than in the grand total.

Some of the returns reported only the total investment in a subsidiary corporation, although the subsidiary in one foreign country may conduct its operation in that and other countries. For example, Argentina is frequently the headquarters for companies operating in all the River Plate countries and Brazil and Chile. The headquarters for European operations are often in Belgium. Canadian subsidiaries of American corporations frequently own properties in Latin America or control manufacturing or selling subsidiaries in various parts of the British Empire. Great Britain is the headquarters for companies doing business not only in Europe but in Australia, India, and South Africa, also; while French and Italian companies are organized to conduct business in Algeria, Tunisia,

Morocco, and Egypt as well as in France and Italy. In all of these cases the most feasible distribution of the value of the investments by countries was made.

In following the investment through to its geographic destination, it was sometimes necessary to accept as the foreign investment a smaller amount than the actual American investment in the foreign company, because a large part of the company's property was located in the United States. Also, in some important instances, a deduction was made for the stock of foreign companies held by American brokers for foreign account.

American investments in submarine cables between foreign countries have been divided equally between the foreign bases and thus include more than the office and terminal facilities. In the case of cables between the United States and foreign countries, one-half of the investment was considered as foreign.

RULES OF INDUSTRIAL DISTRIBUTION

The classification of investments by industries and commodities was a particularly important part of this study, since by that means the motives for the investments and their causes might be judged more accurately. Because of the confidential character of the information obtained from the American corporations and the pledge of confidence given by the department as to the use to be made of it, however, certain broad and inclusive classifications were necessary.

In the first place, the investments were classified as manufacturing, selling, buying, petroleum production and refining, mining and smelting, agriculture, public-utility operations, and miscellaneous.³ Manufacturing investments were divided into branches, subsidiaries, foreign companies, and assembling plants. Branch companies were defined as those operating directly under the United States corporation, while subsidiary and foreign companies were defined as those separately incorporated in which 50 per cent or more, and less than 50 per cent, respectively, of the stock was owned by the American corporation.⁴

The commodity classification of investments in manufacturing and selling organizations was based on the larger and more important groups of commodities, such as motor vehicles, chemicals, electrical products, leather and leather products, including tanning supplies, machinery, metal products, paper and pulp, textiles and fibers, and miscellaneous manufactures. Within these commodity groups other divisions were possible in some instances. (A complete outline of the industrial classification used is given in the appendix.)

The special groups were divided partly on a commodity and partly on a functional basis. As examples, agricultural investments were divided according to the product—sugar, fruit, etc.—petroleum as to producing, refining, or distributing; and public utility as

to electricity and gas, steam railroad, telephone, street railway, and other utilities. Under the heading of miscellaneous industries were included such items as advertising, amusements, banking and finance, merchandising, engineering, education, real estate (including hotels), and ocean shipping.

Such classifications had to be made arbitrarily at times, but certain fixed rules were established in order to assure consistency. Where one plant manufactured several articles, the one of the major importance was taken to cover the entire group. Mining and smelting operations are most often conducted by a single organization, so no attempt was made to segregate the capital involved in each of these operations. Likewise, sugar plantations and centrals (sugar mills) were all considered as agricultural investments under the heading "sugar," because usually the refining of the sugar is done in the United States, and little more than the initial processing is performed on the sugar properties abroad. The production of pulp and paper in Canada is often connected with a hydroelectric development, but where they were reported together the investment was arbitrarily classified as "pulp and paper." Oil exploration companies were included under producing. When the production and refining of petroleum were reported together, the total investment was classed as "producing." Servicing facilities were classified as manufacturing or selling, according to the character of the organization; for example, a servicing unit connected with a sales company was considered as a selling enterprise. Holding companies were listed with the industry predominating in the holdings. Accessories for machinery were considered as machinery.

Retail merchandising establishments, such as chain and department stores, were classified apart from the sales organizations marketing American manufactures at wholesale. Real estate used in manufacturing, even though held by a separate company, was listed as manufacturing or selling. Hotels were classified as real estate, and so were general development projects and city properties. Warehouses for the concentration of products for sale in the United States were considered not as real estate but as buying agencies. Ocean shipping companies operating between the United States and foreign countries were eliminated from consideration entirely, unless the company was organized under foreign law.

³ Many branch and subsidiary manufacturing establishments abroad have important sales departments and sometimes carry on other operations as integral parts of the company business, thereby making detailed segregation by functions impossible.

⁴ This also was an arbitrary ruling, since in actual practice less than 50 per cent stock ownership frequently gives control.

GEOGRAPHIC DISTRIBUTION OF INVESTMENTS

The total value of American properties situated in foreign countries at the end of 1929 was \$7,477,735,000, divided geographically as follows:

Canada.....	\$1,000,320,000
Europe.....	1,352,753,000
Cuba and the West Indies.....	1,053,751,000
Mexico and Central America.....	917,093,000
South America.....	1,547,895,000
Africa.....	102,229,000
Asia.....	394,540,000
Australia and New Zealand.....	149,154,000
Total.....	7,477,735,000

EUROPE

Our direct investments in Europe—as shown in detail in the table below—amount to about \$1,363,000,000, nearly half being in manufacturing enterprises. Petroleum production, refining, and distribution is next in size, amounting to over \$230,000,000, and about 60 per cent of this sum is invested in distribution facilities. Investments in public utilities and in the selling of manufactured articles follow in importance. The exploiting of natural resources and the processing of raw materials are relatively insignificant items in the European total, for in only one country does it amount to as much as half of the entire investment.

GREAT BRITAIN

Great Britain, with its familiar language, laws, and customs, has attracted over one-third of our direct investments in Europe. The working clause of the British patent law has, likewise, been a factor. Since Great Britain is an important manufacturing and distributing center, it is natural to find that our principal investments there are in manufacturing enterprises and in selling organizations. The special features which make Great Britain attractive for manufacturing enterprises are an abundant coal supply, trained labor, and a large and easily reached market throughout Europe. Second in value, yet very significant in themselves, are our investments in general merchandising and in the shipping business, which surpass similar American investments in any other country except Canada.

The enterprise and relative efficiency of American public-utility companies has led recently to investments in Great Britain. These investments follow by about a quarter of a century the first American acquisition of public utilities in England, when American bankers and subway engineers took a part in the development of the Underground Electric Railway Co. of London.

Practically every commodity that American industry manufactures in any foreign country is produced also in American-owned

plants in Great Britain. Electrical goods, machinery, and metal products are of first rank. American industrial-machinery manufacturers are enabled to cater to the industries of Great Britain and Europe very profitably through their British subsidiaries, by the strategic location of coal, iron, and steel resources, and by the possible savings in transportation costs, particularly in the case of heavy machinery. Much the same considerations apply to the hardware and the metal-products group. Other important commodities of American manufacture in Great Britain are rubber products, musical instruments, automotive vehicles, chemicals, and foodstuffs.

GERMANY

Germany ranks second among European countries in value and third in number of American direct investments. Whereas our direct investments in Great Britain comprise practically the whole of our interests there, in Germany they are very small compared with "portfolio investments." The special circumstances bringing this about are discussed later on. Of our direct investments in Germany, manufacturing establishments comprise nearly 70 per cent, or \$139,000,000, and most of these were acquired in the last five years. Minority interests in German corporations are very important, aggregating \$56,000,000. The wide range of German industry attracts a variety of American enterprises, but automobiles, electrical goods, textile (rayon) products, hardware, and machinery are of greatest importance in international trade and have the strongest American support. No other type of American industrial endeavor in Germany is of outstanding significance, although petroleum refining and distribution and the sale of American manufactured products employ over \$35,000,000 and \$16,000,000, respectively.

OTHER EUROPEAN COUNTRIES

In France, a third great European industrial nation, our total direct investments amount to over \$145,000,000, of which manufacturing accounts for at least 60 per cent. The most important commodities manufactured there by American capital are electrical goods, machinery, and metal products, but there are many miscellaneous articles. Since France has no large domestic petroleum resources and her citizens have not acquired extensive foreign resources, it is natural that the large American oil corporations have substantial investments there for refining and distributing their products.

In no other European country are American corporations so heavily interested in public utilities as in Italy. The development of its hydroelectric resources has been a great national need, and immense sums have been invested in that work. Of American direct investments in Italy, public utilities account for over half. A considerable volume of the American capital has also been invested in that Italian industry by means of public loans to governmental agencies, notably the Italian Public Utilities Credit Institute, and is therefore not included in the totals given in this study. The petroleum industry is second in value, followed by small manufacturing investments. Direct investments in the distribution of American products are, as yet, of minor importance.

TABLE I.—AMERICAN DIRECT INVESTMENTS IN EUROPE

[Values in thousands of dollars]

Country	Manufacturing		Selling		Petroleum		Buying		Communication and transportation		Miscellaneous		Total	
	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value
Austria.....	5	2,044	13	1,760	(1)	18,903	3	97	(1)	(1)	14	9,833	32	14,337
Belgium.....	17	38,269	30	3,470	11	(1)	(1)	(1)	(1)	(1)	22	3,447	53	64,512
Bulgaria.....	(1)	(1)	(1)	(1)	3	(1)	(1)	(1)	(1)	(1)	9	3,503	6	4,872
Czechoslovakia.....	(1)	(1)	(1)	3,807	(1)	6,006	(1)	(1)	(1)	(1)	9	3,807	14	4,875
Denmark.....	(1)	(1)	19	(1)	(1)	(1)	(1)	(1)	(1)	(1)	5	847	40	15,524
Egypt.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	856	5	956
Other Baltic States.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	10,124	11	10,124
France.....	56	90,913	56	13,832	23	25,108	7	1,103	(1)	5,251	11	8,802	203	145,009
Germany.....	78	138,927	48	16,766	16	35,770	7	1,925	(1)	(1)	25	8,802	203	145,009
Greece.....	169	268,189	154	66,453	16	20,840	9	(1)	(1)	(1)	31	12,710	389	318,141
Great Britain.....	(1)	(1)	5	2,337	(1)	(1)	(1)	(1)	(1)	(1)	13	12,710	389	318,141
Italy.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	8	4,306	18	8,136
Italy Free State.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	4	2,129	4	2,129
Netherlands.....	24	13,210	18	2,282	9	25,903	4	202	(1)	6,527	7	3,092	87	13,516
Norway.....	10	26,809	22	3,085	10	12,144	(1)	(1)	(1)	(1)	4	3,092	87	13,516
Poland.....	8	10,564	6	1,005	(1)	(1)	(1)	(1)	(1)	(1)	13	11,308	24	29,770
Portugal.....	(1)	(1)	(1)	1,462	(1)	7,910	(1)	(1)	(1)	(1)	13	40,791	19	51,193
Romania.....	(1)	(1)	(1)	1,114	(1)	(1)	(1)	(1)	(1)	(1)	14	3,636	11	11,546
Spain.....	18	12,435	13	4,029	(1)	8,482	(1)	(1)	(1)	(1)	14	12,722	16	13,836
Sweden.....	8	7,291	15	1,826	(1)	(1)	(1)	(1)	(1)	(1)	16	47,253	96	12,550
Switzerland.....	6	6,329	17	1,869	(1)	834	(1)	(1)	(1)	(1)	10	1,902	38	16,504
Turkey.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	7	8,505	12	8,505
Yugoslavia.....	(1)	(1)	(1)	1,405	(1)	(1)	(1)	(1)	(1)	(1)	12	5,527	11	6,932
Grand total.....	453	658,885	440	132,929	141	220,971	41	5,870	51	145,385	256	208,703	1,381	1,522,758

* Included under "Miscellaneous" to avoid disclosure of operations of individual concerns.

* Excludes investments in the United Kingdom, Ireland, and the Netherlands.

* The column totals include number and value for those items covered by footnote 1; which items are not, of course, included in the totals for "Miscellaneous."

Spain is another country in which public-utility holdings dominate the American investments, for a number of American telephone and electric-power companies operate there. Manufacturing is likewise of some importance, centered principally in the cork, electrical, and automotive groups.

In Belgium the total value of American properties is much smaller than in the countries discussed above, but the value of our manufacturing interests there is fourth in Europe. Of the \$38,000,000 so invested, the electrical, glass, and automotive groups account for the largest shares. Belgium is a shipping and distributing center of importance, and American petroleum and selling investments are relatively heavy. Near-by Netherlands is similarly a center of American manufacturing and distribution.

The principle noted above, viz, that foreign direct investments vary in character in the different countries according to the resources and industries of the country, explains very well the investments in the rest of Europe. The mineral resources of Poland, the native skill in embroidery work in Madeira, the hydroelectric power of Norway, and the petroleum resources of Rumania are all being developed to some extent by American enterprise.

A few American "portfolio investments" in corporate enterprises operating in Europe, not included in these figures of "direct investments," are in securities of the International Match Corp., Kreuger & Toll Co., the Hugo Stinnes Corp., the European Mortgage & Investment Corp., and the many German corporate enterprises whose securities have been publicly offered in the United States in vast amounts in the last few years.

CANADA AND NEWFOUNDLAND

American direct investments in Canada are double those in any other single country. Combined with Newfoundland, they total 1,025 in number and over \$1,960,000,000 in amount. Our principal interest in Newfoundland is in the paper and pulp industry.

Estimates of total American (direct and indirect) investments in Canada range around \$3,600,000,000.⁵ Those estimates include holdings of Canadian governmental securities amounting to over \$890,000,000 Canadian National and Canadian Pacific Railway bonds to an aggregate of about \$400,000,000 and, other bond and miscellaneous stock holdings not included in the present study.

Total direct American investments in Canada are difficult to measure. The financial and industrial relations between the two countries are so close that individual holdings of stocks and bonds are very large, and, at the same time, impossible to measure accurately. It

⁵ See the estimate in the Financial Post Business Yearbook, 1930, p. 27—\$3,645,220,000—and in the Balance of International Payments of the United States in 1929, p. 81—\$3,155,000,000 to \$3,627,000,000.

has frequently happened since 1900 that American citizens have started a company in Canada in association with Canadian citizens. Sometimes such a company has been predominantly American at first, but gradually a larger and larger proportion of the stock has been acquired by Canadians, either through direct purchases or by purchases on the various stock exchanges. The domicile of Canadian corporate bonds changes with nearly equal rapidity. Only if all Canadian corporations and all Canadian branches and subsidiaries of American corporations were to state the proportion and value of all their securities held in the United States could an accurate valuation be obtained.

