

BANCA NAZIONALE DEL LAVORO
QUARTERLY REVIEW



R O M E

BANCA NAZIONALE DEL LAVORO

HEAD OFFICE: ROME
VIA VITTORIO VENETO, 119

Condensed Statement of Condition, March 31st, 1948

LIABILITIES		(Lire)	ASSETS	
Capital	1,150,000,000	Cash, Balances with Banks & Money at call	39,425,793,930	
Ordinary Reserve Fund	303,750,000	Bills Receivable	26,434,537,189	
	1,453,750,000	Investments (Govt. & semi-Govt. Securities, Treasury Bills & other Securities)	13,126,774,868	
Deposits & Current Accounts (Including Balance of Profit & Loss)	107,557,811,037	Contango, Advances on Securities & Loans	53,795,283,254	
Cheques in Circulation (<i>assegni circolari</i>)	8,456,607,592	Sundry Accounts	979,154,411	
Bills for Collection	2,460,746,704	Premises	206,765,155	
Guarantees & Acceptances for A/C of Customers	26,522,898,214	Furnitures & Fixtures	1	
Sundry Accounts	11,222,406,763	Customers' Liability for Guarantees & Acceptances	26,522,898,214	
Staff individual Retirement Accounts	2,272,159,893		160,491,207,022	
Unearned Discount & other unearned Income	544,826,819			
	160,491,207,022	Securities deposited by Third Parties	23,412,282,745	
Depositors of Securities	23,412,282,745	Special guaranteed Accounts	11,508,298	
Accounts guaranteeing special Accounts	11,508,298	Staff Assistance & Retirement Fund—Securities deposited by the Bank as guarantee	903,153,956	
Bank's Securities guaranteeing staff Assistance & Retirement Fund	903,153,956		184,818,152,021	
	184,818,152,021			

AUTONOMOUS SECTIONS FOR SPECIAL CREDITS

SECTION FOR CREDIT TO MEDIUM AND MINOR INDUSTRIES

Capital and Government Guarantee Fund L. 2,275,000,000

SECTION FOR HOTEL AND TOURIST CREDIT

Aggregate Capital and Reserves L. 197,597,664

SECTION FOR CO-OPERATIVE CREDIT

Capital L. 500,000,000 - Government Guarantee L. 2,000,000,000

SECTION FOR MORTGAGE CREDIT

Aggregate Capital and Reserves L. 99,974,926

SECTION FOR CINEMA CREDIT

Aggregate Capital and Reserves L. 383,580,304

SUMMARY

In his article "Apparent and Real Causes of American Prosperity", Prof. Corrado Gini compares the theory of saving, traditional in Europe, with the anti-saving theory formulated by Ford, which advocates spending all earning, thus stimulating production, raising the standard of living, and giving confidence in the future. He shows that the two theories correspond to the different economic conditions prevailing in the two Continents. The Americans are not wealthy and optimistic because they spend all they earn: rather they spend all they earn and are optimistic because they are wealthy.

The fundamental cause of the dazzling economic prosperity of the United States is to be found instead in the free contribution of wealth represented by the masses of emigrants, in the great majority Europeans, thanks to whom America has been saved the expense of bringing up a large part of her population. The author—who supports his argument with calculations by Dr. Agostino De Vita offered in a short "Appendix"—shows that the sums thus saved over the period 1821-1930, invested even at a very low rate of interest, such as that of 3%, would have exceeded in 1930 the whole of the riches America then had at her disposal, so that it can be said in a certain sense that the wealth of America is a gift from Europe. Europe, then, can accept with gratitude indeed, but without humiliation, the economic assistance that, in the present post-war period, America is generously bestowing on her.

...

Dr. Umberto Grazzi, who, as Director-General of Economic Affairs in the Ministry of Foreign Affairs, has been taking an important part in the preparatory work for the Franco-Italian Customs Union, discussed "Some Aspects of the Franco-Italian Customs Union in regard to the Gradual Manner of its Achievement". The author points out the advisability of preliminary agreements between groups of businessmen in the two countries and justifies the impossibility of introducing immediately complete freedom of movement for men and capital between Italy and France. In answer to certain criticisms that have recently been levelled in this respect, Dr. Grazzi emphasises the need, if the project of the Custom Union is to be successfully carried out, to achieve a happy mean between excessive speed and undue caution.

...

In his article on "Exchange Rate Structure and Price Levels in Italy: 1947-48", Dr. Bruno Brovedani examines, within the framework of general foreign exchange policy, the different exchange rates for the lira, their reciprocal variations and their variations in regard to theoretical purchasing power parities, their disturbing influence on price levels and the resulting reactions (windfall profits, maladjustments between costs and prices, abnormal distortion of trade channels, etc.). This analysis covers the conversion rates of the lira for Government purchases and foreign grants, rates for private barter and reciprocity deals and for trade under the "franco valuta" system and under clearing agreements, as

well as the exchange rates for freely negotiable foreign currencies. The importance of the measures taken in November 1947 to unify foreign exchange rates is stressed and statistically illustrated as part of the arduous task of general economic readjustment in Italy.

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The events of 1947 have afforded exceptional proof of the important part played by banking activities in monetary dynamics, and have assigned a central place to credit policies in Italian economy. The basic problems implicit in this interesting experience have already been illustrated, both in their theoretical aspects and as affecting the positive interests of our national economy, in two studies by L. Federici and A. Gambino in previous issues of this Review.

Dr. Marcello Mancini in a further article "The Banking Year 1947 in Italy" brings up to date the information on the legislative measures and more especially the statistical data affecting the more important recent developments, covering the provisions regulating the relations between the Bank of Italy and the Treasury, the movement of bank deposits and investments in the various phases, their reciprocal inter-action, the changes that have occurred in the positions of the several groups of credit institutes, the alterations in the distribution of bank investments between the Treasury and business activities.

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Dr. Emanuele Rienzi, on the basis of the results of a recent statistical enquiry, analyses some aspects affecting the "Distribution of Shareholders among Italian Joint Stock Companies". The data, that supply general information about the situation, heretofore quite unknown, refer to December 31, 1945, and do not therefore take into account subsequent developments connected with capital increases of share companies for monetary readjustment.

The Banca Nazionale del Lavoro assumes no responsibility for opinions or facts stated by authors whose contributions are published in the present Review.

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Stabilimento Aristide Staderini - Roma - Via Crescenzo, 2

Apparent and Real Causes of American Prosperity⁽¹⁾

by

CORRADO GINI

SUMMARY: 1. Contrast between the European and the American ideas on savings. - 2. The theory of saving traditional in Europe. - 3. The American anti-saving theory formulated by Ford. - 4. The two systems represent different adaptations to different circumstances. - 5. Connection between anti-saving, abundant resources and optimism. - 6. Effects of anti-saving on the size of the concerns and on mass production. - 7. Is anti-saving an inevitable consequence of the labouristic psychology? - 8. Anti-saving and forms of accumulation. - 9. Contrast between the extraordinary prosperity and the non-exceptional gifts of the American people. - 10. Prosperity of the Slutzky community and of the negro immigrants to the northern cities of America, who have no dependent families. - 11. Percentage of adults supplied by immigration to American population. - 12. Estimate of the economic contribution made by immigration. - 13. It exceeds the whole of the wealth of America. - 14. The economic contribution made by the United States to Europe in the present post-war period. - 15. The prospective value of the immigrants to the United States in the period 1821-1930 (estimated by Dr. A. De Vita).

1. - On no other matter, perhaps, is the contrast between the traditional European ideas and the modern American more marked than on that of saving.

