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Bullock, Williams, and Tucker use a figure of \$50, which is certainly too low in the light of the evidence of the New York Commissioners of Emigration and of the voluminous descriptive accounts of immigration. Moreover they made a curious error which has been copied on the numerous occasions where their figures have been cited.<sup>63</sup> They calculated approximately 550,000 immigrants, 1821-37, which they multiplied by \$20 rather than \$50, giving them a credit on immigrants of \$11 million when even in their own terms it should have been two and a half times that figure.

Immigrants' funds are what immigrants had in their possession when they arrived in this country. However, an additional credit not included in shipping earnings is the passage fare of immigrants on U.S. ships, and between half and two-thirds came this way. I assumed that 60 per cent of the immigrants paid their fares to U.S. shipping companies.<sup>64</sup> Between 1790 and 1860 steerage rates, which were paid by most of the entering immigrants, declined substantially. Passage is quoted as costing £7 from London to New York on U.S. packets in 1826. This rate is substantially above the Irish rate for the same years of £4 10s.<sup>65</sup> By the 1850's, passage rates had declined and the "shipping and commercial list" quoted rates varied from a low of £2 5s. in 1851 to over £5 in the spring of 1853 for steerage passage from Liverpool to New York.<sup>66</sup> The rates from the Continent were somewhat higher and available quotations from Bremen in the 1850's were between £3 15s. and £8.

To weigh properly the small proportion of immigrants who traveled first class as well as to take into account the increasing proportion who came from the Continent (and therefore counteracted the decline in fares) I assumed a uniform figure throughout of \$25. Since I assumed that 60 per cent came in U.S. ships, the result is a figure of \$15 per capita added to what immigrants brought with them, or \$90, 1815-40, and a varying sum according to nationality, 1840-60. The figures are presented in Table B-3, cols. 1-4.

<sup>62</sup> These figures must be used with caution since they include returning U.S. tourists in the percentages and these would naturally come from the well-to-do. However, even discounting for this, the changing composition of occupations remains significant in this respect.

<sup>63</sup> See, for example, *Historical Statistics*, p. 237, and Taylor, p. 202.

<sup>64</sup> In 1849, for example, 134,657 immigrants entering New York out of a total of 224,393 came in U.S. ships (*Annual Reports of the Commissioners of Emigration of the State of New York*, 1861, p. 289).

<sup>65</sup> *Historical Aspects of the Immigration Problem*, pp. 64 and 72.

<sup>66</sup> Actually steerage rates moved similarly to ocean freight rates and were basically influenced by the ocean freight market.

## BALANCE OF PAYMENTS

TABLE B-3  
Immigrant Funds and Remittances and Tourist Expenditures, 1820-1860  
(thousands of dollars)

Fiscal Year	IMMIGRANT FUNDS				IMMIGRANT REMITTANCES			TOURIST EXPENDITURES			
	Ireland (1)	Germany (2)	All Other (3)		England and Ireland (5)	All Other (6)	Total (7)	U.S. Abroad (8)	Foreign in U.S. (9)	Net Balance (10)	
			Ireland	Germany							Total
1820				704			-150	-1,488	167	-1,321	
1821				805			-150	-1,945	183	-1,762	
1822				610			-150	-1,265	138	-1,127	
1823				560	-169	-33	-202	-1,476	127	-1,349	
1824				698	-133	-24	-157	-1,324	158	-1,166	
1825				900	-98	-19	-117	-2,054	204	-1,850	
1826				956	-84	-20	-104	-2,372	217	-2,155	
1827				1,665	-101	-27	-128	-2,242	378	-1,864	
1828				2,415	-196	-31	-227	-2,164	548	-1,616	
1829				1,986	-217	-40	-257	-1,540	450	-1,090	
1830				2,057	-392	-55	-447	-1,170	466	-704	
1831				1,996	-501	-138	-639	-963	452	-511	
1832				5,335	-297	-39	-336	-905	1,209	304	
1833				5,172	-109	-67	-176	-993	1,173	180	
1834				5,765	-232	-96	-328	-1,995	1,308	-687	
1835				4,002	-330	-329	-659	-2,582	907	-1,675	
1836				6,725	-381	-311	-692	-3,654	1,525	-2,129	
1837				6,998	-701	-451	-1,152	-4,330	1,587	-2,743	
1838				3,432	-852	-242	-1,094	-4,824	778	-4,046	
1839				6,004	-1,245	-536	-1,781	-5,096	1,361	-3,735	