Nevertheless, the present study measures fairly accurately the value of American investments in enterprises that are largely guided by American citizens. The various totals by industries comprise almost exclusively equity interests, except in the case of pulp and paper and hydroelectric and other public-utility enterprises. Even those exceptions make up but a small proportion of the total figure.

Of American direct investments in Canada, those in communication and transportation services rank first in value, followed very closely by manufacturing, as is shown in Table II. If the paper and pulp industry be included with manufacturing, the latter far exceeds any other group. It has not been so classified because our investment in the paper and pulp industry is largely in forest reserves and hydroelectric installations, and the industry is primarily engaged in exploiting a natural resource. (The mining and smelting industry is the only other investment of major significance, although the petroleum industry, selling organizations, and general merchandising establishments (notably chain stores) are important.

Canada is a country of diversified activities, and American investments there reflect that fact. The utilization of raw materials, the development of service facilities, and manufacturing are of nearly equal importance. The enormous undeveloped natural resources of Canada are a great attraction to foreign capital, especially American. The development of those resources has always called for new railroads, extended communication facilities, and additional hydroelectric installations. Economic, social, and political causes have been responsible for a large manufacturing industry, especially in the Provinces of Ontario and Quebec. As was seen in the case of Europe, American manufacturing enterprise establishes its foreign branches in industrial areas, and Canada has been no exception.

The following table summarizes American direct investments in Canada and Newfoundland.

TABLE II.—AMERICAN DIRECT INVESTMENTS IN CANADA AND NEWFOUNDLAND

Industry	Number of investments	Value (thousand of dollars)
Manufacturing:		
Direct branches.....	78	28,768
Subsidiary companies.....	380	485,096
Foreign companies.....	36	20,706
Assembling plants.....	21	6,023
Total manufacturing.....	524	540,593
Paper and pulp.....	46	278,875
Mining and smelting.....	123	1,400,000
Communication and transportation.....	76	541,471
Petroleum (production, refining, and distribution).....	14	35,947
Selling.....	117	37,874
Agriculture.....	15	115,000
Fishing.....	14	5,749
Miscellaneous.....	95	85,711
Grand total.....	1,024	1,960,320

¹ Raised from \$376,307,000 to allow for omissions.

² Raised from \$4,166,000 to allow for omissions. The principle of excluding property owned by American citizens domiciled in Canada was responsible for the low figure arrived at for this and certain other items, such as real estate, included under "Miscellaneous."

MANUFACTURING

American manufacturing investments in Canada, exclusive of paper and pulp, total over \$540,500,000, placed in 524 establishments. It is by far the largest total for any single country and has been fostered by a singular combination of circumstances. These circumstances are (1) proximity, which minimizes the element of uncertainty and difficulty of control and supervision; (2) similarity of social, legal, and political institutions; (3) presence of a large population with a high standard of living; and (4) a tariff policy which not only favors Canadian industry in the Canadian market but also gives some advantages in other markets of the British Empire. The influence of the Canadian tariff and certain other factors in bringing about the expansion of American manufacturing into Canada will be discussed more fully in following sections.

Investments by American corporation in Canadian-controlled manufacturing organizations are not numerous or large. On the other hand, Canadian minority interests in American subsidiaries in Canada are numerous, and the interest is frequently substantial. The number of the American manufacturing investments in Canada is much smaller than is often stated because (1) there is too often a tendency not to distinguish carefully between all investments and those that are purely manufacturing; (2) American companies that are merely represented, or whose products are handled, in Canada are often counted; and (3) there is a tendency to overestimate, especially when some purpose will be furthered by bigger totals.

Although most American products are manufactured in Canada, none is really outstanding. The largest groups of such commodi-

ties are the agricultural and industrial machinery, automotive, electrical, lumber, and rubber products groups. (See Table VI.) The first is an inclusive category made necessary by a few large individual corporate investments. The agricultural-implement manufacturers cater especially to the very important market in the prairie Provinces, while the industrial-machinery group serves the manufacturing centers in Ontario and Quebec. In both cases lower transportation costs were one factor in the expansion into Canada.

The larger American automobile manufacturers have established subsidiaries in Canada, primarily to serve the Canadian market better. Although these subsidiaries have a valuable export trade from Canada, it is not important relative to their Canadian trade. Automobile accessory and tire manufacturing have also expanded into Canada. Automobile tires are not the sole product of the American rubber industry in Canada, however, there being a large production of rubber footwear and other rubber goods.

Canada has fairly large deposits of iron and coal which have not been developed very extensively to date, and the iron and steel industry depends to a considerable extent upon imports of raw materials from the United States and Newfoundland. Canadian coal fields are farther from the center of Canadian manufacturing than the Ohio and Pennsylvania fields, and Canadian iron ore is inferior in grade to that from Newfoundland and from the Mesabi district in Minnesota. Considerable American capital has been invested in the iron and steel industry in Canada, however, as well as in the manufacture of hardware and other metal products. Some of the capital invested in this group of commodities, specially in aluminum and nickel manufactures, could not be segregated from that devoted to mining and smelting, so the total given for "manufacturing" in the table does not cover the entire field.

A few of the other investments seem to have been motivated principally by the presence of abundant natural resources in Canada. Among these are the manufacture of cereal products and other foodstuffs, including dairy products especially, and the manufacture of lumber and wood products, stimulated by regulations prohibiting the exportation of logs from Crown lands. These prohibitions were started in 1900 by Ontario and were later adopted by other Provinces. Similar regulations affecting pulpwood are in effect in Quebec, New Brunswick, and British Columbia. Their effectiveness is enhanced by the relatively small proportion of forest lands privately owned.^a

PAPER AND PULP INDUSTRY

Nearly \$279,000,000^b of American capital has been invested in the paper and pulp industry in Canada and Newfoundland. This

^aThe per cent of privately owned forest lands of the total acreage in the Canadian Provinces is as follows: Quebec, 7; Ontario, 3.3; Manitoba, 11.3; Saskatchewan, 10.4; Alberta, 15.7; Nova Scotia, 76; and British Columbia, 13. (Canadian Yearbook, 1929, p. 293.)

^bExclusive of holdings of the bonds of Canadian-controlled corporations.

investment was stimulated by (1) the rapidly dwindling pulpwood resources of the United States; (2) the lower costs of production in Canada, due partly to greater accessibility of the raw materials and abundant and convenient power resources; (3) the regulations of several of the Canadian Provinces prohibiting the export of pulpwood cut from Crown lands; and (4) the free importation of newsprint paper into the United States since 1911. The influence of the last of these causes was well set forth several years ago^c as follows:

Giving free entry to Canadian newsprint only hastened a little a process which was bound soon to begin in any case. * * * Tariff or no tariff, the point had been reached where it was profitable for American capital to build newsprint mills in Canada. Raising (removing) the tariff barrier which had operated against the exploitation of Canada's pulpwood resources merely came at the psychological moment to hasten that process.

The investment in the pulp and paper industry in Canada at first only supplemented American production, but now Canada is our chief source of supply for newsprint paper. Over half the newsprint used in the United States is Canadian, and probably half the Canadian newsprint industry is controlled by American capital.

MINING AND SMELTING

The varied and exceptionally rich mineral resources of Canada have attracted more American capital than have similar resources in any other country. Whereas in Mexico our investments in the production of the precious metals predominate, in Canada our largest mining and smelting investments are in the production of aluminum, copper, and nickel. The values of the asbestos, coal, and gypsum properties are also large. The United States produces very little asbestos or nickel, depending primarily on Canada for both.

The returns from the questionnaires sent out by the finance and investment division showed \$376,397,000 invested in mining and smelting. This was divided as follows: Precious metals, \$44,287,000; other metallic minerals, \$295,340,000; and nonmetallic minerals, \$36,770,000. An omission estimate is made sufficient to raise the total for the whole group to \$400,000,000; it is allocated almost entirely to the precious-metals group, where many small claims could not be accurately valued.

COMMUNICATIONS AND TRANSPORTATION

The first important American investments in Canadian communications were in the steam railways along the border, serving principally as feeders for the main lines in the United States. The value

^cSouthworth, Constant: "The American-Canadian Newsprint Paper Industry and the Tariff." *Journal of Political Economy*, October, 1922, pp. 681-697, which see for a fuller discussion of this extension of American industry.

of these investments, including the heavy holdings of Canadian Pacific Railway Co. common stock,* amounted to nearly \$265,000,000. This figure, of course, does not include investments in the bonds of the Canadian Pacific Railway or Canadian National Railway.

About 38 Canadian electricity and gas, power and light, and street-railway properties of an aggregate value of over \$192,000,000 are controlled in the United States. Most of these are controlled by large American systems, which have acquired properties in Canada all the way from New Brunswick and Nova Scotia to British Columbia. Some are strictly limited to municipal services; others are connected with paper and pulp concerns and cater to industrial organizations as well as to cities and towns.

Another group of utilities includes telephone, cable, radio, and miscellaneous utility companies. Among the latter are international bridges and tunnels and airways. The total value of this group of American direct investments is \$84,000,000. These investments and those mentioned in the preceding paragraph resulted principally from the financial strength of American companies with their technical improvements in equipment and administration.

OTHER SMALLER INVESTMENTS IN CANADA

The small investment in sales organizations in Canada is explained by the close relations existing between American and Canadian business men. Much of the distribution of American goods in Canada is done by local dealers or representatives, as in the United States. Agricultural investments are smaller than ordinarily estimated, primarily because the investments of American citizens domiciled in Canada are not counted. Among the miscellaneous enterprises the largest, in point of value, is merchandising. Several chain-store and trading companies selling groceries and miscellaneous small articles have widely scattered Canadian branches. There are a number of American-owned grain elevators, valued at over \$9,000,000. Holdings of timberlands, other than those held by paper companies, are valued at nearly \$14,000,000.

LATIN AMERICA

American direct investments in Latin America are chiefly in the production of raw materials, followed by communication and transportation services. Manufacturing, selling, and the miscellaneous industries are of decidedly minor importance, except in two or three countries whose industrial structure is rapidly becoming more diver-

sified. Mining and smelting investments lead in value, although they are very largely centered in just four countries: Bolivia, Chile, Mexico, and Peru. Agricultural investments are highly localized; sugar in Cuba and the Dominican Republic and fruit in Central America are important. The discussion that follows has been divided into three parts—Cuba and the West Indies, Mexico and Central America, and South America—because the major characteristics of the investments in each of those areas differ.

Table III shows American direct investments in Latin America, divided by countries and industries.

*The annual report of the Canadian Pacific Railway Co. for the year ended Dec. 31, 1928, reported that 33.06 per cent of the common stock and 0.71 per cent of the preference stock was held in the United States.

TABLE III.—AMERICAN DIRECT INVESTMENTS IN LATIN AMERICA

[Values in thousands of dollars]

Country	Manufacturing		Selling		Petroleum				Mining and smelting		Agriculture				Communication and transportation				Miscellaneous		Total	
					Producing and refining		Distributing				Sugar		Fruit and other		Railroads		All other					
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Cuba and West Indies:																						
Cuba	31	44,742	42	14,724	(1)	(1)	4	9,030	(7)	(7)	57	544,012	7	30,988	11	116,726	10	98,145	57	60,590	219	918,957
Dominican Republic	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)	8	61,274	(7)	(7)	(7)	(7)	(7)	(7)	13	8,048	21	69,322
Haiti	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)	8	8,629	(7)	(7)	(7)	(7)	(7)	(7)	15	5,523	23	14,191
Jamaica	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)									16	21,941	16	21,941
All other West Indies	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)							(7)	(7)	21	29,340	21	29,340
Total *	38	47,058	56	15,060	(7)	(7)	18	34,592	9	10,589	65	612,682	20	50,084	(7)	(7)	27	223,699	67	59,987	300	1,053,731
Mexico and Central America:																						
Mexico	23	6,256	30	8,650	37	201,516	6	4,352	97	230,421	(10)	(10)	47	58,873	10	73,817	17	90,393	18	8,258	285	682,536
Costa Rica	(7)	(7)	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	7	12,205	9	9,961	16	22,166
Guatemala	(7)	(7)	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	5	55,068	21	14,911	26	69,979
Honduras	(7)	(7)	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	6	26,066	16	39,738	27	71,485
Nicaragua	(7)	(7)	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	9	10,092	14	13,002
Panama			4	430	(7)	(7)							(7)	(7)	(7)	(7)	(7)	(7)	18	28,029	22	28,459
Salvador															(7)	(7)	(7)	(7)	6	29,466	6	29,466
Total *	29	13,549	42	9,867	42	205,124	6	4,352	112	241,082	(10)	(10)	76	129,704	17	175,688	37	122,289	35	15,438	396	917,093
South America:																						
Argentina	27	82,008	37	52,968	(7)	(7)	8	29,811	(7)	(7)							7	147,836	20	19,256	99	331,819
Bolivia	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)					(7)	(7)	(7)	(7)	8	20,948	14	61,619
Brazil	24	45,673	29	15,819			7	23,010	(7)	(7)			(7)	(7)			7	96,915	23	12,184	90	193,606
Chile	10	6,863	16	12,958			(7)	(7)	(7)	(7)							7	66,733	12	4,569	51	422,593
Colombia	5	3,587	8	3,710	16	55,835			8	10,620	(10)	(10)	9	15,784	(7)	(7)	7	24,885	12	9,573	63	123,994
Ecuador	(7)	(7)	5	98			(7)	(7)	(7)	(7)							5	7,080	6	4,569	16	11,777
Guianas	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)									6	5,688	6	5,688
Paraguay	(7)	(7)	(7)	(7)			(7)	(7)	(7)	(7)			3	1,350					6	11,265	9	12,615
Peru	6	3,227	11	2,502			(7)	(7)	(7)	(7)	4	79,490	(7)	(7)			4	11,260	11	27,253	36	123,742
Uruguay	6	15,385	16	5,088			5	3,260									(7)	(7)	5	3,971	32	27,904
Venezuela	(7)	(7)	4	168	39	226,171			(7)	(7)					(7)	(7)	(7)	(7)	9	6,199	52	232,338
Total *	86	170,352	132	94,291	59	332,265	28	40,225	31	480,382	(10)	(10)	16	24,300	(7)	(7)	45	365,448	71	40,542	468	1,547,895
Grand total *	153	230,959	230	119,218	101	537,389	53	79,369	152	732,053	76	643,154	101	173,706	33	313,703	93	573,421	172	115,767	1,164	3,518,739

* Included with "Petroleum distribution."