It has long been known that the American does not save but spends what he earns; but this characteristic was looked on in Europe as a defect which must necessarily check the growth of American wealth. Had they been gifted with the virtue of thrift—it was thought—its growth, determined by many other favourable circumstances, would have been yet more rapid. Europeans were therefore amazed when they heard the Americans proclaim that this was not a defect but a quality; a coefficient of growth and not a check to the increase of wealth (2). This is indeed the thesis of the American anti-saving doctrine which sets it-

self up against the doctrine of thrift, traditional to bourgeois economy.

Does it not represent—European thought is asking (3)—an involution of capitalism, a form of degeneration, of self negation?

2. - The doctrine of thrift, traditional in Europe, is well stated by Adriano Tilgher, in the passage I will quote:

"One of the most characteristic and original features of bourgeois and capitalistic civilisation is the primary importance that the practice of thrift has acquired in it. It would be no exaggeration to define it as the *civilisation of thrift*. Undoubtedly saving was not entirely unknown to the civilisation which preceded bourgeois and capitalistic civilisation. But it is only under it that saving has acquired first-rank and risen to the dignity of an essential and basic phenomenon, the foundation and ultimate reason of a whole series of others.

"Never to spend more than is allowed by the limits set by receipts, nay, to spend less than one earns; to consider saving not as the painful necessity of poor people, but as a virtue of the well-to-do and the high-placed; this is one of the fundamental features announcing the advent of the new bourgeois civilisation, the splendidly original creation of the Italian Communes. And

(1) This article collects and co-ordinates ideas and findings which have already been partly stated, some in the article *Europe and America: zwei Welten*, in "Weltwirtschaftliches Archiv", July 1940, others in the work entitled *Economía laboral. Ojeada histórica y primeras líneas teóricas con aplicaciones a la sociedad americana*, shortly to be published by the "Edincial Labor", Barcelona-Buenos Aires.

The first paragraphs of this article came out in Italy on the "Rivista di Politica Economica" and are republished here by the kind permission of that Review.

(2) An echo of the impression this theory made in Europe can be found in ADRIANO TILGHER's book *Homo Faber - Storia del concetto di lavoro nella civiltà occidentale e analisi filosofica di concetti affini*. - Roma, Libreria storica letteraria, 1929. See pp. 124-125.

(3) See the interesting *Conclusioni e proposte* of "Un Uomo qualunque" (Ing. P. CASINI), Migliaresi, Roma, 1944, pp. 50-51.

this feature is so essential and connatural a one of that civilisation that it arises wherever that civilisation asserts itself and affixes its mark. Defoe in England, Franklin in America speak the same tongue which was spoken by Leon Battista Alberti in fifteenth century Italy...

"It was thanks to the steady, universal, systematic practice of thrift investing its savings in production—a practice quite unknown to the ancient and the mediaeval worlds—that for three centuries capitalistic society was able to offer the wonderful spectacle never before seen in history, of a society growing steadily on itself, snowballing, increasing from year to year in geometric progression, augmenting the sum total of its goods, with no term placed to the accumulation of its wealth. It is the practice of saving invested in business that has produced an essentially dynamic civilisation which in barely three centuries has transformed the face of the earth and enriched mankind more than all the other civilisations put together" (4).

3. - Ford is the advocate of the anti-saving theory. When asked to say a few words at a banquet some years ago, he exhorted his hearers "Don't save" — "saving is the virtue of the weak, of life's failures. My experience teaches me that you must spend all you earn so as to earn more, while those who save are condemning themselves to poverty!" (5).

The argument in justification of this revolutionary theory is that savings limit consumption, and therefore stand in the way of mass production, without which low prices are impossible. Moreover, saving shows lack of confidence in life, and in its turn breeds this distrust; on the other hand, those who feel certain they will always be able to get along do not hesitate to spend all they earn, and thus promote business prosperity, raising the tone of life and confidence in the future.

4. - The fact is that both the traditional bourgeois opinion and the American opinion which in Europe seems paradoxical, are unilateral. The doctrine of thrift and that of anti-thrift represent—as we shall go on to show—two different adjustments to different circum-

stances, both alike compatible with progress, each possessed of its own qualities and defects.

As far back as 1940, before I had read Tilgher's work and before I had become acquainted through it with Ford's declamation, I had shown that both systems were suited to stimulating production.

In our age—I remarked—the spendthrift psychology of the Americans affects the economic development of the nation very differently from what it would have done in other times. When economy was on a domestic basis, a nation or class, composed of families who consumed what they produced, could not save and lived on the margin of poverty. But in an economy based essentially on exchange and credit, the commodities consumed by one family have as premise the activity of other families of producers; so that the tendency to a general increase of consumption through increased demand stimulates production and therefore investments, which in their turn called for the formation of the requisite capital. But where, as in Europe, the population tends to accumulate realised income, the savings thus formed favour investments, either directly or through the agency of the banks, and therefore production, and thus, by increasing the supply, an increased consumption is brought about. In both cases, production goes forward; stimulated in the latter case by savings; pushed forward in the former by consumption, but it goes forward in both cases in a manner not substantially different (6).

After pointing out the similarity of the results, it is well to insist on the diversity of the methods.

First of all, let us note one of the consequences. As in Europe the stimulus is afforded by saving and in America by consumption, it is only natural that in Europe the propaganda of the producers is addressed to savers and in America to consumers. Hence the insistence and often the impertinence which so often strikes the European, with which the American salesman excites the needs of the purchaser. The effort is directed above all to assure the element of which the need is most

(6) Una società "lavorista" in "Rivista di Politica Economica", June, 1940. A Spanish translation of this article was published in "Revista Mexicana de Sociología", Vol. III, No. 1 & 2, first and second quarter 1941.

felt—in Europe capital, in America consumption—and as the working masses are those who supply the bulk of consumption, so one can see here also a reflex, or a parallel, of the different importance that capital and labour acquire in American as compared to European society.

So as better to penetrate the causes and consequences, let us however examine more closely the different modes of working of the two mechanisms.

A small producer closes his balance-sheet with a small credit of x lire. In Europe, faithful to traditional teaching, he sets it aside, while in America he consumes it. This means that in America he uses it to purchase commodities for immediate consumption, such as foodstuffs, or for durable consumption, such as a suit of clothes or a radio-set, while in Europe he will either invest it himself in a business or else will deposit it in a bank through which it will go to finance an enterprise producing those goods for which there is a market demand. In short, in Europe the x lire are used for purchasing raw materials, paying labour and capital, and meeting overhead expenses and they give rise to a finished product which, apart from market fluctuations, will later on be sold to a consumer for x lire. In America the x lire spent by the consumer will likewise go to pay for raw materials, labour, and capital and overheads, that have been required for producing the purchased goods. And so far the result is identical. Where does the difference come in?

The first difference is that in Europe the investor receives interest on the x lire which in America the consumer does not receive. This presupposes that the American consumer has a larger income than the European investor, for the European invests his money instead of spending it just because he wishes to supplement his income.

But on the other hand, in America also the production of the article sold requires an investment of capital which must be supplied by someone; only less attention is given to this. And on the other hand in Europe someone must purchase the article produced with the capital saved; only less attention is given to this. Each pays more attention to the matter to which he attaches most importance, and he

attaches most importance to that which it is less easy to procure.

Thus one is easily convinced that the two methods represent different adjustments to different conditions: the abundance of raw materials, and therefore of capital, in America and the relative scarcity of consuming masses, that is to say of population; abundance of population and therefore of consuming masses in Europe, and relative scarcity of capital.

5. - As the abundance of resources in America is undoubtedly a favourable condition, it cannot be denied that there is a connection between the American system of anti-saving and abundance, but not because the anti-saving system produced abundance, but because of the abundance of natural resources which permits the anti-saving system. Indeed it is only where abundance exists that one can allow oneself the luxury of waste. In Europe where this abundance does not exist the anti-saving system cannot work.

