TABLE 6. VALUES OF R, THE INDEX OF DOMESTIC FACTOR GAINS, AND ITS MAJOR COMPONENTS FOR DIFFERENT REGIONS/COUNTRIES

| Region and Country | R | w/f | $t_1/f$ | $t_2/f$ | $p_1/f$ | $p_2/f$ |
|---|---|---|---|---|---|---|
| All areas, total | 2.42 | 1.3 | 0.4 | 0.5 | 0.03 | 0.05 |
| Canada | 3.62 | 2.4 | 0.2[a] | 0.5 | 0.10 | 0.09 |
| Latin American Republics, total | 1.66[a] | 0.8[a] | 0.3[a] | 0.4[a] | 0.01[a] | 0.02[a] |
| Mexico, Central America & West Indies, total | 2.27[a] | 1.4 | 0.4 | 0.3[a] | 0.01[a] | 0.01[a] |
| Cuba | 2.22[a] | 1.4 | 0.4 | 0.3[a] | 0.01[a] | 0.01[a] |
| Dominican Republic | 3.11 | 1.1[a] | 1.4 | 0.4[a] | 0.01[a] | 0.02[a] |
| Guatemala | 5.81 | 3.7 | 1.5 | 0.2[a] | 0.01[a] | 0[b] |
| Honduras | 2.79 | 2.1 | 0.2[a] | 0.1[a] | 0[b] | 0.01[a] |
| Mexico | 3.00 | 1.8 | 0.4 | 0.6 | 0.01[a] | 0.02[a] |
| Panama | 0.63[a] | 0.4[a] | 0.1[a] | 0.1[a] | 0.03 | 0.01[a] |
| Other countries | 1.98[a] | 1.1[a] | 0.6[a] | 0.1[a] | 0.01[a] | 0.03[a] |
| South America, total | 1.50[a] | 0.6[a] | 0.3[a] | 0.4[a] | 0.01[a] | 0.03[a] |
| Argentina | 2.20[a] | 1.4 | 0.4 | 0.3[a] | 0.01[a] | 0.01[a] |
| Brazil | 2.32[a] | 1.3 | 0.5 | 0.3[a] | 0.01[a] | 0.01[a] |
| Chile | 2.23[a] | 0.9[a] | 0.1[a] | 1.0 | 0.01[a] | 0.02[a] |
| Colombia | 2.17[a] | 1.2[a] | 0.2[a] | 0.5 | 0[b] | 0.01[a] |
| Peru | 1.52[a] | 0.9[a] | 0.2[a] | 0.2[a] | 0.01[a] | 0.02[a] |
| Venezuela | 1.12[a] | 0.4[a] | 0.3[a] | 0.3[a] | 0[b] | 0.03[a] |
| Other countries | 1.14[a] | 0.4[a] | 0.5 | 0.1[a] | 0.01[a] | 0.01[a] |
| Western Hemisphere dependencies, total | 0.92[a] | 0.5[a] | 0.1[a] | 0.2[a] | 0.03 | 0.01[a] |
| British dependencies | 0.74[a] | 0.3[a] | 0.1[a] | 0.1[a] | 0.03 | 0.01[a] |
| Other European dependencies | 2.07[a] | 1.5 | 0.04[a] | 0.4[a] | **[b] | 0.02[a] |
| Europe, total | 4.28 | 2.2 | 1.2 | 0.6 | 0.04 | 0.04[a] |
| Common Market, total | 4.76 | 2.1 | 1.8 | 0.5 | 0.03 | 0.03[a] |
| Belgium and Luxembourg | 2.78 | 1.6 | 0.7 | 0.2[a] | 0.05 | 0.03[a] |
| France | 5.66 | 2.4 | 2.4 | 0.6 | 0.03 | 0.03[a] |
| Germany | 3.96 | 2.1 | 1.0 | 0.5 | 0.03 | 0.03[a] |
| Italy | 6.74 | 2.1 | 3.9 | 0.4[a] | 0.02 | 0.02[a] |
| Netherlands | 2.98 | 1.1[a] | 0.9 | 0.7 | 0.03 | 0.05 |
| Other Europe, total | 3.88 | 2.3 | 0.7 | 0.6 | 0.04 | 0.04[a] |
| Denmark | 4.08 | 1.5 | 2.0 | 0.3[a] | 0.04 | 0.04[a] |
| Norway | 5.74 | 2.7 | 1.9 | 0.5 | 0.02 | 0.02[a] |
| Spain | 3.39 | 2.3 | 0.2 | 0.6 | 0.04 | 0.05 |
| Sweden | 5.95 | 2.8 | 2.2 | 0.6 | 0.05 | 0[b] |
| Switzerland | 3.07 | 1.7 | 0.9 | 0.3[a] | 0.01[a] | 0.06 |
| United Kingdom | 3.85 | 2.3 | 0.7 | 0.7 | 0.01[a] | 0.04[a] |
| Other countries | 3.66 | 1.8 | 0.8 | 0.6 | 0.02 | 0.04[a] |