* Included with "Miscellaneous" to avoid disclosure of operations of individual companies.

* Raised from \$519,012,000 to cover possible omissions.

* Raised from \$19,535,000 to cover possible omissions.

* Included with "Sugar."

* These totals include the items covered by footnote 2 under individual countries except in cases easily noticed.

* Included with "Communication and transportation; all other."

* Raised from \$151,516,000 to cover omissions.

* Raised from \$230,421,000 to cover omissions.

* Included with "Agriculture, fruit and other."

* Raised from \$53,873,900 to cover omissions.

* Raised from \$3,258,000 to cover omissions.

* Includes British Honduras.

American direct investments in Cuba are the second largest in any single country, amounting to about \$919,000,000. This is about \$480,000,000 less than the estimate made by the Cuban Chamber of Commerce as of the end of 1927.¹⁰ There can be little doubt that early estimates, based on inadequate data, were much too high. The study of the Chamber of Commerce, for example, estimated the value of the Cuban sugar properties owned by Americans at \$800,000,000, while the data collected in this study totaled but very little over \$519,000,000. An omission estimate of \$25,000,000 was then added to this, making \$544,000,000. The estimate of \$600,000,000 made by Leland H. Jenks early in 1928 compares better with the present one. Estimates made in 1928 were very likely to reflect the optimism which the prosperity of the sugar industry, up to about that time, had generated. Profits in Cuban sugar may have justified larger estimates then, but they do not now. The figure of \$544,000,000 carried in this publication as the value of the American investment in the Cuban sugar industry includes over \$190,000,000 of stocks and bonds that were publicly offered in the United States. It does not include the larger sugar railroads and docks.

Some of the investments in sugar properties undoubtedly resulted from financial relationships arising out of bank loans following the World War. Others, more numerous and of greater value, were made before or since the war, because it was anticipated that the United States would be a continuous and large market for Cuban sugar, continental United States producing only about one-sixth of its sugar requirements. It is probable that this very dependence upon Cuban sugar was influential in helping to establish the financial relationships mentioned above. Some of these sugar properties were acquired by American corporations in the course of vertical integration designed to make the American corporations independent of the foreign producers as well as to make possible greater profits.

Other investments in Cuban agriculture, including the production of fruit, hemp, and tobacco (where they are not carried on along with the production of sugar) totaled over \$19,500,000. That figure is raised to \$31,000,000 to cover omissions.

Communication and transportation systems are second among the American investments in Cuba in the amount of capital involved. The principal item in this group is the railroads, aggregating nearly \$117,000,000. All but one of the major railroads of Cuba, as well as several smaller lines and many miles of cane railroads, are controlled by American capital. The investments of wealthy Cubans in these same properties, however, are not unimportant. The same is true of the other Cuban utility properties, including telephone, electric light and power, street railway, and cable and radio companies.

Manufacturing in Cuba is not highly developed, and American investments in that field are small. The principal manufactured products in which American capital is interested are tobacco products, but numerous other commodities are manufactured on a small scale by American capital. The probable causes of the slight expan-

sion of American manufacturing enterprises in Cuba are (1) proximity, which removes in large part the transportation cost element, (2) the tariff preference for American products, and (3) Cuba's lack of industrial experience.

Our most important miscellaneous direct investments in Cuba are in docks, warehouses, and freight-handling facilities, \$24,000,000; and in real estate (hotels, amusement resorts, etc.), \$15,000,000. Merchandising, motion pictures, iron mines, and shipping are of minor significance.

American direct investments in the Dominican Republic and Haiti are largely agricultural, the production of sugar predominating. We have fairly substantial holdings of public-utility properties in both countries, but manufacturing has not attracted much American capital. The few manufacturing enterprises are local in character and not extensions of American corporations. American investments in selling organizations are likewise unimportant, since most of the American products distributed in the island are sold outright to dealers or wholesalers.

Jamaica has several large American fruit plantations and is the headquarters of several ocean shipping companies engaged in the transportation of fruit and general merchandise. There are also minor investments in manufacturing, selling, and the distribution of petroleum products. The other West Indian islands have received American direct investments principally in the production and refining of asphalt and petroleum, in petroleum distribution, and in real estate holdings, the latter in the Bahamas and Bermuda especially.

MEXICO AND CENTRAL AMERICA

Mexico affords an excellent example of the tendency to overestimate foreign investments. After a very careful and comprehensive survey of all American direct investments in that country and after adding \$70,000,000 to cover omissions, the present compiler arrives at a total of \$672,500,000. A recent private estimate of total American investments in Mexico was more than \$1,500,000,000. After making the necessary deductions for Mexican Government bonds and Mexican National Railway stocks and bonds estimated as held in the United States and not included in the present study, there is still a difference of over \$500,000,000. That difference arises from the present figures being lower: Mining and smelting, lower by \$160,000,000; petroleum, \$200,000,000; plantation and timber, \$80,000,000; manufacturing, \$50,000,000, and wholesaling and retailing, about \$40,000,000. In public utilities the present compiler arrived at a figure \$50,000,000 higher than the estimate mentioned above because several properties were acquired after that estimate was prepared.

The probable reason for the high estimates just cited are (1) failure to make due allowance for the depreciation in the value of petroleum properties in Mexico brought about by the depletion of Mexico's oil resources as well as by the policy of the Mexican Government toward those resources; (2) failure to make due allowance for the destruction of property, especially mining, arising from political disturbances; and (3) failure to allow for the expropriation and

¹⁰ Commercial and Financial Chronicle, Jan. 12, 1928.

nationalization of lands in connection with the Government's agrarian policy. Some slight differences were undoubtedly occasioned by reason of excluding from the present study the properties of American citizens domiciled in Mexico. Another possible source of error is the inclination to make each estimate a little larger than the previous one. The danger of this is very real when the estimator is forced to guess at the value of a large proportion of the investments and, because of inadequate data, to make too large omission estimates.

The principal employment of American capital in Mexico is in mining and smelting. The mineral resources of Mexico have attracted the attention and capital of the world for centuries. Nearly four-fifths of the \$230,000,000 of such American capital in Mexico is invested in the production of gold and silver. Other metals of considerable value, including copper and lead, could not, in many cases, be segregated from the mining and smelting of the precious metals.

The Mexican petroleum industry closely approaches mining and smelting in the amount of American money employed, around \$200,000,000 being invested in producing and refining oil. Eight or ten years ago, when Mexico was at the peak of its petroleum production, the value of the investment would have been from 50 to 100 per cent greater.¹¹ The best estimate of the American investment in this industry in 1912 was \$15,000,000.¹² In 10 years the industry rose from relative insignificance to its peak, and in 8 more years had decreased by at least half.

Our next major investment in Mexico, in communications and transportation, is still growing. Americans have been interested in Mexican railroads since the early nineties. Most of the larger railroads, not connected with mining enterprises, were acquired or constructed before 1914, but several American mining companies have extended their railroads since that time. The greatest expansion has taken place in the investments in communications and public utilities. These investments were insignificant in 1912 but at the present time are valued at over \$90,000,000. Many of these new properties have been purchased from the former British and Canadian owners. These investments cover a wide field, including electric power and light, telephone, telegraph, cable, street railway, and waterworks companies.

American investments in manufacturing and selling organizations in Mexico are small. The agricultural properties, though greatly reduced from their former value, owing to causes previously mentioned, are worth over \$64,000,000. Sugar plantations are the most valuable, followed by livestock, fruit, and guayule rubber.

Our direct investments in Central America are principally in two fields—agriculture and communications. There are a few American mines and oil properties, none of which is worked very extensively. Any manufacturing carried on by American capital is incidental to other and larger operations. Several municipal utility properties have been acquired in the last few years. All

in all, our investments in Central America are quite clearly of the type to be expected in an area of its natural resources and of its stage of development.

SOUTH AMERICA

Our direct investments in South America have increased much more rapidly in recent years than those in other parts of Latin America. Total American direct investments in Latin America at the end of 1913¹³ amounted to only about \$1,250,000,000, of which those in South America made up about 15 per cent. To-day the total is about \$3,500,000,000, of which 45 per cent is in South America. This growth has resulted from the expansion of old mineral holdings, the acquisition of new utility properties, increased petroleum production in Venezuela, and the establishment of manufacturing enterprises. (For the investments by countries, see Table III.)

Chile is first among South American and third among Latin American countries in point of American capital invested in corporate enterprises. Over \$330,000,000 is invested there in the production of copper and nitrates. The telephone, electric power and light, cable, and radio companies controlled by American capital have a value of nearly \$67,000,000, being chiefly acquisitions of the last five years. Manufacturing and selling investments are unimportant, compared with other investments in Chile or with similar investments in Argentina and Brazil.

The expansion of American enterprise into Argentina has been broad and extensive. Public-utility properties are first in value, with manufacturing and selling well represented. Our investment in selling organizations there is more than three times any similar investment in the rest of the Latin American countries. This is partly because many American corporations make Buenos Aires their headquarters for the lower part of South America, and partly because of the importance of the Argentine market itself.

The same factors account, to a considerable extent, for the value of our manufacturing investment in Argentina, the largest in Latin America. Meat packing is the biggest item in this category. Others of significant size are automobiles, stone, clay, glass, agricultural and industrial machinery, and chemicals. These establishments are real extensions of American manufacturing enterprise, rather than local operations incidental to other activities, as is the case in many Latin American countries. We also have direct investments in mining and smelting and important petroleum (distributing, refining, and producing) investments in Argentina.

American direct investments in Brazil are similar to those in Argentina, but are smaller. Public-utility holdings, valued at about \$97,000,000, comprise half of the total. Manufacturing is next in importance, meat packing and the automotive industry being the largest. Chemicals and electrical supplies are other articles produced. Selling organizations are of considerable importance. The largest commodity groups represented are machinery, metal, and

¹¹ Production of crude petroleum in Mexico: 1921, 198,398,000 barrels; 1925, 115,515,000 barrels; and 1929, 44,689,000 barrels. (Commerce Yearbook, Foreign Countries, 1928, p. 480; and mimeographed release of the Bureau of Mines, Division of Petroleum Economics, No. 7190.)

¹² Literary Digest, May 2, 1914, p. 1078, American Investments in Mexico.

¹³ Pre-war investments in Latin America were almost entirely "direct."

rubber products. Precious stones and iron ore are mined, and some rubber-producing properties are being developed by American capital.

Our investments in Uruguay are much less numerous and valuable. Manufacturing and selling lead, meat packing being the largest single item. Some fair-sized utility properties complete the range of American holdings there. American enterprise has been attracted to Paraguay chiefly to exploit its quebracho resources and cattle lands. There are, also, some American interests in agricultural lands and in miscellaneous properties. Bolivia, on the other hand, has larger direct American investments within its borders than Paraguay and Uruguay combined, owing to the presence of vast mineral and petroleum resources. Both tin and the precious metals are mined and smelted by American enterprise in Bolivia.

The development of Peru's mineral and petroleum resources gives employment for by far the largest part of the American capital invested there. Some of the richest copper deposits in the world are located in Peru and are possessed and worked by American corporations. Vanadium and other metals are also mined, while the production of petroleum,¹⁴ which is largely under American control, is increasing. One of the mining companies controls a railroad, while other American corporations control cables, airways, and telephone systems. Minor investments have been made in sugar production and in the manufacture of cotton textiles.

American direct investments in Ecuador are not large, for manufacturing is of purely local interest, and selling organizations are extremely small. Our most valuable properties in Ecuador are electric companies, cables, and gold mines.

Of the countries in the northern part of South America, Venezuela has the largest American direct investments. One dominant natural resource—petroleum—accounts for \$226,000,000, or 97 per cent of the total. When Mexican oil production was at its peak several years ago, Venezuela produced less than 4,000,000 barrels, whereas in 1929 it was the second most important producer in the world with 9.2 per cent of the world production.¹⁵ The extremely large scale of these operations in Venezuela naturally entails refining, manufacturing, and selling as integral parts of the major activity. Our present investment holdings include many acres of unexplored and unproven oil lands, the value of which may be expected to increase in the next few years. While other American investments in Venezuela seem insignificant alongside petroleum, asphalt properties and public utilities are very valuable.

American properties in Colombia are much more varied and more generally distributed than in most South American countries. The largest of our investments are in oil lands, valued at nearly \$56,000,000. The oil resources are largely unproven, as major operations started in 1926. Until July, 1926, production was very small, and Colombia exported no petroleum at all. Exports in 1929 totaled

18,600,000 barrels and production 20,385,000 barrels. This increase will probably be accelerated in the next few years, and American investments will probably increase rapidly in value.

Public utilities are next in value in Colombia and include railroad, electric power and light, and telephone and cable companies. Nearly all of these investments were made in the last five or six years. Fruit and sugar plantations, cattle ranches, coffee plantations, and general farming lands are owned in considerable number. Mineral resources, including precious stones, gold, silver, and platinum, are being mined by American companies. River navigation, banking, manufacturing, and selling and purchasing operations in Colombia are all conducted by Americans on a moderate scale.

The Guianas, British, French, and Dutch, are of but minor interest. Some timber and mineral resources are being exploited, and there are other lesser activities involving American capital.

AFRICA, ASIA, AND OCEANIA

AFRICA

Africa did not attract American capital until the last few years. True, a few straggling enterprises were established in South Africa before the World War, but they were very small. The Union of South Africa, and other British Africa close by, has three-fourths of all the American capital invested in that continent. Since 1920 nearly \$39,000,000 has been invested in South African (including Rhodesian) mines, by far the larger part of it in the last three years. South African copper mines with ores of high metal content have been producing at such a greatly increased rate that they have proven very attractive to large American metal companies and interests associated with them. Actual American investments in that area are probably much greater than indicated in this study because of the investments of Americans in the stocks of the British companies controlling the mines. These properties are naturally attractive because of the richness of the African ore deposits and the growing difficulty in working the old mines of the Western Hemisphere. Nevertheless, the American interest would probably be much smaller than it now is had it not been for a need of additional capital on the part of the English companies and the ability and willingness of American corporations to invest. The latter, by so doing, are protecting their future world position as copper producers.

The principal manufacturing and selling investments are located in the Union of South Africa, which is developing a manufacturing industry and is the distribution center for the greater part of southern Africa. American distribution of petroleum products in South Africa and in the British ports on both sides of the continent is of considerable importance.

American investments in the rest of Africa are of minor importance—prospective oil lands, petroleum distribution, and mining in Portuguese Africa and Belgian Congo, exploitation of the cork and mineral resources of Algeria, and petroleum distribution in the rest of Africa accounting for the larger part.