The same holds good for the connection between confidence in life and wealth, which exists in America side by side with the anti-thrift attitude. It is true that the American adversaries of saving are wealthy and optimistic; but it is not that they are rich because they are optimistic; they are optimistic because they are rich.

It should be noted that in speaking of the American abundance of resources and wealth I refer not only to the resources supplied by a generous sub-soil and by the still unexhausted and fertile land, but also to those furnished by a rich and not adequately appreciated mine of wealth, immigration, of which further on we shall illustrate the decisive contributions.

A careful examination will therefore show that the contrast between Europe and America is not really a contrast between saving and anti-saving. Thrift is practiced both here and there. But in America it is easier to save than here, and it is not necessary, in order to secure savings in the measure needed for feeding progress, to draw on large groups of consumers whose contributions are, instead, found necessary in Europe.

6. - The fact that these groups of consumers save or do not save is not however without

(4) TILGHER, op. cit., pp. 176-178.

(5) Ford's declaration is reprinted by TILGHER, op. cit., p. 183.

serious consequences. In the first place it affects the size of the concerns. It is undoubtedly possible for small European savers, who withdraw their small stores from consumption, to contribute through the banks or by the purchase of company shares, in building up large-sized concerns; but it often happens that their savings are invested in a domestic industry or in small neighborhood businesses. On the other hand, it is evidently possible that the growth of consumption amidst the anti-saving Americans may be satisfied by the small rather than by the big concerns; but there can be no doubt that the latter are in a more favourable position as regards equipment, and this confers on them a competitive advantage. The result is that, in practice, the American system is more favourable to the growth of big undertakings, and the European system to that of small and medium-sized ones. Maybe, it was the vague perception of this difference, or else the very definite sensation that the anti-saving system favoured his gigantic enterprise, that led Ford to extol its results.

Nor can it be denied that by favouring the growth of the great enterprises the anti-saving system facilitates mass production and the low prices that accompany it. But if great enterprises are less developed in Europe than in America, and if there a large part of production comes from the small and average-sized concerns, that also depends not only on different historical circumstances, but also on different present conditions which allow the smaller concerns to hold their own successfully in competition with the major ones, by making the most of the high quality and variety of their output.

7. - From all that has been stated above it would appear that the anti-saving theory cannot be considered as a necessary consequence of the labouristic psychology (7). It is only one consequence of the American labouristic psychology, which to the instinct of work for work's sake adds the thriftless tendencies innate in the descendants of the European lower classes and it is moreover a consequence ren-

(7) For the illustrations of this psychology, see the writings cited in notes (1) and (6), and the article published No. 4 of this Review, January, 1948, p. 207, under the title *The Evolution of the Psychology of Work and Accumulation*.

dered possible only by the exceptionally favourable economic circumstances offered not only by the abundance of natural resources, but also by the free contribution made to their wealth by the currents of immigration.

There is no reason to expect that in Europe the practice of saving will make way for that of anti-saving as a result of the progressive spread of the labouristic psychology. That psychology is indeed asserting itself, but in the form in which it presents itself in the captains of industry in whom the instinct of work for work's sake is added to that of accumulating for the sake of accumulating.

8. - Finally, when speaking of anti-saving, we must not forget that anti-saving does not mean anti-accumulating. What is not saved may, indeed, be spent on goods for immediate consumption, which leave no appreciable trace on wealth, but it may be, and often is, used for the purchase of goods of durable consumption, which form an important item of wealth, and one whose importance is steadily increasing.

It is of these goods of durable consumption (armchairs, motor-cars, radio sets, gramophones, reviews, books) that the comfort of life is born. It is not surprising that they occupy so much more important a place in American than in European life. On entering an American home—which generally means entering the sitting-room which is the largest in the house—one is struck by the radical difference between it and the drawing-room of European houses. The latter are full, sometimes cumbered up, with nick-nacks, furniture, ornaments, rare books, artistic objects, bearing witness to the style and taste of the successive generations following one another in the family's long pedigree. Such drawing-rooms make one think of the halls of a museum in which one must move with care and circumspection. The American sitting-room has none of this display; it is spacious, full of rocking-chairs and comfortable lounges; there is always a radio-set, a gramophone, and modern books and reviews. Some prefer the American sitting-room, others the drawing-rooms of the European bourgeoisie. We find reflected here, more clearly perhaps and better than elsewhere, the difference between the two civilisations.

9. - The anti-saving tendency of American society has some valuable social aspects; above all the patronage of the arts and sciences which fertilises like a beneficent rain the scientific and artistic activities, the welfare works and the sports of the nation (8). But what a dispersion of wealth in all these grants! And, with few exceptions, how much waste in American families! It is said that a French family can live on what an American family wastes. And what waste also in the municipal and government administrations! As the importance of the social activities carried on by the Federal Government has grown in recent years, this waste has become nation-wide and on a scale commensurate with its extent. Perhaps some may think that these less favourable features of the life of the masses and the public administrations are offset by the exceptional organising talent of the captains of industry and finance; but if one questions Europeans who have been in close touch with them, they will tell you that to their surprise they have found out that they are in no wise superior to European industrialists and bankers of average ability. And some American friend, when talking freely, will enlarge on the fabulous facility with which, until a few years ago, undertakings arose, grew, and flourished without any estimates, without a clear guiding policy, going full steam ahead, driven forward by the irresistible impulse of a phenomenal collective prosperity.

But, you will say, if this collective prosperity exists, this must have been due to the merit of someone or something. Now, the natural resources of America, conspicuous as regards the wealth of the sub-soil, cannot be considered exceptional as regards soil fertility, while on the other hand the income from the land, in America as elsewhere, has much greater importance for the national economy than that from the mines. Nor can the labouristic mentality of the population, a mentality whose high social value can never be too highly estimated, confer on it a decisive economic advantage as compared to Europe. The class living on incomes from capital accounts, indeed, in Europe for only a small fraction of the able-bodied population and of this a large part is

(8) Other consequences are illustrated, in the work *Economia laborale* etc. cited in note (1).

not unused by the community but fulfills with prestige and scrupulous honesty in public positions, in charitable works, in the organisation of public opinion, a function which in America is not always satisfactorily performed.

How then can it be that with natural resources which, while considerable in certain directions, are not, on the whole, phenomenal, with a thriftless population, a poor administration, captains of industry and finance of only average ability, America has been able to create that admirable wealth, the formation of which has been watched with wonder by the world? My answer is that as a matter of fact that admirable creation has never existed. Phenomenal collective prosperity has indeed existed, and exists, but it is due to circumstances independent of the personal merits of the Americans. I am not stating a paradox, and I will go on to prove it. Allow me, however, to prepare the ground for this demonstration by relating two anecdotes.

10. - In Russia and in Roumania a religious sect has grown up whose members, aspiring to attain eternal blessedness by mortifying the flesh in this vile world, and taking literally certain metaphorical exhortations to continence contained in the Gospels, exclude themselves by a radical operation from all possibility of procreation. The sect of the Skoptzys continues to exist, and indeed in some periods has increased its numbers in a alarming manner by fervent proselytism which has led new adepts, adults or adolescents, to co-opt for it. Obviously, these persons are not very intelligent. In former days even some people of high rank joined the sect; but of recent times its members have been and are recruited among the lower social strata; coachmen (and now motor-drivers) and farmers in Roumania, farmers in Russia. They are hardworking, peaceable, respectable and honest people, if we set aside the means, not always strictly scrupulous, by which they try to attract proselytes. They are, moreover, well-to-do people. Banished to Siberia, in the land of the Yakuts, the Skoptzys carried on farming operations there on a large scale; they built mills, houses, shops, warehouses; they made roads, and raised the zone inhabited by them to a degree of prosperity that the Russian settlers who replaced them on their return home were

unable to maintain. At Bukarest they were coachmen known for their fine carriages and the handsome and rich harness of their horses. The Skoptzy communities in Russia and Roumania are said to have large capital invested in banking business. The cause of their success is everywhere the same (9). As they have no children, it is easy for them to attain comfort and accumulate large savings, by which, on their death, the community benefits (10).