continued on next page

U.S. BALANCE OF PAYMENTS, 1790-1860

TABLE B-3 concluded

Fiscal Year	IMMIGRANT FUNDS				IMMIGRANT REMITTANCES			TOURIST EXPENDITURES		
	Ireland (1)	Germany (2)	All Other (3)		England and Ireland (5)	All Other (6)	Total (7)	U.S. Abroad (8)	Foreign in U.S. (9)	Net Balance (10)
			Total (4)	Total (7)						
1840	1,577	3,416	1,193	6,186	-1,160	-606	-1,766	-6,289	840	-5,449
1841	1,511	1,758	2,306	5,215	-515	-320	-835	-5,806	803	-5,003
1842	2,054	2,343	2,769	7,166	-974	-599	-1,573	-4,955	1,045	-3,910
1843	787	1,661	1,560	4,008	-1,198	-762	-1,960	-3,116	525	-2,591
1844	1,340	2,384	2,054	5,778	-1,537	-445	-1,982	-4,750	786	-3,964
1845	1,793	3,951	2,962	8,706	-2,090	-532	-2,622	-4,268	1,144	-3,124
1846	2,070	6,620	3,781	12,471	-801	-418	-1,219	-3,270	1,544	-1,726
1847	4,221	8,542	4,631	17,394	-1,363	-538	-1,901	-3,487	2,350	-1,137
1848	4,517	6,723	4,554	15,794	-2,240	-906	-3,146	-2,284	2,266	-18
1849	6,376	6,927	6,431	19,734	-2,630	-1,448	-4,078	-2,054	2,970	916
1850	6,560	9,073	10,771	26,404	-4,661	-2,006	-6,667	-8,439	3,700	-4,739
1851	8,850	8,335	7,033	24,218	-4,821	-1,399	-6,220	-22,682	3,794	-18,888
1852	6,382	16,781	5,283	28,446	-6,837	-1,439	-8,276	-19,884	3,716	-16,168
1853	6,506	16,324	5,101	27,931	-7,008	-1,865	-8,873	-24,980	3,686	-21,294
1854	4,064	24,726	9,239	38,029	-8,425	-1,935	-10,360	-25,215	4,278	-20,937
1855	1,985	8,271	6,778	17,034	-4,252	-3,244	-7,496	-22,865	2,009	-20,856
1856	2,174	8,168	6,395	16,737	-4,631	-3,227	-7,858	-18,586	2,090	-16,496
1857	2,174	10,555	9,012	21,741	-2,883	-4,906	-7,789	-15,972	1,968	-14,004
1858	1,075	5,211	4,363	10,649	-2,304	-1,811	-4,115	-16,825	1,686	-15,139
1859	1,409	4,805	3,767	9,981	-2,532	-1,741	-4,273	-26,440	1,230	-25,210
1860	1,945	6,266	4,270	12,481	-2,601	-2,068	-4,669	-20,124	1,590	-18,534

For column notes see bottom of next page.

*Immigrant Remittances*

Immigrants' remittances became a fairly important debit item only in 1851-60, although their importance was to increase substantially in the later years of the nineteenth century. Remittances were mainly for support of relations and friends abroad or to provide passage money to bring them to this country. For the period of this study there are some partial figures for remittances to the United Kingdom collected from banks and mercantile houses there and published in the British *Parliamentary Papers*.<sup>67</sup> While they cover both the United States and British North America, the amount from Canada would do little more than make up for unrecorded remittances from the United States.

As shown in Chart B-1, the interesting aspect of these remittances is that the annual value of remittances moved in almost every detail with the number of immigrants *three years earlier*. The most obvious hypothesis to explain this relationship is that it took immigrants three years to save sufficient money to pay the passage of friends and relatives and that remittances during the period of this study went mostly for passage money and not for continuous support of people remaining in the old country. When remittances are divided into the immigration of three years before, the per capita figure shows quite a bit of variation with the low point reached with the depression of 1857. Remittances before 1847 were not very significant because the first great surge in immigration began in the mid-forties. However, I applied the average per capita figure for the period covered (£5.85) to the immigration for the third year before the year for which I calculated remittances to the United Kingdom. Allowance must also be made for remittances to other

<sup>67</sup> *Parliamentary Papers of Great Britain*, London, 1880, Vol. LXXVI, pp. 8 and 16.