see p. 39

| Region and Country | R | w/f | $t_1/f$ | $t_2/f$ | $p_1/f$ | $p_2/f$ |
|---|---|---|---|---|---|---|
| Africa, total | 1.92[a] | 0.9[a] | 0.4 | 0.5 | 0.01[a] | 0.01[a] |
| North Africa, total | 2.42 | 0.9[a] | 0.8 | 0.5 | 0[b] | 0.02[a] |
| Egypt, U.A.R. | 1.13[a] | 0.9[a] | 0.1[a] | **[b] | 0.01[a] | 0.02[a] |
| Other countries | 2.72 | 1.0[a] | 1.5 | 0.1[a] | 0.01[a] | 0.01[a] |
| East Africa | 2.32 | 1.1[a] | 0.8 | 0.2[a] | 0.01[a] | 0.01[a] |
| West Africa | 0.92[a] | 0.4[a] | 0.2[a] | 0.2[a] | 0.01[a] | 0.01[a] |
| Central and South Africa | 1.43[a] | 0.6[a] | 0.2[a] | 0.5 | 0.01[a] | 0.02[a] |
| Rhodesia and Nyasaland | 2.23[a] | 0.5[a] | 0.1[a] | 1.1 | 0.02[a] | 0.21 |
| Union of South Africa | 1.87[a] | 0.8[a] | 0.1[a] | 0.6 | 0.10 | 0.17 |
| Other countries | 1.32[a] | 0.7[a] | 0.4 | **[b] | 0.01[a] | 0.01[a] |
| Asia, total | 1.12[a] | 0.4[a] | 0.2[a] | 0.6 | 0.004[a] | 0.02[a] |
| Middle East | 0.93[a] | 0.1[a] | 0.1[a] | 0.6 | 0.02[a] | 0.01[a] |
| Far East, total | 2.42[a] | 1.2[a] | 0.7 | 0.4 | 0.01[a] | 0.01[a] |
| India | 4.22 | 1.6 | 1.7 | 0.7 | 0.01[a] | 0.01[a] |
| Japan | 3.22 | 1.9 | 0.7 | 0.4 | 0[b] | 0.20 |
| Philippine Republic | 2.02[a] | 1.1[a] | 0.5 | 0.3[a] | 0.01[a] | 0.01[a] |
| Other countries | 2.23[a] | 0.9[a] | 0.7 | 0.5 | 0.02[a] | 0.01[a] |
| Oceania, total | 2.48 | 1.2[a] | 0.4 | 0.5 | 0.05 | 0.13 |
| Australia | 2.19[a] | 1.2[a] | 0.3[a] | 0.4[a] | 0.05 | 0.04[a] |
| New Zealand | 3.50 | 1.2[a] | 1.4 | 0.7 | 0.02[a] | 0.08 |
| Other countries | 1.38[a] | 0.3[a] | 0.7 | **[b] | 0.08 | 0[b] |
| International | 0.26[a] | 0.1[a] | **[b] | 0.03[a] | 0.02[a] | 0.01[a] |

[a]Below world average.

[b]Negligible value.