When in 1929, I visited Chicago for the first time, I was surprised, when driving from the Central Station to the University, to find myself on a wide handsome street, flanked by sumptuous buildings occupied exclusively by Negroes. My American colleague who was accompanying me explained how this happened. After the war, negro workers had come up from their native homes in the Southern States to the Middle West metropolis. They were men in the prime of life, earning high wages and without family responsibilities, and had been able to make large savings. Several of them generally clubbed together, and had bought apartments in one of the best streets. The Whites, scorning contact with them, had then moved elsewhere, leaving the ground free for the Negroes.

11. - Far be it from me to wish to draw a comparison, placing the American people on the same level as the Skoptzys or the Negroes; but, considered from the point of view with which we are dealing, there is in the three cases a circumstance in common which favoured the Skoptzys and the Negroes of Chicago, as compared to the populations among whom they lived, and has also favoured the Americans as compared to the Europeans. The American nation in the past was also, to a large

extent, relieved from the cost of rearing the new generations. Twenty-seven and a half millions of immigrants, almost all Europeans, generally in the prime of life and at the height of their productive power, settled on the territory of the Republic of the Stars and Stripes from 1820 to 1930 (11). I leave out of account more than 12 millions who returned to their home countries (12) and I stop at 1930 because all the data necessary for making the calculation refer to that year or to those immediately preceding it, and because those years marked the acme of American prosperity, and to make my argument all the more convincing, I wish to place myself in the conditions least favourable to my proposition. From 1802 to 1912 calculations show that there were about 142 million births in the United States, and that of these more than two thirds (95 million) reached

(11) Willcox estimated the number of immigrants, net of emigrants, in the United States of America at 26,180,000, classifiable by decades or other intervals of time over the period 1820-1930. (Cfr. *International Migrations*, National Bureau of Economic Research, Vol. II, 1931, p. 29). Willcox's data are contained in column 2 of the following table. Willcox however considered that 1,309,000 immigrants should be added to these total figures, as the immigration from Canada and Mexico has been undervalued in the period 1840-1920 (ibidem, p. 92). By raising proportionately the figures of column 2 for the periods 1840-1922, we get the figures shown in column 3.

Period	Net immigration (thousands)	
	Figures returned	Figures completed
1	2	3
1821-30	152	152
1831-40	569	569
1841-50	1,539	1,627
1851-60	2,701	3,327
1861-70	1,856	2,962
1871-80	2,108	2,228
1881-90	3,680	3,890
1891-900	2,398	2,535
1901-07	3,794	4,012
1908-14	4,070	4,303
1915-22	1,265	1,317
1923-30	2,548	2,548
	26,180	27,489

(12) Willcox estimated gross immigration, classified by decades or other intervals of time, in the period 1820-1930, at 37,762,000, a figure representing 144% of the net classifiable immigration estimated by him, as stated in the previous note, at 26,180,000. If we apply the same coefficient to 27 million and a half, which is the figure we attained in the previous note for net total immigration, we obtain 39,58 million for gross immigration, with a difference of 12.09 million, represented by the repatriated immigrants. The figure may perhaps be considerably higher as it seems likely that among the immigrants from bordering countries, such as Canada and Mexico, the percentage of repatriations may have been higher than in the case of immigrants from other countries.

adult age (18 years) (13). Immigration therefore made a nearly 30% contribution to the new generations of American workers.

12. - But what fraction of America's national wealth—you will enquire—can the economic contribution made by these immigrants have represented? According to calculations made precisely in 1930 by the best qualified American specialists, an American on reaching the age of 18 had then cost, on the basis of interest at the rate of 3.50% per annum, about 10,000 dollars, and the present value of his future net income, duly discounted, rose to al-

(13) The following table shows the elements of the calculation:

Intervals of time	White births (thousands)	% of white births to total births	Total births (thousands)	Surviving at 18 years of age % of births	Surviving at 18 years of age (thousands)
1	2	3	4	5	6
1802-04	800	81.0	990	48	470
1805-14	3,210	81.0	3,960	52	2,060
1815-24	4,180	81.6	5,120	56	2,870
1825-34	5,450	81.9	6,650	59	3,920
1835-44	6,900	81.2	8,290	61	5,060
1845-54	11,690	83.4	13,880	63	94,120
1855-64	15,360	86.5	17,760	65	11,540
1865-74	17,410	87.5	19,900	70	13,930
1875-84	20,220	87.7	23,060	74	17,060
1885-94	8,960	88.1	10,170	77	7,830
1895-904	6,890	88.3	7,760	81	6,290
1802-1912	122,070	86.0	141,940	67	95,150

The figures in columns 2, 3 and 4 are taken from the data supplied in the volume by W. S. THOMPSON and P. K. WHITTON: *Population trends in the United States*, McGraw Hill, New York, 1933, pp. 6, 263, and 266. Except for the last interval, 1909-1912, the data are calculated, but seem reliable. The figures given in column 5 were estimated, taking into account some data contained in the following table supplied to me by Dr. L. I. DUBSTIN, who had the kindness to send me also photographic copies of the documents from which they were taken. In estimating them, account was taken of the fact that in the North-Eastern States survival was higher than for the population of the United States as a whole.

Author	Population	Period	Survivors over 18 years of age per 1,000 births		
			Males	Females	Males Females
Barton	Philadelphia	1783-90	—	—	465
Wiggleworth	Mass. and New Hampsh.	1789	—	—	500
Elliot	Massachusetts	1855	—	—	656
Killing	"	1878-82	663	685	—
Abbott	"	1890	694	710	—
Glover	"	1893-97	715	737	—
Glover	"	1901	741	772	—
Glover	United States	1910	—	—	807

most 30,000 dollars (14). Strictly speaking, we should take this latter figure as the one on which to base the calculation of the economic contribution made by immigration, if we agree that it has given to America human capital of which otherwise she would not have been able to avail herself. But many Americans, from Franklin downwards, maintain that the European immigrants have only taken the place of a like number of natives whom, in their absence, the Americans would have brought into the world. This theory is more than doubtful and elsewhere I have confuted it (15), but here I shall accept it, as it leads to an undervaluation of the economic contribution made by immigration and, as I have said, I wish to make a conservative estimate. According to this theory, the only advantage America has received from immigration would be that of not having had to meet the expense of bringing up a like number of native born. Well, reckoned in 1930 currency at 10,000 dollars each, the 27 and a half million immigrants represent a value of 275 billion dollars. Granted that the sums thus saved by the Americans on their upbringing were invested at an annual interest rate of 4% (undoubtedly a modest figure for America over the whole of the period considered), the economic contribution made by the immigrants would have amounted in 1930 in the currency of that year, to a sum of over 2,200 billion dollars (16). Now, in 1929, the total wealth of

(14) I base myself on the results obtained by L. I. DUBSTIN and A. J. LOTKA and set forth in the volume *The Money Value of Man*, Ronald Press Co., New York, 1930. According to these results, the net cost to parents of a typical American (male or female) at 18 years of age varies between 10,485 and 9,180 dollars. This sum should be raised by 1,200 dollars if it is to include the cost to the community of education, as should be done, strictly speaking, for the purposes of our estimate. At the same age the present value of future net earnings of a typical American male is said to amount to 28,644 dollars (Cf. pp. 37, 39-40, 45-46).