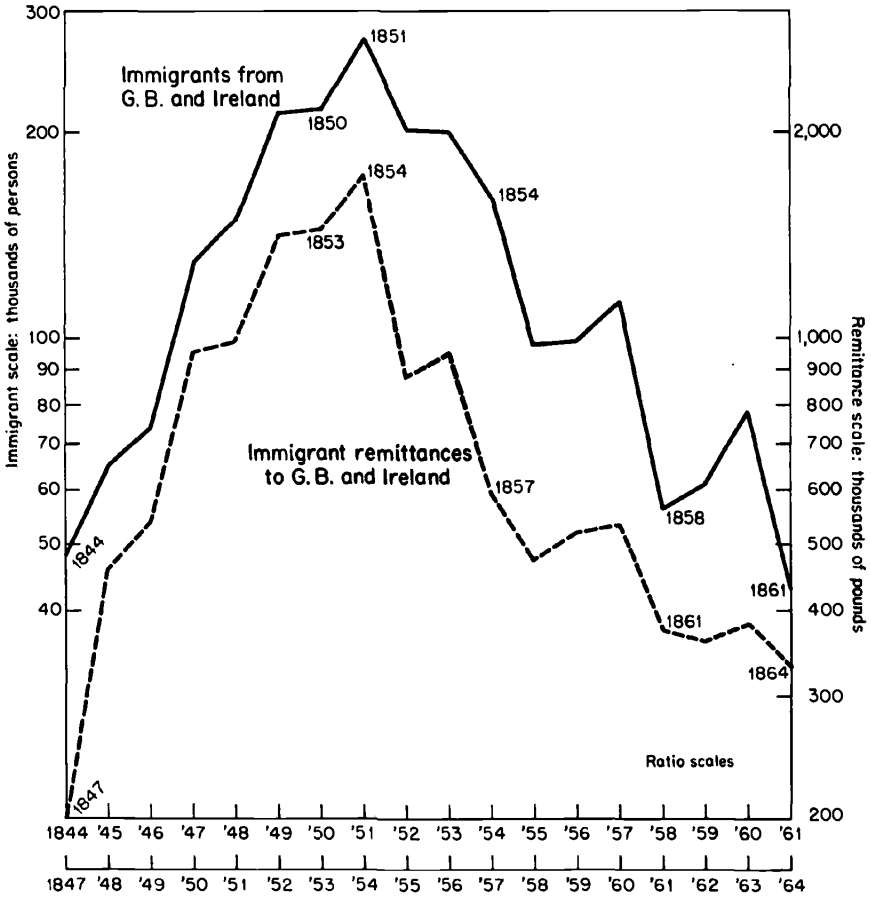
*Cols. 1-4:* The immigration figures employed in the development of these figures are from *Historical Statistics*, Series B-304, B-307, and B-310. For 1820-39, 2 per cent was subtracted to allow for tourists. For 1840-60, 1 per cent of total immigration was removed from the remainder of immigration when Irish and German immigration was removed. Per capita immigrants' funds were estimated as follows: 1816-39—\$90; 1840-60—German, \$115; Irish, \$40; all other, \$90. The estimates include ship fare paid to U.S. shipping.

*Cols. 5-7:* The immigration figures employed in the development of these figures are from *Historical Statistics*, Series B-305-B-307. *Col. 5:* Remittances from the United States to Great Britain and Ireland, 1848-87 are given in *Parliamentary Papers of Great Britain*, 1888, Vol. 107, p. 18, from which the figures for 1848-60 were derived. The figures for 1823-47, inclusive, were derived by averaging per capita remittances where the immigration of the third year before was divided into each annual remittance total for 1844-61 for immigration and 1847-64 for remittances. (For the purpose of this calculation remittances in 1847 were taken as \$974,000.) The average per capita remittance, \$28.08 for 1820-34 and \$28.49 for 1835-48, was applied to immigration from England and Ireland, 1820-45, and the result recorded for each year three years after the immigration year. *Col. 6*—Calculated with a \$20.00 per capita remittance, and the series advanced three years. *Col. 7*—Assumed to be \$150,000 for 1820, 1821, and 1822.

*Cols. 8-10:* Explained in the text.

CHART B-1

Immigrants from Great Britain and Ireland Graphed with a Three-year Lag Against Remittances from America to Great Britain and Ireland, 1844-1861 for Immigrants and 1847-1864 for Remittances



Source: Immigration, *Historical Statistics*, Series B 306-307; total remittances, *Parliamentary Papers*, Sess: 1888, Vol. 107, p. 18.

countries and particularly Germany. There is no way of knowing whether the same relationship existed or not, since I know of no series on remittances to Germany during this period. German immigrants were better off, and it is doubtful if the need for passage money was as desperate as it was with the Irish. However, many German families were poor, and a lag between arrival and remittances certainly existed. For lack of other information, I assumed the same lag, but estimated a smaller per capita figure because the need was less pressing, allowing \$20 per capita lagged three years. Table B-3, cols. 5-7, presents the estimates for remittances to the United Kingdom, to other countries, and the total.<sup>68</sup>

### *Tourist Expenditures*

Tourist expenditures become a significant debit item during this period particularly in the last two decades. While there are no figures on tourists *per se* there are figures on U.S. citizens returning to this country, although they undoubtedly are somewhat low since they do not include U.S. citizens who remained abroad. Even more tenuous is the amount that tourists spent per capita. Since they usually traveled in U.S. ships, our figure need cover only what they spent abroad. Bullock, Williams, and Tucker (p. 220) quoted Kettell in *Eighty Years Progress* to the effect that the average expenditure abroad was \$1,200. David Wells (p. xxxi) estimated it at \$1,000. However, Simon's careful investigation suggests that such per capita estimates are exaggerated. I have been guided by his research and have reduced the figure to \$750 per capita.<sup>69</sup> I have taken the returning passengers to the United States and allowed a 3 per cent addition for those remaining abroad.