Note: As in the next table, we do not report the residual, d'/f, since it is given by

$$d'/f = R - w/f - t_1/f - t_2/f - p_1/f - p_2/f.$$

Table 7. VALUES OF $R^{**}$, ADJUSTED FOR UNDISTRIBUTED PROFITS, AND ITS MAJOR COMPONENTS FOR DIFFERENT REGIONS/COUNTRIES

| Region and Country | $R^{**}$ | $w/f^{**}$ | $t_1/f^{**}$ | $t_2/f^{**}$ | $p_1/f^{**}$ | $p_2/f^{**}$ |
|---|---|---|---|---|---|---|
| All areas, total | 3.20 | 1.7 | 0.6 | 0.6 | 0.04 | 0.06 |
| Canada | 5.27 | 3.5 | 0.3[a] | 0.8 | 0.14 | 0.13 |
| Latin American Republics, total | 2.13[a] | 1.0[a] | 0.4[a] | 0.5[a] | 0.01[a] | 0.02[a] |
| Mexico, Central America & West Indies, total | 3.14[a] | 1.9 | 0.6 | 0.4[a] | 0.02[a] | 0.02[a] |
| Cuba | 3.14[a] | 2.0 | 0.5[a] | 0.4[a] | 0.02[a] | 0.02[a] |
| Dominican Republic | 3.34 | 1.1[a] | 1.5 | 0.5[a] | 0.01[a] | 0.03[a] |
| Guatemala | 9.32 | 6.0 | 2.4 | 0.3[a] | 0.02[a] | 0[b] |
| Honduras | 3.02[a] | 2.2 | 0.2[a] | 0.1[a] | 0[b] | 0.02[a] |
| Mexico | 3.53 | 2.1 | 0.5[a] | 0.7 | 0.01[a] | 0.02[a] |
| Panama | 1.70[a] | 1.2[a] | 0.1[a] | 0.2[a] | 0.07 | 0.03[a] |
| Other countries | 2.24[a] | 1.2[a] | 0.7 | 0.1[a] | 0.01[a] | 0.03[a] |
| South America, total | 1.64[a] | 0.7[a] | 0.3[a] | 0.4[a] | 0.01[a] | 0.03[a] |
| Argentina | 3.22 | 2.0 | 0.6 | 0.4[a] | 0.01[a] | 0.01[a] |
| Brazil | 3.12[a] | 1.8 | 0.7 | 0.4[a] | 0.01[a] | 0.01[a] |
| Chile | 2.43[a] | 1.0[a] | 0.1[a] | 1.1 | 0.01[a] | 0.02[a] |
| Colombia | 2.21[a] | 1.2[a] | 0.2[a] | 0.5[a] | 0[b] | 0.01[a] |
| Peru | 1.83[a] | 1.1[a] | 0.2[a] | 0.3[a] | 0.01[a] | 0.02[a] |
| Venezuela | 1.23[a] | 0.4[a] | 0.3[a] | 0.4[a] | 0.003[a] | 0.03[a] |
| Other countries | 1.12[a] | 0.4[a] | 0.5[a] | 0.1[a] | 0.01[a] | 0.01[a] |
| Western Hemisphere dependencies, total | 2.18[a] | 1.3[a] | 0.1[a] | 0.4[a] | 0.06 | 0.02[a] |
| British dependencies | 1.99[a] | 0.9[a] | 0.1[a] | 0.4[a] | 0.07 | 0.02[a] |
| Other European dependencies | 2.16[a] | 1.5[a] | 0.04[a] | 0.4[a] | **[b] | 0.02[a] |
| Europe, total | 6.36 | 3.3 | 1.8 | 0.9 | 0.06 | 0.06 |
| Common Market, total | 6.88 | 3.0 | 2.6 | 0.8 | 0.04 | 0.04[a] |
| Belgium and Luxembourg | 5.36 | 3.0 | 1.4 | 0.5[a] | 0.10 | 0.06 |
| France | 8.60 | 3.6 | 3.6 | 0.9 | 0.05 | 0.05[a] |
| Germany | 5.78 | 3.0 | 1.5 | 0.7 | 0.04 | 0.04[a] |
| Italy | 8.74 | 2.7 | 5.0 | 0.6 | 0.02[a] | 0.02[a] |
| Netherlands | 4.11 | 1.6[a] | 1.3 | 0.9 | 0.05 | 0.06 |
| Other Europe, total | 5.92 | 3.5 | 1.1 | 1.0 | 0.06 | 0.06 |
| Denmark | 6.22 | 2.3 | 3.1 | 0.4[a] | 0.06 | 0.06 |
| Norway | 6.24 | 3.0 | 2.1 | 0.6 | 0.02[a] | 0.02[a] |
| Spain | 4.72 | 3.3 | 0.3 | 0.8 | 0.05 | 0.07 |
| Sweden | 8.94 | 4.3 | 3.3 | 0.9 | 0.04 | 0[b] |
| Switzerland | 3.80 | 2.0 | 1.1 | 0.4[a] | 0.02[a] | 0.08 |
| United Kingdom | 6.09 | 3.6 | 1.1 | 1.1 | 0.02[a] | 0.07 |
| Other countries | 4.57 | 2.3 | 1.0 | 0.8 | 0.02[a] | 0.05[a] |
| Africa, total | 3.32 | 1.4[a] | 0.7 | 0.9 | 0.01[a] | 0.01[a] |
| North Africa, total | 2.12[a] | 1.0[a] | 0.8 | 0.1[a] | 0[b] | 0.02[a] |