(15) In the article *Emigrazione e Colonia*, in the "Rivista di Politica Economica", 1930 No. IV, and more fully in the other article *La teoria europea e la teoria americana delle migrazioni internazionali*, in "Economia e Commercio", Year I, No. 2, 1946, translated into Spanish in the "Revista Internacional de Sociologia", Year IV, No. 14, April-June 1946, and with some inaccuracies in the "Revista Mexicana de Sociologia", Vol. VIII, No. 2, May-August, 1946.

(16) Exactly 2255 billion dollars according to the calculation contained in the following table. In this table, column 3 shows the time elapsed from the central moment of each interval to the end of 1930; columns 4 and 5 show the amount that a dollar, set aside at the central moment of the respective interval and placed at 4% compound interest, or respectively at

(9) Cfr. for all these particulars W. JOCHESON: *The Yakut*, "Anthropological Papers of the American Museum of Natural History", Vol. XXXIII, Part II, New York City, 1933. *The Skoptzy*, pp. 182-185; and E. PITTARD: *La castration chez l'homme et les modifications morphologiques qu'elle entraîne. Recherches sur les adeptes d'une secte d'annexes mystiques. Les Skoptzy* - Paris, Masson et Cie., 1934, Chapitre II: *Une secte d'annexes mystiques: les Skoptzy*, pp. 68-114.

(10) "The Skoptzy had no children to provide for and were able to accumulate money and many had large deposits in Siberian banks" (Jocheson, *op. cit.*, p. 182). "La fortune de chaque individu (on a connu des Skoptzy millionnaires) rentre à sa mort dans la fortune de la communauté" (Pittard, *op. cit.*, p. 86).

the Americans was estimated at less than 1/6th of that figure or to be precise at 362 billion dollars (17). Now let us also admit that this last figure has a margin of uncertainty, and let us also bear in mind that my reckoning, though on the one hand certainly based on conservative estimates (on the cost of rearing, instead of the prospective value, and on a low rate of interest) was on the other hand based on approximations higher than the real figure as they presumed that all the immigrants were 18 years

3% per annum, would attain at the end of 1930, and lastly, columns 6 and 7 show, in millions of dollars, the equivalent at the end of 1930 of the sum saved on the rearing of the new generations as a result of net immigration, if, for each person whom the immigrant has replaced, the cost had been one dol-

of age, and that the cost of rearing them had been over the whole period the same as that at which it stood in 1930. But this will certainly not suffice to fill the gap, as we shall soon see.

As to the influence of age at the date of immigration, those who wish to take it into account must necessarily base their calculations on the prospective value (desumed from future earnings) rather than on the cost (desumed from past expenses) of the immigrants. By so doing we obtain, on the basis of the classification by age of the immigrants in each decade, and at the annual rate of interest of 4%, a figure of 6,011 billion dollars as the prospective value of 27 million and a half of immigrants (18). I will not conceal the fact that I

Intervals of time	Net immigration (thousands)	t	(1 + i) ^t		Products (in millions of dollars) of the figures in columns	
			i=0.04	i=0.03	2 and 4	2 and 5
1	2	3	4	5	6	7
1821-30	152	205	61.4470	22.2797	9.34	3.39
1831-40	369	95	41.5114	16.5782	23.62	9.43
1841-50	1,627	85	28.0436	12.3357	45.63	20.07
1851-60	2,327	75	18.9453	9.1789	44.09	21.36
1861-70	1,962	65	12.7987	6.8300	25.11	13.40
1871-80	2,228	55	8.6464	5.0821	19.26	11.32
1881-90	3,890	45	5.8412	3.7816	22.72	14.71
1891-900	2,535	35	3.9462	2.8139	16.00	7.13
1901-07	4,011	26.5	2.8274	2.1887	11.34	8.78
1908-14	4,303	19.5	2.1486	1.7796	9.25	7.66
1915-22	5,337	12	1.6010	1.4258	2.14	1.91
1923-30	2,548	4	1.1699	1.1255	2.98	2.87
1821-930	27,489				225.48	122.03

lar. If we multiply by 10,000, the total of column 6 (225.48 million dollars) we get the value at the end of 1930 of the sums saved on the cost of rearing the new generations as a result of the net immigration during the period 1821-1930.

(17) Cf. *Recent Social Trends in the United States*, McGraw-Hill Co., New York, 1933, Vol. I, p. 231.

(18) The prospective value in 1930 money, of the net immigration which occurred in each of the successive periods has been calculated by Dr. A. DE VITA, and is given in the Appendix. On the basis of the results obtained by DE VITA, the prospective value of the net immigration which occurred in the period 1821-1930, is calculated as follows:

Intervals of time	Prospective Value of net immigration in millions of dollars	(1 + i) ^t		Products (in billions of dollars) of the figures in the columns	
		i=0.04	i=0.03	2 and 3	2 and 4
1	2	3	4	5	6
1821-30	3,915	61.4470	22.2797	240.6	87.2
1931-40	15,060	41.5114	16.5782	625.2	249.7
1841-50	43,043	28.0436	12.3357	1,207.1	531.0
1851-60	62,590	18.9453	9.1789	1,185.8	574.5
1861-70	51,134	12.7987	6.8300	654.4	349.3
1871-80	60,142	8.6464	5.0821	520.0	305.6
1881-90	103,797	5.8412	3.7816	666.3	394.5
1891-900	69,306	3.9462	2.8139	273.5	195.0
1901-07	109,570	2.8274	2.1887	309.8	239.8
1908-14	117,752	2.1486	1.7796	253.0	209.6
1915-22	35,120	1.6010	1.4258	56.2	50.1
1923-30	67,386	1.1699	1.1255	78.8	75.8
1821-930	738,805			6,010.7	3,260.1

do not believe that in America the prospective value of an adult averages almost three times his cost. It is indeed true that while the calculations above referred to of the cost of an adult may be considered approximately accurate for both males and females, as the authors remark, those relating to prospective value refer only to males, without even counting among the debts of their rearing the value of the work gratuitously performed in their behalf by women. The prospective value of the American woman would, of course, stand at a much lower figure; but certainly not so much lower as to account for the difference between a prospective value of almost 30,000 dollars for the males at a cost of approximately 10,000 dollars for the adult of both sexes, as in that case we should have to admit that prospective value of the American woman was *negative* by almost 10,000 dollars. I have not got the data for making even a rough calculation. I remember however that in Europe the prospective value of an adult is generally on the average definitely inferior to his cost (19): in America, where earnings are easier and more plentiful I am willing to admit that the two items may be equal. Desirous of correcting, if only roughly, the above stated results on the basis of these considerations, I shall therefore reduce by 2/3rds the 6,011 billion figure reached, leaving out of account the fact that, even among the immigrants who settle in America males are rather more numerous than females (20). We thus get a figure of 2,004 billions. Let us make yet a further reduction so as to take into account the lower cost of rearing a child in the past (always expressed in monetary values of 1930). We will thus halve the figure obtained, and we reach one of nearly 1,000 billions. Now, the wealth of America, as I have stated, was estimated about 1930 at 362 billions (21).

(19) See C. GIUSTI: *Le basi scientifiche della politica della popolazione* (Institute of Statistics of the Rome University), pp. 134 et seq., and G. PIETRA and G. FERRARI, *Costo e valore monetario dell'uomo* (Trattato elementare di statistica, Giuffrè, Milan, 1931, Vol. IV) *Statistica economica*, Part I.

(20) Considerably less, however, than for all the immigrants. Of 100 born abroad, the United States Censuses return about 55 males, who therefore average over 100 per cent. Cf. WALCOTT, *op. cit.*, p. 90.