¹⁴ Mimeographed release of the Bureau of Mines, op. cit.: 1917, 10,127,000 barrels; 1928, 12,006,000 barrels; and 1929, 13,404,000 barrels.

¹⁵ Bureau of Mines, op. cit.

TABLE IV.—AMERICAN DIRECT INVESTMENTS IN AFRICA, ASIA, AND OCEANIA

[Value in thousands of dollars]

Country	Manufacturing		Selling		Petroleum		Rubber		Communication and transportation		Mining and smelting		Miscellaneous		Total	
	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value	Num-ber	Value
Africa																
Algeria	4	1,065	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	5	2,130	9	3,204
British Africa	(1)	4,846	20	13,539	(1)	10,499	(1)	(1)	(1)	(1)	(1)	(1)	5	2,130	57	76,846
Egypt	(1)	(1)	3	569	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	10	5,965	18	6,334
French Africa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	7	1,200	7	1,200
Portuguese Africa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	8	9,000	8	9,000
Other Africa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	6	3,445	6	3,445
Total Africa	11	5,911	33	15,661	21	31,492	(1)	(1)	(1)	(1)	23	43,028	17	6,137	105	102,229
Asia																
British Malaya	15	10,221	6	334	4	2,201	11	19,273	(1)	(1)	(1)	(1)	7	5,205	28	27,103
China	7	20,222	25	6,973	(1)	42,839	(1)	(1)	(1)	(1)	(1)	(1)	13	53,721	72	113,354
India	(1)	(1)	17	5,012	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	4	6,212	4	6,212
Iran	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	16	1,700	40	60,700
Japan	18	40,318	10	1,005	(1)	8,077	7	23,347	(1)	(1)	(1)	(1)	19	40,650	20	66,012
Netherlands East Indies	(1)	(1)	(1)	2,013	(1)	1,875	(1)	(1)	(1)	(1)	(1)	(1)	5	5,175	14	1,030
Pakistan, Syria, and Cyprus	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	4	1,092	4	1,092
Persia	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	13	20,842	34	70,335
Philippine Islands	10	3,898	17	9,044	4	10,381	(1)	(1)	10	35,770	(1)	(1)	82	83,055	284	304,340
Total Asia	50	74,539	83	34,358	36	114,001	18	42,620	10	35,770	5	10,077	15	8,470	103	149,154
Oceania																
Australia and New Zealand	42	49,816	35	22,012	11	68,856	(1)	(1)	(1)	(1)	(1)	(1)	111	94,144	492	645,925
Grand total	106	133,904	151	72,031	68	214,340	18	42,620	10	35,770	28	53,105	111	94,144	492	645,925

1 Included with "Miscellaneous." The omitted items, together with "Rubber," are included in "Miscellaneous."

2 The totals are given for "Manufacturing." The omitted items, together with "Rubber," are included in "Miscellaneous."

3 The totals are given for "Selling." The omitted items, together with "Rubber," are included in "Miscellaneous."

4 One item in this group raised \$1,000,000 to cover omissions. "Rubber," or "Communication and transportation." The omitted items are included in "Miscellaneous."

5 The totals here given are not complete for "Manufacturing."

6 The totals here given are not complete for "Selling."

7 The totals here given are not complete for "Petroleum."

8 The totals here given are not complete for "Rubber."

9 The totals here given are not complete for "Communication and transportation," and "Mining and smelting." The omitted items are included in "Miscellaneous."

The combined figures for investments in Asia are misleading, as they overemphasize the importance of manufacturing properties. Manufacturing properties are of such seeming importance in Asia primarily because they dominate our holdings in Japan. The value of American investments in Japan in plants manufacturing electrical equipment and supplies, automotive vehicles, chemicals, and textiles is over \$40,000,000. Nearly half of this total represents minority interests, and to a considerable extent those interests were obtained in exchange for patent rights. American investments in selling organizations in Japan are also surprisingly large and reflect the extent to which the Japanese market for foreign goods has developed and to which Japan is a distributing center for the Far East.

Among our direct investors in China, petroleum and public-utility companies are the largest. The former started soon after the beginning of the century, while the latter appeared only recently. American factories in China are chiefly those designed to utilize the skill of the Chinese in the production of hand-woven tapestries, carpets, and other textile goods. The rule followed in this study of excluding the investments of American citizens residing in the foreign country necessitated the exclusion of most of companies operating under the China trade act and registered in China with the registrar of that act. The total capitalization of the China trade act companies is between \$20,000,000 and \$30,000,000 and is very largely owned by American citizens residing in China.

The most significant American investments in the Netherland East Indies are the rubber plantations. They are owned and operated by American rubber manufacturers and serve to free them from entire dependence upon foreign producers for the raw material essential to their business. Americans also control some oil lands in the Netherland East Indies.

In British Malaya our investments are of about the same type. Rubber plantations and organizations for purchasing and shipping crude rubber are the most important. Tin mines are being operated by American interests and, along with the distribution of petroleum products, make up the bulk of the remainder.

In India the manufacture of burlap in its various forms is one of the most important uses for American capital—another instance of manufacturing enterprise going to the source for its raw material. In Iraq the production of petroleum and dates, and in other parts of the Near East the purchasing of licorice roots, mining, and petroleum distribution, are the major forms of American investment.

The Philippine Islands are here included with American foreign investments (1) because of their great distance from the United States; (2) because they are outside our customs area; and (3) because their political status differs considerably from that of the other possessions and Territories of the United States. American investments date from the early years of possession. About our first direct interests there were railroad and utility developments. They are to-day the largest items of American investment, though the substantial American holdings of the bonds of the Manila Railroad Co., all the stock of which is owned by the Philippine Government, are

not included in these figures. The other large items of direct investment are sugar and rubber plantations, and distributing organizations for petroleum and other products.

A recent estimate of American investments in the Philippine Islands placed our direct investments at approximately \$145,000,000, instead of the \$80,000,000 arrived at in this study. The chief differences were in the manufacturing, selling, and agricultural groups. These differences are largely accounted for by the residence rule adopted in this survey.

OCEANIA

The tariff is commonly believed to be the chief reason for the American investments in these two British Dominions. Both Dominions adopted, years ago, a tariff policy for the promotion of domestic manufacturing. Other factors, however, enter into consideration, and it can not be stated definitely whether without them the present conditions would have developed. These other factors are the common language, the presence of a good market, and the great distance from the United States, with the resultant heavy transportation costs.

The principal commodities manufactured by American enterprise in Australia and New Zealand are automotive vehicles, electrical goods, chemicals, foodstuffs, and several commodities in the miscellaneous group. Petroleum refining and distribution and the sale of American machinery—agricultural, industrial, and office—employ much of our capital. The development of Australian natural resources was a field little touched by Americans up to the end of 1929.

INDUSTRIAL DISTRIBUTION

American direct investments in foreign countries vary in character according to the national economy of the countries in which they are located; that is, according to the peculiar demands and resources of those countries. This observation, first made in the foregoing discussion of the various countries in which American capital is employed, will be amplified in the following short analysis of direct investments by industries.

INVESTMENTS IN MANUFACTURING

Investments in manufacturing establishments in foreign countries have been the subject of more public discussion than those in any other industry, principally because they may compete with investments in domestic production for export and thus reduce the demand for labor in the United States. It is not the purpose of this study to enter into a discussion of this controversial point, but simply to provide actual data upon which others may base their conclusions. To that end, it is essential that the manufacturing investments be considered as fully as possible.

Tables V and VI show American direct investments in manufacturing abroad classified by types of establishments and commodities produced.

TABLE V.—AMERICAN MANUFACTURING INVESTMENTS ABROAD BY TYPES OF ORGANIZATION

[Values in thousands of dollars]

Geographic area	Branch		Subsidiary		Foreign controlled		Assembling		Total	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Europe.....	19	4,630	319	427,541	61	160,221	54	36,503	453	628,895
Canada.....	78	28,768	389	485,096	36	20,706	21	6,023	521	540,593
Latin America.....	49	40,431	59	160,756	4	413	11	20,359	153	230,959
Asia and Africa.....	28	11,753	22	38,607	6	19,694	9	14,034	64	84,068
Australia and New Zealand.....	5	2,583	20	32,202	2	660	6	14,281	42	49,816
Grand total.....	179	97,165	848	1,144,292	108	201,694	101	91,200	1,236	1,534,351

¹ Exclusive of "paper and pulp" which amounted to \$278,875,000. Paper and pulp have been excluded here because there is no investment in the other countries comparable to it in character or size.

TABLE VI.—COMMODITY DISTRIBUTION OF AMERICAN MANUFACTURING INVESTMENTS ABROAD

[Values in thousands of dollars]

Commodities	Europe		Canada		Latin America		Asia and Africa		Australia and New Zealand	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Motor vehicles:										
Automotive vehicles...	30	79,210	6	56,097	6	31,122	(¹)	(¹)	(¹)	(¹)
Automotive accessories...	13	4,174	32	11,117						
Other vehicles...	(²)	(²)	5	2,101						
Chemicals:										
Pharmaceutical products...	28	19,522	32	7,478	31	4,585	4	545	7	3,109
Paints, varnishes, dyes, etc.	13	5,297	19	4,162	(³)	(³)	(⁴)	(⁴)	(⁵)	(⁵)
Toilet preparations...	38	6,584	22	6,755	21	4,224	(⁶)	(⁶)	5	1,243
Other chemicals...	26	23,896	40	26,441	15	15,109	4	3,611	3	3,140
Electrical:										
Electrical and telephone equipment and supplies...	42	164,044	22	55,890	5	6,652	5	24,876	4	7,441
Foodstuffs:										
Cereal products...	(⁷)	(⁷)	12	22,070	(⁸)	(⁸)				
Beverages...			7	5,867	5	3,754				
Other foodstuffs...	35	38,355	32	25,387	23	118,013	5	3,525	4	4,909
Machinery:										
Agricultural and industrial machinery...	51	50,724	46	60,320	6	8,324	8	19,333	7	18,962
Other machinery...	13	10,472	18	7,896	(⁹)	(⁹)				
Metal products:										
Iron and steel products...	(¹⁰)	(¹⁰)	13	30,612	(¹¹)	(¹¹)	(¹²)	(¹²)	(¹³)	(¹³)
Hardware...	16	30,899	52	34,510	(¹⁴)	(¹⁴)				
Silverware, etc.	(¹⁵)	(¹⁵)	6	3,331						
Other metal products...	36	20,516	20	19,949	7	3,339	4	6,214	3	222
Leather and products...	8	2,754	3	813			(¹⁶)	(¹⁶)		
Lumber and products...	10	6,647	37	51,104	13	7,567	5	3,271	(¹⁷)	(¹⁷)
Rubber products...	7	12,161	8	47,493			(¹⁸)	(¹⁸)		
Stone, clay, and glass products...	(¹⁹)	(¹⁹)	7	3,552	4	19,290				
Textile:										
Clothing...	(²⁰)	(²⁰)	18	4,883	(²¹)	(²¹)	(²²)	(²²)	(²³)	(²³)
Other textiles...	35	31,662	21	14,281	(²⁴)	(²⁴)	20	20,118	(²⁵)	(²⁵)
Miscellaneous manufactures...	52	110,298	48	38,439	17	8,981	9	2,565	9	10,703
Grand total...	453	624,895	524	540,593	153	230,959	64	81,068	42	49,816

¹ Included in "Agricultural and industrial machinery."² Included in "Automotive vehicles."³ Included in "Other chemicals."⁴ Included in "Pharmaceutical products."⁵ Included in "Other foodstuffs."⁶ Included in "Miscellaneous manufactures."⁷ Included in "Other metal products."⁸ Included in "Other textiles."⁹ Exclusive of "Paper and pulp" which amounts to \$278,875,000. For a discussion of this investment see the discussion of investments in Canada.

American capital has gone into manufacturing enterprises in Europe to a greater extent than in any other part of the world. This movement is not entirely the result of the unusual circumstances brought about by the World War, since the extension of American manufacturing enterprise had as early a start and by 1914 was as fully developed in Europe as in any other area. These investments in Europe are localized to a greater extent than is usually imagined; over 40 per cent of the European total is concentrated in Great Britain. This has undoubtedly been the result of the wide scope of the British market, proximity to the market of Continental Europe, the readily available materials, adequate distri-

bution facilities, and the abundant supply of labor trained for over a century in factory work. Germany and France follow in the value of American investments in manufacturing.

American manufacturing interests are popularly believed to be more extensive in Canada than elsewhere abroad. This belief is correct as to their number but not as to their value, no doubt because of the ease with which small-sized plants may be operated there, compared to more distant Europe. Geographical proximity makes it possible for small concerns to benefit from the advantages of serving Canada through Canadian plants.

American manufacturing enterprises in Latin America have been established principally in the countries developing a diversified industrial structure and presenting the best market for manufactured goods, namely Argentina, Brazil, and Cuba. For the most part, however, expansion into these countries is not strictly comparable to that into Europe and Canada, since American capital in each is principally engaged in utilizing a natural resource, largely for export; the manufacture of tobacco products in Cuba and meat packing in Argentina and Brazil. Nevertheless, actual extension of plant, method, management, and product from the American establishment because of marketing possibilities has taken place in a number of instances and is constantly increasing. In most of the other countries of Latin America the manufacturing operations are principally carried on incidental to major operations of another type, as, for example, the manufacturing of shoes by fruit and sugar companies. Our manufacturing investments in Asia and Africa are, as a whole, of very minor importance. Those in India and Japan are significant as exceptions to the general rule in that section of the world. In Australia and New Zealand investments in factories are important principally as related to our total direct investments there.

* TYPES OF ORGANIZATION FAVORED *

The form of organization most frequently adopted by American corporations for their foreign operations, as can be seen from Table V, is the subsidiary organized under the laws of the foreign country. This is specially true in Europe, Canada, and Australia, and to a lesser extent in Latin America also. The principal reasons for this are, first, that such incorporation gives a degree of local color to the organization that is effective in overcoming any antipathy to foreign goods and, second, that certain advantages in taxation and in the breadth of operations permitted by law frequently result.