| Region and Country | R** | w/f** | $t_1/f$** | $t_2/f$** | $p_1/f$** | $p_2/f$** |
|---|---|---|---|---|---|---|
| Egypt, U.A.R. | 1.43[a] | 1.2[a] | 0.1[a] | **[b] | 0.01[a] | 0.02[a] |
| Other countries | 4.24 | 1.5[a] | 2.3 | 0.2[a] | 0.02[a] | 0.02[a] |
| East Africa | 3.64 | 1.8 | 1.2 | 0.3[a] | 0.02[a] | 0.02[a] |
| West Africa | 1.85[a] | 0.8[a] | 0.4[a] | 0.4[a] | 0.03[a] | 0.02[a] |
| Central & South Africa, total | 1.83[a] | 0.8[a] | 0.3[a] | 0.6 | 0.01[a] | 0.02[a] |
| Rhodesia and Nyasaland | 2.34[a] | 0.5[a] | 0.1[a] | 1.2 | 0.02[a] | 0.22 |
| Union of South Africa | 2.47[a] | 1.1[a] | 0.1[a] | 0.8 | 0.14 | 0.23 |
| Other countries | 2.14[a] | 1.2[a] | 0.6 | **[b] | 0.02[a] | 0.02[a] |
| Asia, total | 1.43[a] | 0.4[a] | 0.3[a] | 0.6 | 0.01[a] | 0.02[a] |
| Middle East | 2.06[a] | 0.3[a] | 0.2[a] | 1.4 | 0.04 | 0.02[a] |
| Far East, total | 3.92 | 1.9 | 1.1 | 0.7 | 0.01[a] | 0.01[a] |
| India | 5.84 | 2.2 | 2.4 | 1.0 | 0.02[a] | 0.02[a] |
| Japan | 3.72 | 2.2 | 0.8 | 0.5[a] | 0[b] | 0.02[a] |
| Philippine Republic | 3.14[a] | 1.7 | 0.8 | 0.4[a] | 0.02[a] | 0.02[a] |
| Other countries | 4.75 | 1.9 | 1.4 | 1.1 | 0.04 | 0.01[a] |
| Oceania, total | 3.42 | 1.8 | 0.6 | 0.7 | 0.07 | 0.05[a] |
| Australia | 3.33 | 1.9 | 0.4[a] | 0.7 | 0.08 | 0.05[a] |
| New Zealand | 3.71 | 1.3[a] | 1.5 | 0.7 | 0.02[a] | 0.09 |
| Other countries | 3.61 | 0.7[a] | 1.8 | **[b] | 0.21 | 0[b] |
| International | 1.10[a] | 0.5[a] | **[b] | 0.1[a] | 0.08 | 0.02[a] |

[a]Below world average.

[b]Negligible.

be with respect to the average total for all US direct investments in the world.