(21) An interest of 4% per annum for the accumulated wealth of America over the whole of the period considered, seems to us certainly moderate, as already stated. But even admitting an interest of only 3%, the conclusions reached in

The next thing to do would be to estimate the value of the remittances made to their respective countries by the immigrants, which is certainly not a negligible figure. The estimates calculated in the United States are very comprehensive, including not only the sums exported by the immigrants on their return to their own countries, and the travelling expenses abroad of foreigners residing in the United States, but also the sums (which have nothing to do with remittances) exported in the post-war period for relieving the ex-belligerent populations and the reconstruction of the devastated territories (22). But even when thus swollen, this item does not offset on the one hand the value of the clothing, chattels, tools and savings which the immigrants bring with them, nor, on the other hand, the increment of American wealth due to the work of immigrants who later on return to their home lands, to a number exceeding 12 millions; perhaps it does not even offset one of these counter-items. The present value of the sums exported by the foreigners and for foreigners, invested at an interest rate of 4%, would amount at the end of 1930, to almost 30 billion dollars (23). This sum would

the text would not vary greatly. The savings secured on the cost of rearing the new generations would indeed amount to 1,220 billion dollars (cf. the total of column 7 of the table at note 10), or over 3 times total American wealth, and that of the prospective value of the immigrants who have settled in the United States would amount to 3,260 billion dollars (cf. the total of column 6 of the table at note 18) which, if also reduced by one third and subsequently halved so as to make sure of remaining below the real figure, nevertheless give a sum of 543 billion dollars, being considerably in excess of the 362 billion of American national wealth.

(22) The reason for the inclusion depends on the fact that such estimates were made in connection with and for the purpose of establishing the balance of payments of the United States.

(23) The following table contains all the elements of the calculation. Column 2 gives for the various intervals the totals of the remittances and of other monetary exports in dollars of the time; and in column 4 the respective totals are expressed in 1930 dollars. Column 5 shows the time elapsed from the central moment of each interval until the end of 1930, columns 6 and 7 show the amount that a dollar, exported at the central moment of the respective interval and placed at compound interest at 4% or respectively 3% per annum, would attain at the end of 1930; lastly, columns 8 and 9 show the value, at the end of 1930, of immigrant remittances and of other monetary exports expressed in millions of dollars.

In estimating immigrant remittances and other monetary exports as shown in column 3, I have made use of an unpublished paper, fully documented, prepared by the Bureau of Foreign and Domestic Commerce, of the Department of Commerce of the United States of America, kindly communicated to me by

correspond to the present value (always reckoned at the same rate of interest in 1930), of

Prof. C. C. Zimmerman of Harvard University. This paper summarises and comments the results of the numerous publications that have appeared on this subject, both from official

the objects and values imported by the emigrants, on the supposition that they are worth on an average 105 dollars per head (in 1930 dollars worth about 2,000 lire) (24), a sum far below that then demanded for admission by a large

Intervals of time	Index numbers of purchasing power of the currency 1930=1000	Immigrants' remittances and other monetary exports in millions of		t	(1+i) ^t		Products (in millions of dollars) of columns		
		current dollars	1930 dollars		i=0.04	i=0.03	4 and 6.		4 and 7
							8	9	
1821 - 30	—	0	0	—	—	0	0	0	
1831 - 40	1264	4	5.06	95	41.511	16.578	210.	83.8	
1841 - 50	1403	98	25.25	85	28.044	12.336	708.1	311.4	
1851 - 60	1385	78	108.05	75	18.945	9.179	2047.0	991.7	
1861 - 70	931	80	74.49	65	12.799	6.830	953.4	508.8	
1871 - 80	1228	125	35.49	55	8.646	5.082	1317.1	786.1	
1881 - 90	1516	200	301.22	45	5.841	3.782	1772.2	1146.7	
1891 - 900	1785	200	1606.36	35	3.946	2.814	6338.8	4520.1	
1901 - 07	1511	1400	2115.95	26.5	2.877	2.189	5981.7	4631.2	
1908 - 14	1344	1600	2151.01	19.5	2.149	1.780	4622.5	3828.1	
1915 - 17	967	600	586.13	14.5	1.766	1.535	1024.5	896.5	
1918	673	250	168.20	12.5	1.633	1.447	274.6	243.4	
1919	632	600	379.20	11.5	1.570	1.405	595.3	512.8	
1920	577	700	403.96	10.5	1.510	1.364	609.8	531.0	
1921	885	500	442.43	9.5	1.451	1.324	642.0	585.8	
1922	874	400	349.70	8.5	1.396	1.286	488.1	449.7	
1923	844	350	295.18	7.5	1.342	1.248	396.4	368.4	
1924	869	350	304.17	6.5	1.290	1.212	392.4	368.4	
1925	825	350	288.70	5.5	1.241	1.177	358.2	336.7	
1926	864	250	215.98	4.5	1.193	1.142	257.7	246.7	
1927	907	240	217.64	3.5	1.147	1.109	249.7	241.4	
1928	896	250	223.91	2.5	1.103	1.077	247.0	241.1	
1929	907	240	217.64	1.5	1.061	1.045	230.9	227.4	
1930	1000	200	200.00	0.0	1.020	1.015	204.0	203.0	
		9685	10829.04				29930.4	22292.3	

sources (Bureau of Foreign and Domestic Commerce, Immigration Commission, Post Office Department, Commercial Attachés, Austrian Government) and by firms, banks, or tourist organisation, (a group of New York Bankers, the Bank of Naples, the Polish Banking Syndicate, the Guaranty Express Co., etc) and by American specialists (C. F. Speare, Paish, J.

L. Laughlin, Bullock, Williams and Tucker, Williams and Vanderlip, Williams, F. W. Ryan).

(24) If each immigrant had brought with him one dollar, the sum total of these contributions, invested at 4% per annum, would amount to 286 million dollars, as shown in the following table (total of column 7). For the sum total of

Intervals of time	Gross immigration (thousands)		t	(1+i) ^t		Products (in millions of dollars) of the figures in columns		
	Returned figures	Completed figures		i=0.04	i=0.03	3 and 5		3 and 6
						7	8	
1821 - 30	—	—	—	—	—	—	—	
1831 - 40	152	152	105	61.4470	22.797	9.34	3.39	
1841 - 50	599	599	95	41.5114	16.5782	24.87	9.93	
1851 - 60	1,713	1,827	85	28.0436	12.3327	51.24	22.54	
1861 - 70	2,589	2,760	75	18.9453	9.1789	52.29	25.35	
1871 - 80	2,315	2,468	65	12.7987	6.8300	31.59	16.86	
1881 - 90	2,812	2,998	55	8.6464	5.0821	25.92	15.24	
1891 - 900	5,247	5,593	45	5.8412	3.7816	32.67	21.25	
1891 - 900	3,688	3,932	35	3.9461	2.8139	15.52	11.06	
1901 - 07	6,219	6,630	26.5	2.8774	2.1887	18.75	14.51	
1908 - 14	6,709	7,152	19.5	2.1486	1.7796	15.37	12.73	
1915 - 22	2,717	2,897	12	1.6010	1.4258	4.64	4.13	
1923 - 30	2,992	2,992	4	1.1699	1.1255	3.50	3.37	
1821 - 1930	37,762 (*)	40,900				285.70	160.24	

(*) These are the figures given by Wilcox; the real total is 37,752.

number of immigrant countries (25). This would moreover correspond to an increment of wealth (reckoned always at the same rate of interest) created by the repatriating immigrants, amounting to some 500 dollars (less than 10,000 1930 lire) per capita, which would also not seem to be an exaggerated amount (26). When all is considered, it would therefore seem evident that nothing should be deducted but rather something should be added to the results above

these contributions brought by the immigrants to rise to 29.93 billions (cfr. total of column 8 of the table at note 23) it would therefore be sufficient for each immigrant to have brought with him goods or valuables for an amount of 29930:286=105 dollars.