Before 1856 transient aliens were not separated from immigrants in our statistics of arrivals. A comparison made from 1856-66 indicates that U.S. immigrants composed 98.5 per cent of the total, and the official figure for the period is that foreign nonimmigrant aliens made up 2 per cent of total alien arrivals.<sup>70</sup> However, Simon's investigation indicates that an actual breakdown of these nonimmigrant aliens shows that many of them were migratory laborers or immigrants in transit elsewhere, and that only one-fourth were actual tourists. I assumed that these nontourists would be fewer in my period or half the total non-immigrant aliens, 1840-60. This is 1 per cent of immigrants. Before

<sup>68</sup> Simon arrives at approximately the same per capita remittance figures for the early period of his study using different evidence from that advanced here, which tends to lend support to these per capita figures.

<sup>69</sup> This figure is somewhat higher than Simon's for the 1860's. In the 1840's and 1850's the shift from sail to steam was still going on, and I think European travel lasted longer and was more of a luxury than during his period.

<sup>70</sup> *International Migrations*, Vol. II, *Interpretations*, Walter F. Willcox, ed., National Bureau of Economic Research, 1931, Appendix II, "Critique of Official United States Immigration Statistics," by Marian Davis, p. 648.

1840 I think the 2 per cent tourist figure is probably justified since proportionately tourists would be a greater percentage of alien arrivals then. At that time foreigners usually came on U.S. ships, and hotel expenses and other tourist costs were higher here than abroad, and so I allowed the higher per capita figure of \$1,000 to cover their dollar expenditures. The figures are presented in Table B-3, cols. 8-10.

#### INTEREST

While the declared rate of interest on U.S. indebtedness is, for the most part, ascertainable, the actual rate paid may have been significantly different. There is no way that I know of solving this problem precisely. My method was to use the declared rate primarily as a guide, modifying it to reflect descriptive accounts of the period.

With exceptions to be noted below, I used a general rate of  $5\frac{1}{2}$  per cent of aggregate indebtedness, 1820-48. This rate is based upon the interest on public debt (federal, state, and city) as revealed in the 1843 investigation of public debt.<sup>71</sup> The declared annual interest on \$279 million of public debt was \$14.8 million or approximately 5.3 per cent. This is somewhat higher than the rate upon state debts, which comprised the bulk of foreign public securities, since much more of that was at 5 per cent than at 6 per cent. However, I have raised the over-all rate to 5.5 per cent to take account of the higher rate paid upon private securities. For 1837, 1838, and 1840, I allowed only 4 per cent to take account of the depressions. For 1841-44, I allowed an interest rate of 3 per cent to take into account default on almost half of the debt. For 1845-47, with Pennsylvania and then Maryland renewing interest payments I allowed a rate of 4 per cent, or interest on approximately two-thirds of the debt. With the changing composition of indebtedness from 1848 on, I increased the rate to 6 per cent, 1848-51, and 6.5 per cent after 1851. The coupon rate on railroad bonds was typically 7 per cent, and such bonds were an increasing percentage of aggregate indebtedness in the 1850's. For the panic years 1857-58 I reduced the rate to 4 per cent again. The interest rate used and the annual interest charge paid to foreigners is presented in Table B-4.

#### OTHER ITEMS

##### *Ship Sales*

The sale of ships is a small but persistent credit item. Following Bullock, Williams, and Tucker (p. 218) I estimated the price at \$50 per ton. Actually this probably understates earnings from 1837-57 because of higher prices of building materials and brisk foreign demand.<sup>72</sup> But

<sup>71</sup> *Report on State Debts*, 27th Cong., 3d sess., H.R. 296, 1843.

<sup>72</sup> *Historical Statistics*, Series L-10 (Snyder-Tucker index of building materials), p. 232.



BALANCE OF PAYMENTS

TABLE B-4

Interest Rates and Payments on Balances of Foreign Indebtedness, 1820-1860  
(dollars in thousands)

<i>Fiscal Year</i>	<i>Interest Rate</i> (1)	<i>Interest Payment</i> (2)	<i>Fiscal Year</i>	<i>Interest Rate</i> (1)	<i>Interest Payment</i> (2)
1820	5.5%	\$4,807	1840	4.0%	\$11,888
1821	5.5	4,770	1841	3.0	7,993
1822	5.5	4,495	1842	3.0	7,860
1823	5.5	4,955	1843	3.0	7,313
1824	5.5	4,845	1844	3.0	6,648
1825	5.5	4,792	1845	4.0	8,674
1826	5.5	4,416	1846	4.0	8,490
1827	5.5	4,559	1847	4.0	11,621
1828	5.5	4,011	1848	6.0	11,759
1829	5.5	4,637	1849	6.0	11,594
1830	5.5	4,557	1850	6.0	13,326
1831	5.5	4,121	1851	6.0	14,978
1832	5.5	4,894	1852	6.5	19,589
1833	5.5	5,268	1853	6.5	21,870
1834	5.5	6,007	1854	6.5	22,677
1835	5.5	7,042	1855	6.5	22,320
1836	5.5	8,693	1856	6.5	23,156
1837	4.0	8,812	1857	4.0	14,677
1838	4.0	9,715	1858	4.0	15,332
1839	5.5	13,648	1859	6.5	23,416
			1860	6.5	25,122

*Col. 1:* Explained in the text. *Col. 2:* Calculated from the cumulative balance in Table B-5.

the difference in earnings resulting from estimating at \$55 or even \$60 for a few years is too small to be significant.