The operation of direct branches in Canada is of minor importance when compared with subsidiary companies incorporated under Dominion or provincial laws. Plants operating as branches are usually small, owing chiefly to laws regarding incorporation and registration. Incorporation under Dominion law entitles a foreign corporation to operate anywhere in the Dominion of Canada; incorporation or registration under provincial law legalizes operations only in the Province concerned. Since there is no provision for registering under Dominion law, incorporation is the plan most often adopted. Other reasons for incorporations in Canada are: (1) Subsidiaries have to submit only their own statements to the

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authorities, while a branch must submit statements for the parent company as well; and (2) in some Provinces taxation is based on total authorized capital which, in the case of a branch, is the capital of the parent company.

Our investments in foreign-controlled corporations are largely confined to Europe. The large and well-established organizations there have sufficient prestige to attract American capital. However, the chief factor causing this development has been the dearth of investment capital in Europe since the war. In order to finance necessary modernization and expansion of their plants, many European manufacturers have found it expedient to sell minority interests to strong American corporations. In the normal course of events many such minority interests are granted in return for the right to work special American patents and processes.

American assembling plants abroad do not bulk large in the investment figures. It must be granted, however, that the distinction between assembling and manufacturing is a difficult one to apply in a study of this kind, and that some of the investments here classified as manufacturing might be considered as assembling. Nevertheless, the figures given in Table V provide an adequate basis for the conclusion that assembling operations are of the greatest importance in nonindustrialized areas.

COMMODITIES MANUFACTURED IN AMERICAN-OWNED PLANTS

The principal commodity group in which the Americans are interested in Europe is the manufacture of electrical and telephone equipment and supplies. American electrical interests were well established in Europe before the World War, but their growth has been especially marked in recent years. These investments have been made primarily by corporations of great financial strength and possessed of the most advanced methods of production possible. These two factors—financial strength and technical knowledge—have been of considerable force in bringing about the tremendous foreign expansion of such American corporations in the past few years.

The European expansion of the automotive and machinery groups is governed by the same principles as the electrical industry. The range of these investments is exceedingly broad, covering 43 automotive, 51 agricultural and industrial, and 13 other machinery investments. The articles manufactured range from typewriters to mining machinery and from windshield wipers to automobiles. American hardware and other metal products are likewise manufactured extensively in Europe, especially in Great Britain, where the metal industry has long been important.

In the case of a few products, the presence of a raw material or particular local skill has drawn our investments in European manufacturing. Among such cases are Spanish cork, Madeira embroideries, and French fancy glove skins. The American investments in other commodity groups is given in Table VI. (For a fuller description of the articles included in these various groups, see the appendix.)

Canada has drawn American enterprise of all kinds, and no group is really outstanding. Latin America is different; \$118,000,000 of

direct American investments there are centered in the foodstuffs group, in which tobacco and meat are the important items. The amounts for the other areas are too small to warrant picking out any commodities or drawing any conclusions.

INVESTMENTS IN SALES ORGANIZATIONS

Investments in sales organizations abroad are relatively small, amounting to only about \$362,000,000. A large part of the actual sales investment was, of course, included with manufacturing.

The distribution by areas corresponds well to the importance of the various areas in the export trade of the United States in manufactured goods, except in the case of Canada. As was explained in the discussion of that area, this is true because of the importance of direct dealings between Canadian wholesalers and retailers and United States manufacturers. The centralization of these organizations in countries like Great Britain and Argentina, distributing centers for large contiguous areas, is such as would be expected.

PUBLIC-UTILITY INVESTMENTS

The communication and transportation properties of American corporations are among the most valuable of our direct foreign investments. They total over \$1,625,000,000, more than half of which is in Latin America. Canada, with over \$540,000,000, is second while the shares of Europe and the rest of the world are very small in value. This distribution by areas is sufficient to suggest that these investments move principally to the capital-importing countries. This is especially true in the initial construction of public utilities, because of the technical experience required for constructing and operating such service facilities. Differences arising in operating efficiency in different countries causes some surprising investments at times; for example, the electric power and light properties owned by American interests in Great Britain. Nevertheless, those are the exceptions, as a closer study of the investments in individual countries reveals. The principal American investments of this type in Europe are in Italy, which has needed foreign capital for its new developments. The investments in electric power and light properties in Latin America and in telephone utilities in Europe have been, in large part, due to a need for new capital to finance a rebuilding and expansion of old utilities.

American direct investments in foreign railroad properties are valued at over \$587,000,000.¹⁶ Most of the American railroad investments in Canada and Mexico were made in the course of the original construction. These properties serve three purposes; (1) they connect valuable freight areas with the main lines of the American corporation as in Canada, (2) they are part of large plantation or mining operations, serving, to some extent, the community as well, and (3) in certain small near-by countries, such as some roads in Cuba and in Central American countries, they are run as independent businesses.

¹⁶ Excluding the Panama Railroad Co., which is owned by the United States Government, and holdings of bonds of foreign-controlled railroad companies.

INVESTMENTS IN PETROLEUM

The petroleum companies of the United States have over \$1,115,000,000 invested in oil lands, refineries, and distribution facilities in foreign countries. More than two-thirds of this is in oil lands and refineries. The principal value in this group, of course, lies in lands with their potential resources. In Europe, however, our direct investments in refineries greatly exceed those in oil lands. This is to be expected, since Rumania has about the only valuable oil lands in Europe open to foreign companies, while the rest of Europe demands an enormous amount of petroleum products. The investment in petroleum distribution in Europe is the heaviest in any area.

The petroleum lands in which American companies are interested are, to a very great extent, located in Latin America, principally in Mexico and Venezuela. Some valuable properties are located in Argentina, Bolivia, Colombia, and Peru. Distribution investments that can be segregated from the producing operations in Latin America do not involve very heavy investments. It is only in a few of the principal ports of the West Indies, Argentina, Brazil, and Chile that there are important installations solely for this purpose.

The oil lands of India and those of the Netherland East Indies have been almost entirely reserved for British and Dutch interests. It was only after much negotiation, that Americans obtained a share in the oil resources of Iraq. Those negotiations resulted in American petroleum interests associating themselves with certain foreign corporations in an organization to work that field. The unremitting search for potential oil fields is well illustrated by the fact that an American petroleum corporation began explorations in China before the war and that to-day other corporations are actively interested in the possibilities for petroleum in Angola (Portuguese West Africa).

MINING AND SMELTING INVESTMENTS

As rich as are the mineral resources of the United States, American mining interests in foreign countries date as far back as 1829. The earlier investments were in gold and silver mines in Mexico, long renowned in history and romance for its mineral wealth. However, the American properties acquired during that early period are not now the largest, nor the most valuable. Our foreign mineral investments of the twentieth century have been larger and more numerous, and they have shown a sustained trend, which seems to indicate that they have been dictated by sound business policy.

The production of copper in the United States is not sufficient to meet entirely the needs of our manufacturing industry with its extensive employment of copper and copper products in its domestic and foreign trade. This condition has necessarily stimulated a search for copper-producing properties in foreign countries. In other words, a chief motive on the part of the American corporations in making foreign investments in copper has been to protect themselves against the future depletion of their reserves and against the enforced abandonment of any or all of their domestic and foreign trade. This motive has been very prominent in the recent investments in the newer fields of production and was a factor in the expansion in Canada, Chili, Mexico, and Peru since 1900. Iron

deposits in Cuba have been held for years in a largely undeveloped stage for this same purpose.

This policy of supplementing American resources is more clear with regard to other minerals. The United States has but insignificant deposits of nickel and vanadium, although those metals are in great demand here. American corporations, favored, of course, by the ample supply of investment funds in this country, have purchased and developed nickel deposits in Canada and the vanadium deposits in Peru. Similar examples of investments resulting from this policy are Bolivian tin, Colombian platinum, and Chilean nitrates.

Mining investments at the present time are quite largely confined to the Western Hemisphere. Those in South America aggregate over \$480,000,000, those in Canada \$400,000,000, and those in Mexico and Central America \$240,000,000. In the future Africa will probably show an increase, since that area has great mineral potentialities. American mining investments in Africa now total over \$43,000,000.

AGRICULTURAL OPERATIONS

Our direct investments in agriculture abroad aggregate over \$875,000,000, and are practically confined to near-by areas—Cuba, Mexico, and Central America. Sugar properties alone make up nearly three-fourths of this total. In Canada our direct investments in agriculture are very small for two reasons, the first and more basic being that general agriculture is not well suited to large-scale methods, and the second being that, by definition, investments incidental to migration of labor are not considered in this study.

Large-scale sugar and fruit production in Cuba, Central America, and the West Indies is possible because of cheaper land and labor and highly favorable climatic conditions. Rubber production is made possible on large American plantations in the Far East by the same conditions, and is being attempted in Brazil, Liberia, and the Philippine Islands as well. The guayule rubber of Mexico has been utilized by Americans for many years. Rubber plantations are principally the properties of large rubber-products manufacturers and total over \$50,000,000 in value. Fruit and rubber plantations and, to some extent, sugar plantations call for enormous initial outlays of capital, which makes it very difficult for individuals to compete with corporations. Cattle raising abroad under American enterprise is on a moderate scale, although at one time there were substantial American investments of this kind in Mexico. Unsettled conditions, however, have made this business unprofitable and extremely uncertain; hence, it is now of very minor importance.

MISCELLANEOUS ENTERPRISES

The miscellaneous group, composed of several of the smaller investment items, aggregates about \$475,000,000. The largest of these items is general merchandising, valued at over \$80,000,000, principally invested in Canada and Great Britain. The next largest is banking, with about \$75,000,000, the largest parts of which are in

Europe, Latin America, and Canada. Some of the largest banking groups do not place a definite sum of capital account at the disposal of their foreign branches, and for that reason the figure here given does not represent the total banking capital employed abroad. Another unsatisfactory figure is that for the foreign investments of the motion-picture industry—\$42,000,000—because it was not possible in all cases to ascertain the value of the films owned abroad for lease. Investments in ocean shipping and freight forwarding amounted to about \$60,000,000 and in real estate about \$30,000,000, chiefly hotels and amusement resorts in Canada and Cuba and office buildings in Europe.

CHRONOLOGICAL DEVELOPMENT OF AMERICAN DIRECT INVESTMENTS

American enterprise began to expand abroad as early as 1829. The movement, however, was not sustained, and American foreign investments merited little attention until after 1900. The latter date marked the peak of a period of prosperity in the United States which coincided with financial stringency and political disturbances in Europe, and provided the impetus for the first real international interest on the part of American financiers and industrialists.

EARLY ESTIMATES

In 1900 a very careful and comprehensive estimate of American investments abroad was made by Nathaniel T. Bacon.¹⁷ It provides an interesting comparison with the present study, since at that time our total investments abroad were in large measure direct investments. Mr. Bacon's estimates were as follows:

Europe.....	\$10,000,000
Canada.....	150,000,000
Mexico.....	185,000,000
Cuba.....	50,000,000
West Indies (Including Porto Rico).....	10,000,000
South America.....	35,000,000
Central America.....	10,000,000
China, Japan, and Pacific Islands.....	5,000,000
Life insurance guarantee investments.....	45,000,000
Total.....	500,000,000

To make Mr. Bacon's and the present estimates comparable, the item "Life insurance guarantee investments" is omitted. It is probable, also, that his estimate for Mexico included some Government bonds and possibly some railway bonds; since a \$110,000,000 issue of Mexican Government bonds had been floated in the United States and Europe in 1899, \$25,000,000 of which were said to have been reserved for sale in this country.¹⁸

In view of the information now at hand, Mr. Bacon's estimates appear to have been reasonably accurate. The data collected in the present study show that of our present foreign investments, 21 manufacturing and several selling and miscellaneous organizations were established in Europe before 1900, 15 manufacturing and 3 mining and smelting enterprises in Canada, and 1 railroad and at least 10 mining and smelting enterprises in Mexico and Central America. Several investments in tobacco manufacture in Cuba and in sugar and fruit properties in Cuba and Central America had also been made by that date.

¹⁷ American International Indebtedness, Yale Review, November, 1900, p. 265 ff.
¹⁸ Commercial and Financial Chronicle, July 8, 1899, p. 60, and July 15, 1899, p. 141.

Starting around 1899 we increased our direct investments of practically all classes, more especially in manufacturing and selling enterprises. From 1900 to 1913, inclusive, 116 American factories now operating in Canada and 76 now operating in Europe had their inception. This was, also, one of the major periods of American investment in foreign mining, fruit, agricultural, and railroad operations.

In 1912 another estimate of American foreign investments appeared.¹⁹ It gave our investments abroad as follows:

Europe.....	\$200,000,000
Canada.....	400,000,000
Mexico.....	800,000,000
Cuba.....	220,000,000
West Indies.....	7,500,000
Central America.....	40,000,000
South America.....	175,000,000
Near East.....	10,000,000
Far East.....	50,000,000
Total.....	1,902,500,000

Mr. Osborne's estimate for 1912 is not so comparable to our present study as is Mr. Bacon's for 1900, since several large foreign government issues had been sold in the United States (notably the Japanese issues of 1904, 1905, and 1907; Philippine bonds of various dates, and numerous Mexican, Canadian, and European issues), and these issues were probably included by Mr. Osborne in his estimates. A deduction of \$175,000,000 to \$225,000,000 would probably suffice to render the estimates comparable. That deduction might be divided roughly as follows: Mexico, \$100,000,000; Far East (Japan), \$45,000,000; Canada, \$15,000,000; Europe, \$20,000,000; Cuba, \$20,000,000; and other West Indies, \$7,500,000.

The grand total of American direct investments in all foreign countries rose with a rapidity unparalled in world history from \$455,000,000 in 1900 to \$1,700,000,000 in 1912 and \$7,478,000,000 in 1929.

SOURCE OF PRESENT STATISTICS

The data upon which the following discussion is based were obtained chiefly from the answers to that part of the questionnaire to American corporations asking for the "Date on which the investment was established or on which you acquired an interest therein." Changes were made in the data thus collected to correct two types of errors: (1) Generally the date given did not show the establishment of the first American interest, but rather of the particular corporation's interest; (2) sometimes the date of incorporation rather than of original establishment was given. Fortunately, these errors affected only a small proportion of the total number. Moreover, it was possible to correct, from earlier studies, most of those errors and to fill in several of the dates that were lacking from the returns.

The number of items of investment as given in this chapter represents the number of different establishments, not the number of

parent American corporations. In several cases, a single company established a half-dozen or more branches in a particular year. Such facts are noted in the text when needed to prevent a misconception as to the development in that particular year and industry. These data, also, show only the number of establishments still existing, not the number established each year, of which some may have been sold or abandoned.