The preceding table shows in column 1 the intervals of time; in column 2 the figures for gross immigration for the several periods calculated by Wilcox (op. cit., loc. cit.); in column 3 these figures are completed in conformity with the principles mentioned in note 12; in column 4 the time elapsed from the central moment of each interval until the end of 1930; in columns 5 and 6 the amount which a dollar imported at the central moment of the period and invested at 4% compound interest, and respectively at 3% per annum, would attain by the end of 1930; in columns 7 and 8 the value at the end of 1930 of emigrant contributions on the supposition that each immigrant brought with him 1 dollar.

(25) The following are the amounts required for admission in some of the countries of Africa, Asia, and Australasia: Tanganyika, Zanzibar, Rhodesia, India, Liberia: £. ster. 100. Australia (unless called by a resident who can give a guarantee): £ ster. 50.

British West Africa, Uganda: £. ster. 200.

Nyasaland, Kenya, Columbia: £. ster. 50.

Egypt, Sudan, British Egypt: £. ster. 10.

Aden: Rupees 150.

Dutch East Indies: Florins 150.

French Somaliland (coming from Red Sea): Fr. Frca. 2000.

French Somaliland (coming from other countries): Fr. Frca. from 3,500 to 5,300 (depending on country from which one comes).

French Equatorial Africa: Fr. Frca. 3000.

Togo and Cameroun: Fr. Frca. from 3000 to 5000 (depending on country from which one comes).

French West Africa (besides the return fare): Fr. Frca. 10,000.

Madagascar (besides the return fare): Fr. Frca. 600.

Indochina (the return fare).

Portuguese East Africa: Escudos 5,000.

Angola: Angolares 5,000.

Belgian Congo: Bg. Frca. 10,000.

Sum: Ticals 200 (equivalent to about Lit. 20).

(26) The difference (60.2 million dollars) between the total of column 7 of the table in note 24 (285.70 million dollars) and that of column 6 of the table in note 16 (225.48 million dollars), shows the amount the increment of wealth brought by immigrants who afterwards repatriated, would have attained by the end of 1930 if each immigrant had brought with him a contribution of one dollar and if these dollars had been invested at 4%.

In order that the total increment brought by the immigrants who afterwards repatriated, should attain, at the end of 1930, the amount of 29.93 billion dollars, each of them should have brought an increment of 29,930:602=497 dollars. In view of the approximate nature of the calculation we neglect the fact that this increment as a matter of fact was not brought at the time of arrival but during their permanence in the United States.

stated in estimating the economic contribution made to America by immigration (27).

13. - However much the figures may be further whittled down, they lead to one inescapable conclusion: it is that the economic contribution made by immigration to America does not represent a fraction of the present American wealth; but the present American wealth represents only a fraction of the economic contribution made by the immigrants. When the accounts are made up, it is seen that the Americans, far from having created exceptional wealth; have not even known how to set aside and invest at the modest interest rate of 4% or even of 3% (28) the savings that the inflow of immigrants would have allowed them to make on the cost of rearing the new generations. Thus, in a certain sense, the wealth of America may be said to have been a gift bestowed on that country by Europe. That this gift was not an intentional one, that sometimes the immigrants if they had remained in their respective countries would have represented for them a liability rather than an asset, are all considerations that do not affect the bearing of the conclusion to which we have come in judging the creative economic potential of America. Nor is that conclusion affected by the consideration that the cost of rearing the emigrants was certainly less in Europe than it would have been in America. Taken as a whole, those expenses have anyhow been immense even for Europe, and they have certainly been offset only to a small extent by remittances.

(27) The results of the calculations given in notes (24) and (26) would not be radically modified if, instead of an annual interest of 4% per annum, which is a relatively low one for the period considered, we were to take the still lower rate of 3%, and the conclusions drawn in the text would, in any case, hold good. At the end of 1930, the value of the remittances and other monetary exports would indeed amount to 22.29 million dollars (cfr. table to note 23, total of column 9); the value of the contributions of immigrants, supposing each immigrant brought with him one dollar, would be 160.24 million dollars (see table to note 24, total of column 8) and the total value of the increments of wealth brought by the immigrants who did not repatriate would stand at 122.03 million dollars (cfr. table to note 16, total of column 7). We can draw from this the conclusion that to offset the amount of the remittances and other monetary exports, it would have been sufficient for each immigrant to bring with him objects or valuables worth 22,290:160.24=135 dollars, or that he should have procured an increase of wealth amounting to 22,290:160.24=135 dollars.

(28) For the calculations on the basis of a 3% interest, see above notes (21), (23) and (27).

ances. Yet, nevertheless, the wealth of Europe increased, and if its growth was slower than that of the wealth of America, there is nothing in this fact that redounds to the discredit of Europe and nothing for the Americans to boast about, for, as we have shown, if we go to the bottom of the matter we may consider not only the increase of European wealth but also the whole wealth of America, as the result of the work of Europe. And it would seem only natural and fair to many that, under these conditions, some crumbs of this wealth should sometimes fall from the opulent table of her wealthy sons on to the humble board of the mother-country.

14. - The benefactions that in various forms the United States of America have given and are giving to Europe in this post-war period only represent a small percentage of the national production (29). American economy can

bear this burden without running any danger, even for an indefinite length of time. The danger is not so much for American as for European economy. It would indeed be dangerous if Europe were to learn to live, counting on these benefactions which might suddenly cease.

Undoubtedly America would serve the interests of both sides better if instead of making gifts pure and simple but of exiguous proportions, she were to make productive investments of an adequate size; this moreover is one of the precise aims of the Marshall Plan.

The documentation which accompanies this article should not diminish the gratitude every European, and more especially every Italian, should feel for the help that comes to us from over the Atlantic, but at the same time it shows that, aware of what American prosperity owes to us, we can accept that help without humiliation.

APPENDIX

The prospective value of the immigrants to the United States of America in the period 1821-1930 (prepared by Dr. AGOSTINO DE VITA)

The purpose of this Appendix is to illustrate the calculation on the basis of future incomes of the monetary value of the immigrants to the United States of America from 1821 to 1930 (see notes 18 and 21).

As the monetary value of a man, for the purposes of these calculations, varies in function of age, in order to make them we must know (a) the per unit value of the immigrant at the several ages; (b) the frequencies of the immigrants at the several ages.

(a) The per unit value at the several ages has been calculated for American citizens by Dublin and Lotka in their work "The Money Value of Man", to which we refer the reader

(29) In 1946, for instance, the benefactions in their several forms amounted in all to 3.33 billion dollars on a national production of over 200 billions; they thus accounted for barely 1.7% of the national production. (DUNOY and BRADSTREET: *How U. S. exports have been financed, 1919-1947*, February 1, 1948).

In 1947, on a national production of over 220 billions, the gifts amounted to 1.80 billions, which represent about 0.8 per cent of the whole production.

Including Government loans and credits, the financial aid of the United States amounted in 1946 and 1947 to about 6 1/2 billions, which represent about 3% of the whole production.

for any further explanations on this kind of estimate (1). This calculation consists substantially in determining, with an adequate discount rate, the present value at the several ages of the probable future earnings of a man, after deducting maintenance costs and taking into account the probability of survival. It depends therefore on three fundamental factors: the size of future incomes, the rate of discount, the death rate. The authors consider several groups of families classified by size of income (from 1,000 to 5,000 dollars per annum) obtained in the period of maximum productivity; a discount rate of 3 1/2 and 4 1/2 per cent; a normal death-rate as shown by the data for the United States for 1924 and various classes of exceptional mortality, and they calculate the value of the man as shown by the various combinations of these three factors.

For the purposes of the calculation given below, we have considered the values calculated on the supposition of a discount rate of

(1) Cf. L. I. DUBLIN and J. LOTKA, "The Money Value of Man", Ronald Press Co., New York, 1930.

3 1/2 per cent, a normal death-rate, and a maximum income of 2,500 dollars, which the authors themselves consider typical.