*Debt Default*

The default of U.S. capital indebtedness in the 1840's was a significant item which cannot be estimated accurately. The losses to foreigners include not only repudiation by Mississippi, Florida, and Michigan (partial), but also the collapse of the United States Bank. In 1841, 197,551 shares in the bank were held in Europe.<sup>73</sup> In addition there were foreign holdings of securities in railroads, banks, and private canal companies which went bankrupt. *The London Times* (April 7, 1854) estimated that foreign investors lost \$40 million, but the well-known bias of that journal against U.S. securities makes the estimate

<sup>73</sup> Leland Jenks, *The Migration of British Capital to 1875*, Knopf, 1927, p. 95, quoting Hazard III, 282.

TABLE B-5  
Balance of Payments of the United States, 1820-1860  
(millions of dollars)

<i>Fiscal Year</i>	<i>Trade and Specie Balance</i> (1)	<i>Freight Earnings</i> (2)	<i>Ship Sales</i> (3)	<i>Immigrant Funds</i> (4)	<i>Immigrant Remittances</i> (5)	<i>Tourist Balance</i> (6)	<i>Interest on Balance</i> (7)	<i>Net Balance</i> (8)	<i>Cumulative Balance</i> (9)
1820	-4.8	10.7	0.3	0.7	-0.2	-1.3	-4.8	0.7	86.7
1821	2.5	8.0	0.4	0.8	-0.2	-1.8	-4.8	5.0	81.7
1822	-11.1	7.6	0.3	0.6	-0.2	-1.1	-4.5	-8.3	90.1
1823	-2.9	10.3	0.5	0.6	-0.2	-1.3	-5.0	2.0	88.1
1824	-4.6	10.4	0.6	0.7	-0.2	-1.2	-4.8	1.0	87.1
1825	3.2	9.0	0.5	0.9	-0.1	-1.9	-4.8	6.8	80.3
1826	-7.4	9.8	0.7	1.0	-0.1	-2.2	-4.5	-2.6	82.9
1827	2.8	11.0	1.0	1.7	-0.1	-1.9	-4.6	10.0	72.9
1828	-16.3	7.6	0.7	2.4	-0.2	-1.6	-4.0	-11.4	84.3
1829	-2.1	7.4	0.2	2.0	-0.3	-1.1	-4.6	1.5	82.8
1830	3.0	8.1	0.5	2.1	-0.4	-0.7	-4.6	7.9	74.9
1831	-21.9	10.6	0.5	2.0	-0.6	-0.5	-4.1	-14.1	89.0
1832	-15.8	8.3	0.3	5.3	-0.3	0.3	-4.9	-6.8	95.7
1833	-20.0	6.5	0.1	5.2	-0.2	0.2	-5.3	-13.5	109.2
1834	-24.4	6.6	0.2	5.8	-0.3	-0.7	-6.0	-18.8	128.0
1835	-30.9	5.9	0.4	4.0	-0.7	-1.7	-7.0	-30.0	158.1
1836	-64.8	6.9	0.5	6.7	-0.7	-2.1	-8.7	-62.2	220.3
1837	-26.2	8.8	0.5	7.0	-1.2	-2.7	-8.8	-22.6	242.9
1838	-8.1	14.0	0.3	3.4	-1.1	-4.0	-9.7	-5.3	248.1
1839	-44.2	8.0	0.3	6.0	-1.8	-3.7	-13.6	-49.1	297.2
1840	23.0	20.0	0.7	6.2	-1.8	-5.4	-11.9	30.8	266.4
1841	-8.6	9.0	0.6	5.2	-0.8	5.0	-8.0	-7.6	262.0
1842	2.6	9.4	0.4	7.2	-1.6	-3.9	-7.9	6.2	243.8
1843	18.7	10.9	0.4	4.0	-2.0	-2.6	-7.3	22.2	221.6
1844	1.5	9.7	0.4	5.8	-2.0	-4.0	-6.6	4.7	216.8
1845	-4.9	14.0	0.4	8.7	-2.6	-3.1	-8.7	3.8	213.0
1846	-12.9	12.2	0.5	12.5	-1.2	-1.7	-8.5	0.8	212.2
1847	7.2	12.6	0.9	17.4	-1.9	-1.1	-8.5	26.6	193.7
1848	-6.9	11.0	0.6	15.8	-3.1		-11.6	5.7	196.0
1849	-7.8	10.6	0.6	19.7	-4.1	0.9	-11.8	8.3	193.2
1850	-33.2	4.5	0.7	26.4	-6.7	-4.7	-11.6	-24.6	222.1
1851	-6.3	15.6	0.8	24.2	-6.2	-18.9	-13.3	-4.1	229.6
1852	-11.6	8.6	0.9	28.4	-8.3	-16.2	-14.9	-13.0	245.8
1853	-47.6	9.7	0.5	27.9	-8.9	-21.3	-16.0	-55.6	301.3
1854	-38.2	13.0	3.0	38.0	-10.4	-20.9	-19.6	-35.1	343.3
1855	3.4	14.1	3.3	17.0	-7.5	-20.9	-22.3	-12.8	356.3
1856	0.1	18.1	2.1	16.7	-7.9	-16.5	-23.2	-10.7	366.9
1857	-11.9	7.6	2.6	21.7	-7.8	-14.0	-14.7	-16.4	383.3
1858	31.5	14.2	1.3	10.6	-4.1	-15.1	-15.3	23.1	360.2
1859	4.8	10.4	1.5	10.0	-4.3	-25.2	-23.4	-26.2	386.5
1860	23.8	18.4	0.9	12.5	-4.7	-18.5	-25.1	7.3	379.2