It is to be regretted that the "undated" investments bulk so large in the cases of Canadian manufacturing and mining investments, and of petroleum distribution generally. The data given, however, are probably the most nearly complete collected so far; and inasmuch as the distribution of the undated items would probably follow closely that of the dated items, the distribution is deemed fairly reliable.

HISTORY OF MANUFACTURING INVESTMENTS

The number of American manufacturing enterprises established abroad each year has gradually increased. The fluctuations follow very closely the development of special commodities and the eras of high national prosperity in the United States. Additional factors controlling and stimulating our investment expansion abroad are tariffs, transportation and labor costs, patent laws, and the availability of raw materials.

EUROPE

American industrial expansion into Europe started over 50 years ago. Plants for manufacturing metal products and patent medicines were among the first to enter that Continent. These commodities continued prominent in the subsequent movement, varying naturally in the exact articles concerned as the production of various specialties came into prominence. The first really sustained activity occurred in the machinery group around 1900. American agricultural and industrial machinery manufacturers have established factories in Europe off and on from that time to the present, an impressive expansion taking place from 1927 to 1929. The electrical and telephone equipment and supplies group entered Europe about 1902. Thereafter, for many years, no new development occurred for that group, although internal growth was substantial. After the World War, when the financial strength of the American corporations and the weakness of industrial organizations in Europe made tremendous additional investments possible, European expansion of the American electrical industry became especially notable.

In at least two groups, automotive and chemical, the establishment of European branches and subsidiaries has been confined to the post-war period. The automotive industry hardly came into prominence until the war, when European expansion was out of the question. In the last decade the remarkable prosperity of American automotive manufacturers made possible large-scale development overseas. Until the Federal Government took it over during the war, the chemical industry of the United States was largely German owned. Since then it has grown rapidly and spread into many areas, especially Europe.

Table VII shows the dates of establishment of American direct investments in European manufacturing.

¹⁹ Osborne, John B.: Protection of American Commerce and Capital Abroad, North American Review, May, 1912, p. 687ff.

TABLE VII.—AMERICAN MANUFACTURING INVESTMENTS IN EUROPE, BY DATE OF ESTABLISHMENT

Year	Total	Chemicals			Electrical	Food stuffs	Leather	Lumber	Machinery		Metal products		Motor vehicles		Rubber	Textiles	Miscellaneous
		Pharmaceutical	Toilet articles	All other					Agricultural and industrial	All other	Hardware	All other	Vehicles	Accessories			
1873	1											1					
1879	1																
1880	1	1															
1888	3	1				1											2
1890	2	1															
1891	1								2								
1892	1								1								
1893	1								1								
1894	1																
1896	1										1						2
1897	1										1						1
1898	3																
1899	7	1				3			1		1						1
1900	4								3		1						2
1902	7			1	4				1								2
1903	3								1								1
1904	7								4		1					2	
1905	3											2					1
1906	3											1					
1907	7	3			1						1	1					2
1908	7	1				1			1		1	1			1		2
1909	6	1							1		2				1		3
1910	6								1	2					1		3
1911	8								2						1		1
1912	7								3			1			1		1
1913	10				2				2							2	1
1914	8	1		1					1			2				1	1
1915	5							2								1	2
1916	4										1						2
1917	2																2
1918	11	1				1		2	2		1	2				1	5
1919	21	2			2	1		1	3		1	2			1	1	3
1920	12		2	1	1	2						2			1		1
1921	19	1	3	3		1			2			2				2	2
1922	13		1	3					2								2
1923	14	1	2						1	1			2		2	1	2
1924	21			3	6	2			1			1	3		3		1
1925	30	1	2	1	7	5					1	2			3		1
1926	30	3	2	6	1	3	2		5		1	1	3		1		1
1927	54	3	6	5	2	3	1		6		3	1	6	1	1	5	3
1928	53	2	5	6	7	5	1		2	3	1	6	1	2	1	4	1
1929	49	1	13	4	6	1	1		3			5	2			6	7
Undated																	
Total	453	28	28	39	42	35	8	10	51	13	16	36	30	13	7	35	52

NOTE.—For a more nearly complete description of the commodity groups, see Appendix.

The expansion occurred in three major movements—1898 to 1902, 1908 to 1915, and 1920 to 1929. During the first period the United States was first experiencing its growing strength as a financial power. Its industries prospered greatly; financially, they were in an enviable position, and a spirit of optimism stimulated expansion both at home and abroad. The effect of this prosperity was seen not only in new foreign establishments but in the purchase by the local managements of the control of foreign-owned American corporations. Some of these latter purchases gave control of already established foreign facilities. Among the commodities represented in this movement were machinery, metal products, foodstuffs, and several specialties.

During the second period of expansion, 1908 to 1915, there was a steady increase in our direct investments in Europe. Had the World War not intervened, it seems probable that the movement would have continued increasing, with only slight setbacks at intervals. There was a definite upward trend in the number of new establishments in foreign countries from 1890 up to the war period. The extent of the movement since 1920 might well have been forecast on that basis alone. The commodity distribution was very broad and in 1910 included, for the first time, rubber products.

During the years following each of these periods, conditions were rather unsettled. Between 1902 and 1908 there were several years of stringency in the money market, especially in 1907. Business conditions, generally, in the United States did not induce much confidence in the immediate future. The World War period, requiring tremendous expansion at home, effectually stopped expansion abroad.

The postwar period brought a resumption of the normal increase in the breadth and volume of manufacturing investments abroad, except that 1928 and 1929 exceeded anything indicated by the trend in the past. It is possible, however, that the abandonment and the sale of the more recent investments will soon bring the number of establishments during those years back to a position more in line with the previous years. From 1920 to 1925 the number of investments varied considerably but never became exceedingly high. The years 1926 and 1927, just after the improvement in European economic and political conditions (the stabilization of the major European currencies and the institution of the Dawes plan) were years of decided increase. The tremendous foreign expansion during 1928 and 1929, however, was remarkable not solely for the number of new establishments, but also for the number of American corporations involved, the number of commodity groups represented, and the amount of capital invested. The unusual number of automotive investments recorded in 1928 reflects, in part, the establishment of subsidiaries in several European countries by a single American manufacturer.

During most of 1928 and 1929, the United States was in the midst of a great boom. Production was at a high level and corporate earnings were at their peak. Indeed, as a result of those conditions, many American corporations enjoyed such favorable cash balances that extensive programs were possible without recourse to bond and stock issues. Corporations floating securities could do so with such ease and profit that many increased their plant and equipment abroad. A considerable item of foreign investment resulting from these conditions was the purchase of minority interests in old established European corporations that were temporarily in need of new capital.

CANADA

The movement of American industry into Canada became noticeable between 1880 and 1890. It was exceptional, however, and was not followed by other manufacturing investments until 1899, when expansion became important. This came at about the time Canada inaugurated a preferential tariff as part of the tariff revision of 1897.

While it can not be definitely proven, it seems probable that Canada's tariff was not the only significant factor, since our industrial expansion in Europe, where other considerations were important, started about the same time. Inasmuch as the latter movement was greatly influenced by the very favorable economic conditions in the United States, it seems certain that the same conditions were an important factor in the entry of our manufacturing enterprise into Canada. The close correlation between the peak and depression periods in the number of investments in Europe and Canada, where different tariff policies prevailed, also supports this view. The trend in the yearly distribution of investments in Canada, as was true also in Europe, indicates that the movement, by a normal growth, would have nearly reached its present development even though the last few years seems to have been greatly affected by the aftermath of the World War.

There were two major breaks in the upward trend of American investments in Canada—1914 to 1918 and 1925 to 1927. The first is explained by the war and the concentration of American corporations on the enlargement of domestic plant facilities and production for war needs. The second break can not be explained as satisfactorily. Canada experienced a serious business recession in 1924 and 1925, which may have dampened the ardor of American corporations for new investments there.

Table VIII shows the date of establishment of American direct investments in Canadian manufacturing enterprises.

TABLE VIII.—AMERICAN MANUFACTURING INVESTMENTS IN CANADA BY DATES OF ESTABLISHMENT

Year	Chemicals										Food-stuffs			Machinery		Metal products			Motor vehicles		Textiles		
	Total	Pharmaceutical	Dyes, paints, etc.	Toilet articles	All other	Electrical	Cereals	Beverages	Leather	Lumber	Agricultural and industrial	All other	Iron and steel	Hardware	Gold and silver ware	All other	Vehicles	Accessories	Rubber	Stone, glass	Clothing	All other	Miscellaneous
1860.	1	1																					
1876.	1	1																					
1880.	2	2																					
1885.	1	1																					
1887.	1	1																					
1889.	1	1																					
1890.	3	3																					
1895.	1	1																					
1897.	3	3																					
1899.	3	3																					
1900.	1	1																					
1901.	1	1																					
1902.	1	1																					
1903.	1	1																					
1904.	4	4																					
1905.	9	9																					
1906.	11	11																					
1907.	5	5																					
1908.	6	6																					
1909.	15	15																					
1910.	11	11																					
1911.	10	10																					
1912.	12	12																					
1913.	16	16																					
1914.	16	16																					

TABLE VIII.—AMERICAN MANUFACTURING INVESTMENTS IN CANADA BY DATES OF ESTABLISHMENT—Continued

Year	Chemicals				Food-stuffs			Machinery		Metal products		Motor vehicles		Textiles	
	Total	Pharmaceutical	Dyes, paints, etc.	Toilet articles	Cereals	Beverages	Leather	Agricultural and industrial	All other	Iron and steel	Hardware	Gold and silver ware	All other	Stone, glass	Miscellaneous
1915.	9	2	1	1	1	1	1	1	1	1	1	1	1	1	1
1916.	11	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1917.	9	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1918.	10	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1919.	15	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1920.	19	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1921.	15	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1922.	24	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1923.	19	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1924.	24	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1925.	16	3	1	1	1	1	1	1	1	1	1	1	1	1	1
1926.	15	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1927.	14	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1928.	20	2	2	2	2	2	2	2	2	2	2	2	2	2	2
1929.	50	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Undated.	107	4	6	3	5	2	1	1	1	24	3	3	4	11	10
Total.	821	32	19	22	40	22	12	7	32	3	37	46	16	13	52

NOTE.—For a more nearly complete description of the commodity groups see Appendix.

The number of investments in Canada for which dates are unobtainable is exceedingly large, but, as was stated above, it may reasonably be expected that they follow the trend of those that are known, since the latter include a wide range of commodities. In only one group, lumber and wood products, is the sampling considered insufficient, 24 out of 37 such investments being undated. The yearly distribution of the remaining 13 does not indicate any marked deviation from the general trend.

In general, the early expansion in Canada was largely confined to the machinery and metal products groups. An exception, however, was the early establishment of branches by patent-medicine and pharmaceutical manufacturers. The importance of the chemical group between 1900 and 1915 is more apparent than real, because most of the numerous new chemical investments were exceedingly small branches started by a single American company in the principal Canadian cities. The history of automotive investments in Canada is not adequately shown by the dates of their establishment—1904, 1910, 1913, 1921, and 1922. So few automobile companies manufacture in Canada that their history would be best revealed by a record of the additions to plant, equipment, and capital rather than the number of their subsidiaries. The establishment in Canada of such industries as the manufacture of automobile accessories and rubber products dates from before the war. The most important movement of the former group occurred after 1918, while the latter preceded the automobile industry and was at first quite independent of it.

The exceptional volume of the movement into Canada in 1929 may be partially explained by the following factors: (1) It has

been too recent for any mortalities or mergers to have reduced the number in existence on December 31, 1929, and (2) one American corporation bought out several Canadian corporations. The movement in the textile group, especially hosiery, was particularly prominent. The truly remarkable fact concerning the year's investments was the extremely wide range of commodity groups represented. It demonstrates very effectively the theory that a prosperity period, by creating a favorable psychology, induces an increase in direct investments abroad.

LATIN AMERICA

The pre-war phase of the expansion of American manufacturing enterprise in Latin America was really insignificant, except the investments in the meat-packing industry in South America between 1910 and 1919. Instead of a steady development from 1900 on to the present, as was noted in Europe and Canada, the movement in Latin America made no considerable headway until about 1920. So far as concerns American industrial investments, the countries south of the United States are at present in the phase through which Europe and Canada passed about 20 or 25 years ago—the beginning of a significant expansion.

The number of American manufacturing establishments started in Latin America in each recent year is shown in Table IX.

TABLE IX.—AMERICAN MANUFACTURING INVESTMENTS IN LATIN AMERICA DURING RECENT YEARS

Year	Cuba and the West Indies	Mexico and Central America	South America	Total
1920			1	1
1921	1	1	4	6
1922			3	3
1923	3			3
1924			1	1
1925	4	1	5	10
1926	7	3	9	19
1927	1	3	7	11
1928	2	9	7	18
1929				
Total	19	18	42	79

South America is receiving direct investments of American corporations to a much greater extent than the other parts of Latin America, although in Cuba there has been an increase since 1927. Our direct investments in South America are largely confined to Argentina and Brazil, countries in which the World War gave manufacturing a decided impetus and in which government policy is directed toward fostering such development.

MANUFACTURING INVESTMENTS IN OTHER AREAS

The manufacturing activities of American corporations in Africa are too few and scattered to allow of any analysis.

In Asia manufacturing expansion began about 1917 and has continued with some increase. These activities were principally in the

textile group, together with some automobile assembling. The former have been established principally to utilize a raw material, such as Indian jute, or a native skill, as in the textile products of the Philippine Islands and China.

Our industrial investments in Australia differ from the other Far Eastern countries in that they began very early but have not increased greatly in pace. One reason for the early beginning is that some of the British subsidiaries of American corporations established branches in Australia before the war. The number of factories started in Australia by Americans, by years, were as follows: 1892, 1; 1902, 2; 1903, 1; 1907, 1; 1908, 3; 1911, 1; 1914, 1; 1915, 3; 1917 and 1919 to 1925, 1 each year; 1926, 3; 1927, 2; 1928, 4; and 1929, 2.

INVESTMENTS IN SALES ORGANIZATIONS

The organization in Europe of subsidiaries and the establishment by American companies of branches to sell their own products became a real movement about 1898. Industrial machinery and cereal products were the most prominent among the commodities early handled in this manner; selling branches of office-equipment manufacturers were also noteworthy. Between 1905 and 1914 the number of new selling investments ranged from 2 to 11 each year. Machinery continued to be prominent among the commodities handled in this manner, while meats and other foodstuffs, rubber, and a few specialties were gradually added to the list.