The tables in the above-mentioned work give the value of a man at the even-number ages from 60 to 70 years. In the case with which we are concerned, the value continues growing until the age of 26, at first rapidly and then more and more slowly, and from the age of 28 it declines progressively (2), presents marked differences from year to year up to the age of 18; the variations are smaller after 18, and become negligible after a certain age is reached.

(b) As regards the distribution of the immigrants by age, it is well known that beyond the central age groups their number is small, and becomes almost negligible after 65 years of age. Although precise data are not available, one may consider practically nil the immigration at 0 and as very low that at less than one year of age, as mothers avoid emigrating during the period of pregnancy and lactation.

These are the considerations on which are based the rules used in establishing the age classes and the corresponding average per unit values. The first age class includes all children under 3 whose average per unit value is that calculated for 2 year olds. These are followed, up to the age of 18 by a group of classes of two years each, to which the per unit value of the even-number age falling exactly in the centre of the said group has been assigned. Similar rules have been followed in establishing the groups from 39 to 41 years of age, while for the intermediate ages, groups from 19 to 33 and from 33 to 39 years of age have been considered, to whom has been assigned as per-unit values the averages of the values relating to the ages included in each group. Lastly, all the ages over 51 have been included in one single class to which has been assigned as per-unit value the arithmetical average of the values relating to the ages between 51 and 65 years of age. The annexed table, which sets forth the data and the results of the calculation, shows the age classes and the corresponding average per unit values in columns (a) and (b).

In establishing the frequency of the immigrants in the several age classes, it has been necessary, in the absence of full and detailed

statistics, to take as our basis estimates and fragmentary data referred to large age classes supplied by some writers, having recourse to the most approved methods of statistical technique in completing or in discomposing them.

Willcox in his work "International Migrations", estimated immigration in the United States as stated in note (11) (3). The data used in making our calculation are precisely those which have been integrated as explained in the said note. Willcox himself, in the case of the calendar years terminating in zero or, in some cases, of those near them, distributed the immigrants in three age groups: under 15; from 15 to 40; over 40, using or adapting the classifications given in the official statistics (4). On the supposition that the distribution by age of the immigrants over the several periods of time considered corresponds to that of the immigrants in the year or years included in them, for which Willcox supplies the data, the classifications given by this author have been taken as the first basis for determining the more comprehensive classifications for the several periods.

After compiling the diagrams representing the distributions according to the three great age groups, graphic interpolations have been made, taking into account some more detailed classifications supplied by Willcox himself, in various parts of his work, with regard to the migrations from some special countries.

The relative frequencies in the several age groups as given in the columns of the Table marked with the letter (c) are precisely those obtained by the interpolations made. On the basis of the said relative frequencies and of the total number of immigrants, the absolute frequencies given in column (d) have been obtained.

The data given in column (e) which are the results of the products of absolute frequencies for the corresponding average unit values, indicate the monetary value of the immigrants belonging to each age class at the several periods. Their sum gives the total capital represented by all the immigrants of the respective period.

(3) Cf. W. F. WILLCOX: *International Migrations*, Vol. II, New York, Nat. Bureau of Economic Research, Inc. 1931, p. 89 et seq.

(4) Cf. *op. cit.*, p. 114.

(5) Cf. p. 179.

THE PROSPECTIVE VALUE OF THE IMMIGRANTS IN THE UNITED STATES FROM 1821 TO 1919

Year	Age Classes	1821-1830			1831-1840			1841-1850			1851-1860			1861-1870			1871-1880		
		per thousand	Number	Total Value	per thousand	Number	Total Value	per thousand	Number	Total Value	per thousand	Number	Total Value	per thousand	Number	Total Value	per thousand	Number	Total Value
a)	b)	c)	d)	e)	c)	d)	e)	c)	d)	e)	c)	d)	e)	c)	d)	e)	c)	d)	e)
0-3	11.7	22	46.7	546.2	7	17.7	207.6	7	28.1	328.5	7	30.2	331.4	12	16.0	187.7	9	25.9	268.3
3-5	13.3	27	66.1	882.8	12	30.4	406.1	11	44.1	589.0	12	51.6	689.3	17	22.7	301.9	14	33.7	476.2
5-7	15.4	23	89.5	1,151.0	17	43.1	650.7	17	68.2	1,020.6	17	73.2	1,104.6	22	29.4	444.1	19	48.4	711.0
7-9	17.0	28	108.9	1,457.1	23	58.3	994.1	22	88.2	1,204.6	21	90.4	1,310.7	24	36.1	615.5	24	61.2	1,042.7
9-11	20.1	33	128.4	1,748.0	27	68.4	1,150.7	27	108.3	2,071.9	26	111.9	2,142.5	31	42.8	810.3	29	71.9	1,415.0
11-13	21.5	37	143.9	2,094.5	31	81.1	1,744.1	31	128.4	2,759.6	31	131.4	2,867.9	35	46.8	1,096.1	32	83.5	1,731.0
13-15	24.0	40	155.6	2,324.1	37	93.8	2,211.1	36	144.4	3,465.5	35	150.6	3,614.5	39	52.1	1,251.4	36	91.7	2,201.5
15-17	26.6	58	225.6	6,001.5	53	134.4	3,713.8	56	324.6	5,974.8	55	356.7	6,205.3	53	70.9	1,841.9	52	130.5	3,314.4
17-19	28.6	69	268.4	7,689.9	70	180.8	4,644.1	70	280.8	8,044.1	70	301.2	8,629.7	63	84.2	2,433.3	66	168.2	4,818.6
19-23	31.2	430	1,672.7	52,000.3	458	1,161.0	36,100.7	450	1,864.9	56,327.3	456	1,953.1	60,742.1	422	564.2	17,543.1	427	1,088.0	33,829.1
33-39	28.2	119	162.9	13,677.2	148	373.2	10,398.8	149	597.6	16,881.3	150	645.4	18,734.0	115	158.8	4,343.6	122	395.8	8,937.7
39-41	25.8	32	224.5	3,211.6	31	78.6	2,027.5	34	156.4	3,318.5	34	146.3	3,774.6	29	38.8	1,000.3	32	81.5	2,101.0
41-43	24.3	26	101.1	2,457.7	25	63.6	1,546.0	25	100.3	2,436.7	25	107.6	2,614.1	27	36.1	877.2	30	73.9	1,795.6
43-45	22.6	85.6	1,938.4	21	84.2	1,909.8	21	84.2	1,909.8	21	90.4	2,046.7	24	32.1	726.8	26	60.2	1,504.2	
45-47	20.9	53	58.4	1,222.4	23	33.0	690.4	14	56.2	1,176.4	14	60.2	1,162.1	18	24.1	504.2	19	48.4	1,014.2
47-49	19.2	43	56.6	970.9	7	25.4	468.7	10	40.1	770.1	10	43.0	826.2	15	20.1	385.1	15	38.2	728.8
49-51	17.4	30	43.0	610.9	7	18.1	309.7	7	27.7	309.7	7	30.1	326.6	12	16.0	280.0	12	30.6	573.6
51-53	16.3	17	66.1	889.5	11	27.9	375.8	12	48.1	496.8	11	47.3	488.5	18	50.8	710.4	19	59.4	1,042.6
Total	—	1,000	1,000	103,796.6	1,000	9,333.0	60,303.6	1,000	4,011.6	4,006,370.3	1,000	4,303.3	11,723.8	1,000	4,322.0	33,110.3	1,000	4,348.0	67,348.8
Total	—	1,000	1,000	3,915.0	1,000	569.0	15,060.2	1,000	1,647.0	43,042.6	1,000	2,377.0	62,590.4	1,000	1,962.0	51,134.2	1,000	2,228.0	60,041.9

1881-1890

1891-1900

1901-1907

1908-1914

1915-1922

1923-1930