*Col. 1:* Table B-1, col. 7. *Col. 2:* Table B-2, col. 13. *Col. 3:* Explained in the text. *Col. 4:* Table B-3, col. 4. *Col. 5:* Table B-3, col. 7. *Col. 6:* Table B-3, col. 10. *Col. 7:* Table B-4, col. 2. *Col. 9:* Initial figure and allowances for debt default and expenditures and indemnities resulting from the Mexican War and the Gadsden Purchase are explained in the text.

likely to be extravagant. I allowed \$24 million, divided equally between 1841 and 1842.

#### *Mexican War and Gadsden Purchase*

A final item is the expenditures and indemnities resulting from the Mexican War. The indemnities paid were \$5.5 million in 1849, \$4.3 million in 1850, \$3.4 million in 1851, and \$3.2 million in 1852. There was an additional sum spent in Mexico during the campaign. Bullock, Williams, and Tucker (p. 220) allowed a total of \$25 million to cover both the indemnities and foreign expenditures. However, they only allow for the first indemnity which makes their figure for expenditures almost \$20 million. I have allowed \$8 million in 1847 and \$8 million in 1848 for a total of \$16 million expenditure in Mexico. We paid Mexico an additional \$7 million in 1854 for the Gadsden Purchase.

Table B-5 presents the balance of payments and B-12 the foreign capital indebtedness of the United States, 1820-60.

### APPENDIX C

#### *Direct Estimates of United States Foreign Indebtedness, 1790-1860*

Table C-1 presents stock estimates of U.S. indebtedness for particular years. It is certainly not comprehensive, but the best I have come across. I have omitted some like Ezra Seaman's which are really crude balance of payments statements, and others which upon investigation were obviously uninformed (and usually highly prejudiced) guesses.<sup>74</sup> The estimates seldom include direct investment and none of them take into account U.S. foreign investment during this period. Appendix C is designed to set forth information about the wide variation in quality of these figures.

Blodget gave no source for his figures on private indebtedness although he cited official sources for the public securities. Moreover he did not include foreign debt (which accounts for the difference between his figure and that of Cleona Lewis). However, his estimate is probably a rather careful contemporary one and merits consideration.

Cleona Lewis arrives at an aggregate estimate of \$75 million in 1803 (p. 152) by allowing \$23 million for short-term debt. While no source is cited, this is a reasonable estimate based upon Callendar's discussion (see Appendix A). While far from ideal these two estimates are the best available bench marks of foreign indebtedness for the early period.

<sup>74</sup> Ezra Seaman, *Progress of Nations*, Baker and Scribners, 1846, pp. 266-269, and *Hunt's Merchants' Magazine*, December 1857.

U.S. BALANCE OF PAYMENTS, 1790-1860

TABLE C-1  
Direct Estimates of United States Foreign Indebtedness, 1790-1860  
(millions of dollars)

Fiscal Year	SECURITIES			SHORT-TERM INDEBTEDNESS	TOTAL	SOURCE
	Public	Private	Total			
1803	43	16	59			Blodget
1803	52		52	23	75	Lewis
1818	25					Seybert
1821			30			<i>Niles Register</i>
1824			38			<i>Niles Register</i>
1836	50					Webster
1836				85-100		<i>London Morning Chronicle</i>
1837			200			N.Y. State Comptroller
1837				60		Jenks
1838			110			<i>Niles Register</i>
1839	125	75	200	85	285	Callendar
1843	150					United States Congress
1843			197	28	225	Lewis
1851			225			<i>New York Times</i>
1852			300			<i>London Times</i>
1853	121	63	184			United States Congress
1853	159	63	222			Winslow and Lanier Co.
1853			225	155	380	Lewis
1854			230			Marie and Kanz
1856			203			United States Treasury
1857			500			<i>London Times</i>
1857			300			<i>American Railroad Journal</i>
1857			250	150	400	Seaman
1857				155		Lewis

For the exact citations of the sources, see the text and the text footnotes.