The war put a complete stop to this movement. In 1919 a fresh start was made; all past records were soon eclipsed, the number of new selling establishments averaging 19 per year. American automobiles and accessories and electrical, chemical, and textile products have come to be handled by direct-sales establishments in Europe. The accelerated pace of this movement corresponds with the growth of American exports of manufactured goods. The marketing of American agricultural products and other raw materials abroad is not handled in this way and is not, therefore, represented in these figures.

In Canada no such extensive development occurred. The largest number of selling organizations started there in any one year was 10 in 1928. As in the United States, American products in Canada are sold through wholesalers and on direct order. One important exception to this statement is the sale of agricultural machinery, for which sales organizations were established in Canada between 1907 and 1912.

Latin America apparently was not recognized as a logical field for intensive selling operations until about 1915. With the acquisition by American concerns of the bulk of the former European export trade with Latin America in manufactured products, and with the increasing importance of that trade to this country following the war, the number of sales organizations increased. Industrial machinery is a relatively insignificant element in this type of investment, reflecting the lack of industrialization in Latin America. Rubber products, automobiles, pharmaceutical products, and various specialties are better represented than the other groups and, compared with commodity distribution in other areas, are of greater

relative importance. In the previous chapter, it was pointed out that South America had received more selling investments in number and in value than the other parts of Latin America.

In Africa our direct-selling organizations are insignificant. In Asia they were started about 1914. They cover a wider range of commodities than was noted in Latin America and include a greater number of industrial and business machinery sales organizations.

While the value of our investments in sales establishments in Australia is large, their number is so small that periods of development can not be clearly distinguished, save that 1923 marks the beginning of the most consistent expansion.

MINING AND SMELTING INVESTMENTS

American investments in foreign mining and smelting properties began in Mexico as early as 1829. Of the properties still held by American corporations, 14 were acquired before 1900 and, of these, 10 were in Mexico. It is a truism, of course, that the mortality in mining investments exceeds that in other fields. Many claims have been taken up, only to be found worthless and to be abandoned. After 1900 Canadian mineral resources began to attract American capital, but even then Mexico was far in the lead. The precious metals were more important there than in Canada, probably accounting for the greater movement to the former. About 1910 a break occurred in our investments in Mexico, when political conditions became less favorable.

The mining industry is the only one where the number of our foreign investments did not decline during the war. This was due to the great demand for all of the metals for war purposes and to the large profits to be realized in that field. The heaviest investments, in number, however, occurred after 1920, the greater number then being made in Canada rather than Mexico. American manufacturing commenced requiring a wider range of metals, and relatively less emphasis was being put on gold and silver. Canada's wide range of resources consequently began to count. Asbestos was needed for fireproofing and for brake linings. Gypsum was in greater demand as a constituent of cement, plaster, and plaster board. Aluminum was needed for household utensils and the electrical trade, along with a large number of other uses. Nickel alloys and nickel plating became increasingly prominent in the metal industry, and Canada's monopoly of nickel resources induced large investments, while the presence of copper deposits contributed to the postwar expansion in Canada, being also the principal factor in maintaining some interest in Mexican mines.

The South American mines owned by American corporations are not numerous but are significant because of their size. Copper is the principal metal produced there, and several of the largest of these properties were acquired before the United States entered the war. Since that time, Chilean nitrate, Bolivian tin, and Colombian precious stones and platinum have all drawn upon American enterprise and capital, the principal movement to them occurring after 1920.

In the mineral resources of the other countries of the world, American interest has just been aroused. Within the last seven

years Malayan tin, Polish zinc, and African copper have all attracted capital from this country. Rhodesian copper properties are among our most recent investments, and greater developments in the near future are probable.

By combining the number of mining investments in all parts of the world, it is found that the peaks of the movement were in 1902, 1906, 1910, 1915-1916, 1923, and 1929. New enterprises on the intervening dates were frequently very low, so that a curve drawn to show the number for each year would correspond closely to that for the manufacturing investments. Mining and smelting investments, therefore, apparently also depend to a great extent upon the swing of the business cycle. It may be worth noting that data on the amount of money invested in foreign enterprises each year would be more valuable than the number of investments, but they are not available.

COMMUNICATION AND TRANSPORTATION

American foreign railway investments are all fairly close to home. Those in Canada were made slightly before the others, owing to the fact that they were not independent projects but were complementary to lines already established in the United States. Not less than seven Canadian railway properties were acquired between 1897 and 1903. However, the largest single investment of this type, that in the common stock of the Canadian Pacific Co., can not be dated definitely. It has been stated that in 1910, 10 per cent of the common stock of that company was held in the United States, 10 per cent in Canada, 65 per cent in Great Britain, and 15 per cent on the Continent in Europe.²⁰ In 1928 the holdings were divided as follows: 33 per cent in the United States, 17.5 per cent in Canada, 43 per cent in Great Britain, and 6.5 per cent in other countries.²¹ This great increase has been due to the presence of an adequate supply of investment capital in the United States since the war. Our other railway investments abroad were partly due to that factor, also, although they were in part financed by bonds floated in Europe.

The important American railway projects in Mexico were built after 1900. Some of the larger projects were connected with existing American lines, as in Canada, but many of them were built to reach particular mineral deposits held by American companies. The other major railroads under American control in Latin America were acquired or constructed between 1905 and 1913. That was a period of tremendous railway expansion in the United States, and it naturally carried over into near-by countries, since funds were available at low rates.

In general, our largest and most numerous acquisitions of telephone and electric utilities have been made since 1922, although American interest in such properties in Canada dates back nearly 50 years. The years 1927, 1928, and 1929 exceed all others in number and value, which fact strengthens the belief that such investments are more largely the result of financial conditions than of any other factor. The greater part of the utility investments in Europe, par-

²⁰ Field, F. W.: *Capital Investments in Canada*, p. 87.

²¹ Annual report of the Canadian Pacific Railway Co. for 1928.

ticularly in Italy, clearly demonstrates that point, although the element of more advanced technique tended to make them more feasible.

PETROLEUM INDUSTRY

The American petroleum industry for many years depended entirely on domestic resources and its first expansion into foreign countries was in the facilitation of its export trade. Before the turn of the century the distribution of petroleum had led to foreign investments, which have since continued in large numbers. The earliest American establishments of this type of which we have record, were in Europe about 1899. A few years later a world-wide expansion took place, but the period of the greatest number of such investments began in 1920, owing to the increased consumption of petroleum for automotive transportation and to the advent of oil-burning vessels. In Europe the peak years were 1920-1923 and 1928.

The acquisition of foreign oil-producing properties by American petroleum corporations began about 1907. Some of these earlier properties were acquired from British companies operating in Mexico, but the later acquisitions have resulted principally from explorations by the American companies themselves. Our larger Mexican properties were acquired around 1917, the heaviest production occurring a few years later. The Mexican development was well under way before any concessions were obtained in Colombia. There the movement started in 1915, but came to an abrupt stop in 1925, owing to uncertainty as to the Government's future policy regarding petroleum resources in that country. Venezuelan oil lands were first acquired by Americans in 1910, but it was not until 1919 that the movement reached large proportions. Since 1910 important investments have been made each year.

The large petroleum companies of the United States have been singularly free from dependence upon the money market. Their cash and surplus position has been and is remarkably good, so that the foreign investments in this field do not conform to the prosperity curve as do the others. The international race for the control of petroleum lands and the fact that concessions do not always require a large immediate outlay of capital have been influential, likewise, in freeing this type of investment from the control of the financial factor.

PAPER AND PULP

The paper and pulp industry is very nearly a case of absolute international migration of industry, as contrasted with the mere extension of enterprise. The process has been a gradual one and is not yet completed, but it surely has been working toward that end. Timber rights in Canada were obtained by American paper companies as early as 1870. Other acquisitions were made in 1898, 1901, 1902, 1905, and 1909. Many, if not most, of these latter investments were in pulp mills as well as in timberlands. Since 1909, in which year they were two in number, the acquisition of paper and pulp properties has increased as follows: 1911, 3; 1914, 1; 1916, 3; 1920, 5; 1921, 2; 1922, 1; 1924, 3; 1925, 1; 1926, 3; 1927, 5; 1928, 6; and 1929, 2 (undated, 2). To-day the larger part of the production of many of the American paper companies is in Canada.

One of the reasons ordinarily given for the migration of the pulp and paper industry to Canada is that the Canadian Provinces with the largest pulpwood resources have prohibited its export in unmanufactured form when cut from Crown land—and a very large percentage of the timberlands of Canada is Crown land. The restrictions mentioned began as early as 1900. Statistics given in the Canadian Yearbook of the production and export of pulpwood indicate a rapid decrease in the proportion the latter was of the former in recent years, as shown by the following figures: 53.6 per cent in 1908, 55.8 per cent in 1911, 31 per cent in 1920, and 28 per cent in 1925. This decline was the result of greatly increased production rather than of decreased exports.

In 1911, about the time when the tariff reciprocity between the two countries was being discussed, the United States placed standard newsprint on the free list. In the same year, three new American paper and pulp properties were acquired in Canada, the largest number up to that time. There was no concerted movement of such investments into Canada, however, until 1920, 1921, and 1922, at which time it could not be attributed solely to the tariff advantage given in 1911.

As stated previously, the first concerted movement occurred from 1920-1922, but the heaviest period was between 1924 and 1929, with the peak in 1928. The explanation is that the resources of the United States about 1911 were very nearly sufficient to satisfy the demand. The increase in the demand has been very great since then, while domestic resources and production have dwindled steadily. Because of the lower costs of production in Canada, together with the other circumstances just mentioned, the migration was inevitable and probably would have occurred regardless of the provincial restrictions or free entry into the United States. The very large number of new establishments in 1927 and 1928 indicates that a high level of economic activity in the United States was also a factor.

AGRICULTURAL INVESTMENTS

The data on our agricultural investments in Canada are not sufficient to justify any analysis or conclusions. In Latin America, however, we can determine trends and probable causes. The investments in sugar plantations, nearly all of which are in Cuba and the West Indies, are the oldest, dating back to 1886. The first heavy period of acquisitions occurred in 1904, 1905, and 1906, when 1, 2, and 5 properties, respectively, became American-owned for the first time. That was followed by eight years of comparative quiet, after which a new movement occurred: 1914, 1; 1915, 3; 1916, 3; and during the next three years, 1 each. The increased demand and higher prices resulting from the war were the probable causes of this development. After a slight lull, 3 new properties were acquired in 1919, 5 in 1920, 4 in 1922, and 3 each in 1923 and 1924. A goodly proportion of these probably resulted from previous interests of a purely financial character, such as bank loans, coupled with the "hard times" experienced by Cuban sugar producers about that time. The pre-war phase of American investments in Cuban sugar conforms to the period of prosperity and business expansion in the United States. In many cases the direct investments were made to give American corporations control over their essential raw materials.

The postwar phase came when a period of depression in the sugar industry followed a period of great prosperity.

The expansion of American investments in the production of tropical fruits began about 1899 and has had two major periods of growth since then, 1911-1912 and 1925-1928. These fruit companies, like the oil companies, have been little affected by money-market conditions and have expanded without a great amount of outside help. They have, of course, been affected by the purchasing power of their consumers and have acquired new properties as new sources of supplies were needed. It should be noted that the growth in the acreage and value of investment was much more gradual and better distributed by years than the distribution of new investments suggested above indicates.

Most of our foreign cattle ranches and general agricultural properties are located in Mexico and were acquired between 1900 and 1910. The number is undoubtedly much smaller now than it was 10 or 20 years ago.

American rubber plantation investments in Mexico date from 1900 to 1907, thus predating by a decade the American-owned plantations in British Malaya and the Netherland East Indies. The Far Eastern properties were acquired after 1911, the greatest number in 1917. Other developments along this line have taken place in the past four or five years and were partly inspired by attempts at production control in the Far East. The earlier plantations quite definitely were inspired by the great increase in rubber manufacturing in the United States and the desire of American corporations to possess their own independent sources of supplies.

DEVELOPMENT OF OTHER INVESTMENT HOLDINGS ABROAD

Among the miscellaneous investments in Europe, it is found that the motion-picture expansion began about 1919 and has been very heavy since 1923. Banking investments have largely developed since the war, although the correspondent system and the association of American and European investment bankers date from the nineteenth century. American merchandising first invaded Europe in 1910, while the largest shipping investments were made from 1900 to 1904.

In Canada these miscellaneous investments centered in the years 1909, 1920, and 1929. In 1909, the construction of grain elevators dominated; in 1920, real estate (hotels) and banking; and in 1929, fishing, fish packing, and merchandising.

The rest of the world, as usual, showed only a postwar development, with the expansion of American banking and motion-picture interests dominating our miscellaneous investments.

The extent to which practically all of the American direct investments in foreign countries, as shown by the data given in this chapter, have fallen into the same peak and depression periods is rather remarkable. It suggests the need of a careful inductive study of the factors controlling such investments. Such a study would also have to take into account the similarity of the trend in the number of investments in Europe and Canada, a similarity that was just as marked in the data for individual countries such as England and France, and England and Canada. That is true, likewise, of the data for Germany, except that the investments occurred to a somewhat greater extent during the years 1925 to 1929.

APPENDIX

I. QUESTIONNAIRE

DEPARTMENT OF COMMERCE,

OFFICE OF THE SECRETARY.

Washington, April 24, 1930.

Mr. JOHN DOE,

President Doe Products Co.,

100 Fortieth Ave., New York, N. Y.

MY DEAR SIR: As you know, there is urgent need for more comprehensive figures on American investments abroad (including Canada).

It would be appreciated, therefore, if you will kindly refer the present letter and its inclosures to some one on your staff competent to fill out the blanks within the next few days. Fine accuracy is of no great value, for the grand total will run into billions; estimates in rounded tens of thousands of dollars will suffice.

If you have no foreign investments kindly tell us so that we may spare you further follow-ups.

May I assure you that your return will be held in strictest confidence. Except for the purpose of this study, no official or unofficial use will be made of the material collected nor will the investments of individual concerns be disclosed in any form. I might add that information of a confidential character covering international banking operations has been furnished for two successive years by the leading United States bankers and has been held in strictest confidence.

To insure against leakage, please address your return to Mr. Grosvenor Jones, this Department, as "Personal." Questions as to the proper way to enter any puzzling item might be referred to him.

Very sincerely,

(Signed)

R. P. LAMONT,

Secretary of Commerce.

Inclosures.
Confidential.

QUESTIONNAIRE ON AMERICAN INVESTMENTS IN FOREIGN COUNTRIES

(To be returned to Chief, Finance and Investment Division (mark "Personal"), Department of Commerce, Washington, D. C.)

1. This questionnaire applies to investments in lands, buildings, factories, public utilities, warehouses, shops, stocks of goods, wharves, marine equipment, and other property in foreign countries (including Canada) that are owned in whole or in part by your company or by an affiliated or subsidiary corporation. Please fill out a separate sheet for each foreign subsidiary, affiliated company, or branch. Additional copies will be furnished upon request.

2. In reporting the value of your foreign holdings, please give the present book value or the fair market value of your holdings and state which basis is used.

3. If you are not the sole owner but have a stock interest in a foreign concern or property, please report the market value rather than the par value of your shares. If you hold bonds, debentures, or notes, the par value of such holdings should be reported.

(51)

Book value
mkt va
accepted

4. Please reply, even if you do not have any foreign investments.
 Name of foreign corporation, firm, or branch in which you are interested, or other foreign investment of your firm. (List each on a separate sheet.)
 Location (city and country, listing each country separately.)
 Date on which established or on which you acquired an interest therein.
 Nature of enterprise (manufacturing, assembling, trading, etc.).
 Principal product produced or service rendered.
 If sole owner of enterprise, please state present book value of your investment. (See paragraph 2 above.)

If part owner, please indicate:

- (a) Portion of shares or interest held by you.
 (b) Market or fair value of your holdings. (See paragraph 3 above.)
 Stocks or other proprietary interest.
 Bonds, debentures, or loans.
 Name: _____
 Address: _____

II. INDUSTRIAL CLASSIFICATION

I. MANUFACTURING AND SALES GROUPS

- A. Motor vehicles and accessories:
 1. Accessories (including windshield wipers, storage and other batteries, spark plugs, etc.).
 2. Passenger cars and trucks.
 3. Other vehicles (including bicycles, airplanes, and airplane motors).
 B. Chemical:
 1. Medicinal and pharmaceutical products (including sulphur, patent medicines, etc.).
 2. Dyes, paints, and varnishes (including carbon black, shoe polish, and dyes).
 3. Soaps and toilet preparations (including cleaning preparations, face powder, facial creams, shaving soap, etc., dental pastes and powders).
 4. Other chemicals (including fire extinguishers, matches, industrial chemicals, fertilizers, explosives, and welding compounds).
 C. Electrical:
 Electrical machinery and supplies and telephone equipment (including bulbs, fuses, insulators, connections, dry-cell batteries, motion-picture and talking-picture equipment, radio products, etc.).
 D. Foodstuffs:
 1. Cereals and cereal products.
 2. Confections, tobacco, and tobacco products.
 3. Beverages.
 4. Other foodstuffs (including oils, starches, dairy products, meat, etc.).
 E. Leather and leather products (including trunks, tanning supplies, etc.).
 F. Lumber and wood products (including corks and bottle caps, building materials, furniture, fiber furniture, etc.).
 G. Machinery:
 1. Agricultural and industrial machinery (including, among others, incubators, cream separators, barn equipment, elevators, contractors' equipment, mining machinery, locomotives, pumps, oil-well supplies, steam boilers, spraying machinery, etc.).
 2. Other machinery (including lifting jacks, scales, carpet sweepers, washing machines, typewriters, cash registers, etc.).
 H. Metal products:
 1. Iron and steel (including structural steel, pig iron, etc.).
 2. Hardware (including firearms, plumbing supplies, radiators, small tools).
 3. Gold and silver ware, etc.
 4. Other metal products (including asbestos goods, aluminum products, springs, stampings, bronze plates, office equipment and supplies, steel rails, etc.).
 I. Rubber products (including novelties, footwear, rainproof clothing, automobile tires, etc.).
 J. Stone, clay, and glass products (including cement).

K. Textiles and other fibers and their products:

1. Clothing.
2. Other textiles and textile products (including cotton and wool piece goods, embroidery, carpets, linoleum and other floor coverings, vulcanized fiber, silk and rayon, hemp, jute, and sisal).

L. Miscellaneous manufactures:

Other miscellaneous (including fountain pens, athletic equipment, pencils, safety razors, watches, brushes, photographic supplies, scientific and professional instruments, and musical instruments).

II. SPECIAL GROUPS

A. Agricultural:

1. Cattle ranches.
2. Fruit plantations.
3. Rubber plantations.
4. Sugar centrals.
5. Timberlands.
6. Tobacco farms.

B. Paper and wood pulp.

C. Fishing fleets and packing.

D. Mining and smelting:

1. Precious metals (including gold, silver, platinum).
2. Nonmetallic minerals (including asbestos, granite, asphalt, precious stones, nitrates, potash).
3. Other metals (including coal, copper, lead, magnesite, abrasives, tin).

E. Petroleum:

1. Producing.
2. Refining.
3. Distributing.

F. Public utility:

1. Communication (including radio stations, cables, telephone, and telegraph).
2. Electric and gas service (including light, heat, and power).
3. Railroad (steam).
4. Railway (street, electric).
5. Other utilities (including ferries, bridges, airways and airdromes, waterworks).

G. Miscellaneous enterprises:

1. Advertising.
2. Amusement (including distribution of films, theaters, etc.).
3. Banking and financial facilities.
4. Professional (including educational, engineering, etc.).
5. Merchandising (retail).
6. Real estate (including hotels).
7. Ocean shipping and forwarding services.
8. Docks and terminal port facilities.
9. Grain elevators.
10. Printing and publishing.

III. PUBLICLY OFFERED SECURITIES OF AMERICAN CORPORATIONS

These are the outstanding portions, as given in Moody's Manuals, of the publicly offered issues of American corporations, or such parts of the same as are considered to have entered into the investment totals given in this study. The list from which this was compiled is printed in the "Handbook of American Underwriting of Foreign Securities," previously cited. Some of the amounts listed below were deliberately added to the book value, while others, especially the issues of common and preferred stock, were considered as having been a part of the reported book values.

[Key to class of securities listed: C, common stock; E, equipment trusts; P, preferred stock; D, debentures; B, bonds; N, notes]

Corporation	Class of security	Year of issue	Total issued in United States Thousands of dollars	Approximate amount outstanding at end of 1929 Thousands of dollars
EUROPE				
International:				
Crown Cork International Corporation	C	1929	3,052	3,052
Coty (Inc.)	CP	1929	4,668	4,668
France:				
International Power Securities Corporation	R	1924	4,000	4,000
Germany:				
Associated Rayon Corporation	CP	1928	10,000	10,000
Great Britain:				
Ford Motor Co. (Ltd.)	C	1928	1,700	1,700
Columbia Graphophone Co. (Ltd.)	C	1929	9,500	9,500
Utilities Power & Light Corporation	D	1929	5,000	5,000
Italy:				
International Power Securities Corporation	B	1925	10,000	9,701
Do.	B	1926	5,000	4,795
Do.	B	1927	10,000	9,842
Do.	B	1927	6,000	5,754
Do.	D	1928	20,250	20,250
Italian Superpower Corporation	D	1929	4,000	4,000
Norway:				
Saunders Co. (Ltd.)	B	1925	4,000	3,738
Poland:				
Silesian American Corporation	B	1926	15,000	11,512
Spain:				
International Telephone Telegraph Corporation	C	1926	19,400	19,400
Total Europe				126,910
CANADA AND NEWFOUNDLAND				
Goodyear Tire & Rubber Co. of Canada (Ltd.)	P	1916	850	850
United Cigar Stores (Ltd.)	P	1916	400	400
Canadian Westinghouse (Ltd.)	C	1917	1,000	1,000
Goodyear Tire & Rubber Co. of Canada (Ltd.)	P	1917	2,000	2,000
Imperial Oil Co. (Ltd.)	C	1917	4,000	4,000
Pacific Mills (Ltd.)	B	1917	2,000	1,200
United Cigar Stores (Ltd.)	P	1917	372	372
United States Rubber Co.	B	1917	6,900	6,000
Border Cities Hotel Co. (Ltd.) (now Prince Edwards Hotel Co. of Windsor (Ltd.))	B	1921	400	350
Durand Motors of Canada (Ltd.)	C	1921	750	750
International Paper Co.	B	1921	12,500	10,500
Bell Telephone Co. of Canada (Ltd.)	C	1922	1,000	1,000
Firestone Tire & Rubber Co. of Canada (Ltd.)	B	1922	1,500	718
Continental Paper Products (Ltd.)	B	1923	2,500	375
Bell Telephone Co. of Canada (Ltd.)	C	1924	2,000	2,000
King Edward Hotel Co. (Ltd.)	B	1924	1,000	979
Pacific Mills (Ltd.)	B	1924	1,785	1,785
Pacific Mills (Ltd.)	D	1924	1,500	1,125
St. Regis Paper Co. of Canada (Ltd.)	B	1925	15,000	15,000
Bell Telephone Co. of Canada (Ltd.)	B	1925	3,000	3,000
Do.	CP	1925	2,600	2,600
Canadian General Electric Co. (Ltd.)	B	1925	15,588	14,600
International Paper Co.	B	1925	8,000	7,700
Minnesota & Ontario Paper Co.	B	1926	37,000	37,000
Duke Power Co. (Ltd.)	P	1926	250	250
Goodyear Cotton Co. of Canada (Ltd.)	P	1926	1,000	1,000
International Paper Co. (Ltd.)	D	1926	15,000	15,000
International Paper Co.	P	1926	500	500
Kelvinator Co. of Canada (Ltd.)	B	1926	2,000	2,000
Minnesota & Ontario Paper Co.	N	1926	3,500	3,500
Do.	D	1927	10,000	6,600
Aluminum Co. of America	C	1927	5,000	5,000
Bell Telephone Co. of Canada (Ltd.)	B	1927	8,115	8,115
Do.	P	1927	600	600
Canadian Hydro-Electric Corporation (Ltd.)	P	1927	12,000	12,000
International Paper Co.	P	1927	1,084	1,084
Do.	CP	1927	1,020	1,020
McKesson & Robbins (Ltd.)	B	1927	4,000	4,000
Montreal Coke & Mfg. Co.	B	1927	11,500	11,600
Spruce Falls Power & Paper Co. (Ltd.)	B	1928	20,000	20,000
Aluminum (Ltd.)	C	1928	1,512	1,512
Crown Cork & Seal Co. (Ltd.)	C	1928		

[Key to class of securities listed: C, common stock; E, equipment trusts; P, preferred stock; D, debentures; B, bonds; N, notes]

Corporation	Class of security	Year of issue	Total issued in United States Thousands of dollars	Approximate amount outstanding at end of 1929 Thousands of dollars
CANADA AND NEW FOUNDLAND—continued				
Curtiss-Reid Aircraft Co. of Canada (Ltd.)	P	1928	1,000	1,000
Detroit Canada Tunnel Co.	B	1928	2,830	2,830
Do.	D	1928	2,830	2,830
Do.	B	1928	350	340
Hinde & Dauch Paper Co. of Canada (Ltd.)	P	1928	4,866	4,866
International Paper & Power Co. of Newfoundland (Ltd.)	B	1928	2,600	2,600
Metropolitan Chain Properties (Ltd.)	B	1928	52	52
Metropolitan Corporation of Canada (Ltd.)	D	1929	13,000	13,000
International Hydro-Electric System	C	1929	5,000	5,000
Do.	C	1929	12,000	12,000
International Paper & Power Co.	C	1929	5,000	5,000
Bell Telephone Co. of Canada (Ltd.)	B	1929	7,500	7,500
Do.	N	1929	600	600
Canadian American Public Service (Ltd.)	B	1929	21,745	21,745
Canadian International Paper Co. (Ltd.)	P	1929	77	77
International Milling Co.	B	1929	400	400
Metropolitan Chain Properties (Ltd.)	C	1929	300	300
North American Gas & Electric Co.	C	1929	237	237
Do.	C	1929	1,000	1,000
Onondaga Community (Ltd.)	N	1929	2,000	2,000
Do.	B	1929	450	450
Toronto Chain Stores Terminals	B	1929		
Total Canada				289,612
LATIN AMERICA				
International:				
International Telephone & Telegraph Co.	D	1927	35,000	35,000
American & Foreign Power Co.	P	1929	100,827	100,827
North-South American Corporation	C	1929	9,000	2,000
Argentina:				
International Portland Cement Co.	CP	1916	2,500	2,500
Intercontinental Power Co.	D	1925	3,000	3,000
International Telephone & Telegraph Co.	D	1928	57,300	57,300
Consolidated Chemical Industries (Inc.)	C	1929	200	200
Intercontinental Power Co.	D	1929	1,500	1,500
Do.	P	1929	1,500	1,485
Bolivia:				
Patino Mines & Enterprises Consolidated	C	1926	5,000	5,000
Bolivian Petroleum Co.	C	1927	700	700
Brazil:				
Pan American Industrial Corporation	B	1927	3,000	1,000
Intercontinental Power Co.	D	1929		500
Chile:				
Anglo-Chilean Consolidated Nitrate Corporation	D	1925	16,500	16,025
Chile Copper Co.	D	1926	35,000	35,000
Intercontinental Power Co.	D	1928	1,500	1,500
Lautaro Nitrate Co.	B	1929	28,000	28,000
Colombia:				
Carib Syndicate	C	1919	876	876
South American Gold & Platinum Co.	C	1919	1,500	1,500
Colombia Syndicate	C	1920	1,650	1,650
Mid-Colombia Oil & Development Co.	C	1921	1,000	1,000
Carib Syndicate	C	1927	470	470
Cuba:				
Cuba Cane Sugar Corporation	P	1916	50,000	50,000
Cuban Portland Cement Co.	C	1916	1,500	1,500
Punta Alegre Sugar Co.	C	1916	2,000	2,000
Havana Electric Railway, Light & Power Co.	P	1917	6,000	6,000
Central Teresa Sugar Co.	P	1919	1,750	1,750
Manatí Sugar Co.	CP	1919	4,365	4,365
Camaguey Sugar Co.	C	1920	500	500
Cuba Cane Sugar Corporation	D	1920	28,000	28,000
Cuba R. R. Co.	C	1920	85	85
Caribbean Sugar Co.	C	1921	3,375	3,375
Cuba R. R. Co.	B	1921	4,000	4,000
Cuban American Sugar Co.	B	1921	10,000	7,804
Cuban Telephone Co.	B	1921	4,000	4,000

1 Partly in China.