Seybert's figure for 1818 (p. 757) is only for the U.S. public debt and does not include the other items (particularly short-term mercantile debt) which were so important in increasing aggregate indebtedness during the years after the 2nd War with England.

The two quotations from *Niles Register* in the 1820's are rather characteristic of published statements of the amounts of U.S. securities

believed held in England.<sup>75</sup> Neither statement, however, provides any basis for careful evaluation.

The rapid increase in our foreign indebtedness in the 1830's occasioned widespread comment on both sides of the Atlantic. Webster's statement came in a Senate speech of May 31, 1836, in which he commented upon the effect of foreign capital upon the American economy and said "I suppose there may be fifty millions of state securities now owned in Europe." The following year (1837) the Comptroller of the State of New York estimated total securities indebtedness at \$200 million. This was criticized in the *Annual Circular* of Marie and Kanz, Continental brokers, as being \$50 million too high on the grounds that state debts only amounted to \$123 million that year.<sup>76</sup>

In 1838 testimony was given to the House of Representatives to the effect that \$110 million in securities were held abroad. This was an itemized breakdown by states and private securities.<sup>77</sup> This figure is somewhat low in the light of other estimates of individual holdings of these stocks.<sup>78</sup>

The 1839 estimate of Callendar assumes that \$125 million or a little more than half of state debts of \$232 million was held abroad.<sup>79</sup> His private security holdings are based on an estimate of \$27 million of U.S. bank stock, allowance for the Camden and Amboy railroad stock, plus the individual private securities listed in the 1838 testimony to Congress. His allowance for short-term debt of \$80-90 million is based upon English sources.

The mercantile debt was discussed in several English sources. The quotation from the *London Morning Chronicle* of March 22, 1837, is as follows, "More than one of the leading houses of this [the U.S.] trade has now upward of £3,000,000 acceptances in circulation. In November last [1836] the acceptances of the firms in the American trade at Liverpool and in London amounted to about £20,000,000, but they are now reduced to about £12,000,000 and this has to be borne by about 6 or 7 houses; for although there are, of course, many more engaged in commerce with America, the others are comparatively of unimportance."<sup>80</sup>

<sup>75</sup> *Niles Register*, 1821, Vol. 20, p. 273 (quoted from an English source), and 1824, Vol. 26, p. 248 (converted from pounds at \$4.44). C. K. Hobson (*The Export of Capital*, London, 1914, p. 105) cites a contemporary English source to the effect that between 1816 and 1825 England imported £9 million of U.S. securities.

<sup>76</sup> Webster, *Works*, Vol. 4, p. 261. The estimate of short-term indebtedness for the same year, 1836, appeared in the March 22, 1837, issue of the *London Morning Chronicle*.

<sup>77</sup> *Niles Register*, 1838, Vol. 54, p. 322.

<sup>78</sup> See Jenks, ch. III, note 31, p. 86, which quotes from the *Edinburgh Review*. He lists several direct investments as well as security holdings. Callendar (p. 48) also itemizes larger foreign holdings of private securities.

<sup>79</sup> Guy S. Callendar, *English Capital and American Resources*, Ph.D. thesis, Harvard, 1897.

<sup>80</sup> Quoted in *Niles Register*, Vol. 52, p. 132.

The *Edinburgh Review* (Vol. 65, p. 235) listed the outstanding acceptances of three houses for 1834-37 as 1834, £2,354,000; 1835, £2,044,000; 1836, £3,721,000; and 1837, £5,573,000; and (p. 231) estimated acceptances of the seven major houses in 1835-36 at £15-16 million.

Actually the range of estimates for this period of heavy capital inflow (1836-39) is rather narrow. The contemporary sources all discuss a heavy capital inflow in 1835-37, a pause with the panic of that year, and then a renewed inflow in 1838-39. For 1837-38 the two figures of \$110 and \$200 million in securities are both clearly extreme figures, and the estimate of Marie and Kanz of \$150 million is probably rather close. The 1839 figure of Callendar's of approximately \$200 million in securities is also certainly not far off. The short-term estimates are the most complete of any during the whole period.

In 1843 a Congressional investigation of public debt put the total figure at \$279 million of which state liabilities were \$231 million.<sup>81</sup> The same source estimated that \$150 million of this debt was held abroad. Considering the earlier analyses of foreign holdings of public debt this figure is probably rather accurate. Cleona Lewis (pp. 520-521) adds another \$47 million for foreign holdings of private securities based upon the earlier analysis of foreign holdings.<sup>82</sup> A further estimate of short-term debt as one-third of the 1836 figure, or \$28 million, rounds out the total estimate of \$225 million presented for 1843. She concludes that any inflation of the securities figure as a result of repudiation is probably compensated by an understatement of the short-term debt.

While the direct estimates of U.S. indebtedness in the 1830's are reasonably consistent with each other, the range of estimates in the next period of capital inflow, the 1850's, varies widely and has been responsible for widely divergent views of the importance of foreign capital in the United States. The estimates presented in Table C-1 from the *New York Times* (November 25, 1851) and the *London Times* (September 10, 1857) for 1851 and 1852 are indicative of the extravagant published accounts of U.S. securities held abroad.

The best bench mark for the period is the 1853 investigation into foreign security holdings.<sup>83</sup> This was a detailed investigation of the amount of securities built up from tabulation of foreign holdings of U.S., state, municipal, and private companies. Its coverage of private holdings included 985 banks, 75 insurance companies, 244 railroads, 16 canal and navigation companies, and 15 miscellaneous companies. The difference between the figure of Congress and that of Winslow and Lanier, quoted in the same document, is in the amount of state

<sup>81</sup> 27th Cong., 3d sess., H.R. 296, March 1843. However, the figure includes Florida and Mississippi debts which were repudiated.

<sup>82</sup> She includes U.S. Bank holdings despite the fact that it had finally closed its doors by then.

<sup>83</sup> 33d Cong., 1st sess., S. Exec. Doc. 42, March 2, 1853.

stocks. The figures of the private firm include the repudiated debt of Mississippi and Michigan (although not that of the territory of Florida). Therefore if the Congressional figure is too low the figure for the private firm is too high. On the other hand the securities figure of \$63 million appears somewhat low.<sup>84</sup> On balance the total of Winslow and Lanier of \$222 million appears reasonable. Even the *London Times* (April 7, 1854) in the course of severely criticizing the Congressional estimate for not including repudiated debts goes on to say, "The total of all kinds of United States Securities abroad may therefore be assumed to be little short of £45,000,000."

Cleona Lewis (p. 560) takes the figure of \$225 million for security indebtedness (based on Winslow and Lanier estimate) and adapts a short-term figure of \$155 million derived from 1857. She says that any difference between 1853 and 1857 would be made up by direct investment. However, an examination of the source of this estimate does not support such a view. The estimate is contained in a footnote and is a passage of a letter from Hayward to Gladstone on November 27, 1857, which reads as follows: "The Commercial panic in London has abated; but Kirkman Hodgson told me that the Americans owed us £32,000,000 on the balance, much of which would never be paid. Peabody was very hard run having £800,000 to pay on one day. The crisis was chiefly due to overtrading of the Americans, and became so severe that the government suspended for a time the Bank Charter of 1844."<sup>85</sup> The clear implication is that short-term debt piled up during the speculation of 1856-57 and that it was considerably less in prior years. In short a figure of \$155 million short-term debt and thereby \$380 million aggregate debt in 1853 appears too high.

The 1854 figure of Marie and Kanz, continental brokers (quoted in the *American Railroad Journal*, 1855, p. 55) mentions no source but is probably based upon the 1853 study.

The 1856 figure of the Secretary of the Treasury in his *Report on Finances* gives no sources for the itemized breakdown, but a comparison of the figures show three differences. The 1856 statement gives a figure of \$15 million in U.S. stock held by foreigners compared to \$27 million in the earlier study, the 1856 figures for railroads is \$73,871,000 in bonds and \$9,000,000 in stocks (360 railroads reporting) compared with \$43,888,752 in bonds and \$8,244,025 in stocks (244 companies reporting) for the earlier figure. Clearly all but these three figures were copied from the earlier report. In commenting on these figures the *American Railroad Journal* (1857, p. 666) points out, "It is right to add that all the

<sup>84</sup> The *American Railroad Journal* (1856) credits the Germans (who predominated during the early years of this capital inflow) with purchasing \$42 million in securities, 1848-51, the bulk of them in railroads. The *Banker's Magazine* in London estimates as much as \$90 million in railroad securities was held abroad (Vol. 13, p. 693, and Vol. 14, pp. 601-608).

<sup>85</sup> J. L. M. Curry, *A Brief Sketch of George Peabody*, 1898, p. 8.

returns were not obtained, but making the most liberal allowance for absent accounts it may be fairly inferred the entire amount of stock held in Europe does not exceed \$300,000,000.

The *London Times* (September 10, 1857) conjectured that U.S. securities held abroad totaled £80 to 100 million. This figure is clearly too high, but it has provided a basis for some of the views of U.S. foreign indebtedness during this period of capital inflow.

The estimate of Ezra Seaman in *Hunt's Merchants' Magazine* (December 1857, p. 664) is on top of a rough balance of payments estimate in which he has an aggregate indebtedness of \$393.5 million in 1857. He goes on to say that U.S. debt was certainly not \$450 million, maybe \$425 million, but at least \$400 million. He considered that over one-third of it was mercantile debt and almost two-thirds securities indebtedness which accounts for the figures of \$150 million and \$250 million respectively. Cleona Lewis's (p. 522) estimate of short-term indebtedness in 1857 at \$155 million was discussed above.