(a) Total factor gains. The more developed the country, the higher is the obtained value of the host country factor gains per dollar US claim generated by the direct investment. For Canada, all countries in Europe, New Zealand, and Japan, the value of R and $R^{**}$ exceeded the world average. The only advanced country for which our computations revealed a lower than the world average factor gain ratios is Australia. Italy and France had the highest factor gain indexes in the Common Market countries. The Common Market countries had higher average factor gain indexes compared to other European countries. Among the non-Common Market countries with high ratios are Sweden, the United Kingdom, Denmark, and Norway. Almost all Latin American countries are also below the world average. Some Central American countries have high domestic factor gain ratios. Surprisingly Guatemala had the highest factor gain index in the list of countries studied.

All the less developed countries have lower R ratios compared to the world average. The striking exception to this rule is India, whose R ratio is quite high. Some other areas in Africa have slightly higher than average ratios. Some areas have ratios the values of which are less than unity, but wnen we correct for undistributed profits, these

ratios double their sizes and exceed unity. The above shows the importance of undistributed profits. It suggests the hypothesis that all foreign investments in general will create higher than 1 ratios over their lifetime, i.e., the total benefits accruing to domestic factors will always exceed the total gains accruing to the investing country.

If, as seen in the results, the factor gain ratios of the less developed countries are only about 2/3 of the world average for all American foreign investments, it does not necessarily follow that in a relative sense developed countries benefit more from direct foreign investments than the less developed countries. The relative gain, which can only be answered intuitively, is the more important compared to the actual values of the factor gain indexes. If the foreign investments lead to the employment of factors whose opportunity costs would otherwise have been zero, then the foreign investments perform a very valuable service in bringing in gainful employment. It can be said that the poorer the country, the more there will be factors with near zero opportunity costs. On the other hand, the richer the country, the fewer will be the factors with low opportunity costs. The influx of direct foreign investments increase the intensity of the employment of these factors, most probably raising their prices. In this sense, foreign investments compete with domestic resources. But having said the above, there is still the im-

portance of having a high domestic factor gain for each dollar of current foreign claims arising from direct foreign investments.

What we have pointed out about the total factor gain indexes become more obvious from a table showing the distribution of US investments. Table 8 presents this from two sides -- the total cost of sales taken from the aggregative income statements by region and the distribution of net profits accruing to US nationals.

The two high income regions of investments, Canada and Europe account for 62 per cent of all sales of US direct investments. But they only provide about 34.7 of all total earnings accruing to US citizens. On the other hand, Latin American Republics account for 18.7 per cent of sales and bring in 30.8 per cent of the total net earnings of US nationals. This result is apparently biased by the oil company investments in Venezuela. Also Asia, while providing 8.7 per cent of total sales from US direct investments, bring in 21.1 per cent of all net earnings accruing to citizens, larger than either Europe or Canada brought in to US nationals as net profits. Again, like in Latin America, the Middle Eastern petroleum fields accounted for a substantial amount of these net profits. In the Far East, which accounts for 62 per cent of all the sales of US investments in Asia but only 20 per cent

Table 8. DISTRIBUTION OF US INVESTMENTS BY REGIONS/ COUNTRIES FOR COST OF SALES AND NET EARNINGS ACCRUING TO US

| Region and Country | Cost of Sales Distribution by | | | Net Earnings of US Distribution by | | |
|---|---|---|---|---|---|---|
| | Major Region | Sub-Region | Country within sub-region | Major Region | Sub-Region | Country within sub-region |
| All areas, total | 100.0 | | | 100.0 | | |
| Canada | 31.5 | | | 18.3 | | |
| Latin American Republics, total | 18.7 | 100.0 | | 30.8 | 100.0 | |
| Mexico, Central America, & West Indies, total | | 31.0 | 100.0 | | 19.4 | 100.0 |
| Cuba | | | 32.8 | | | 34.1 |
| Dominican Republic | | | 2.9 | | | 4.2 |
| Guatemala | | | 3.4 | | | 0.9 |
| Honduras | | | 3.7 | | | 2.4 |
| Mexico | | | 45.7 | | | 25.2 |
| Panama | | | 5.8 | | | 25.2 |
| Other countries | | | 5.7 | | | 8.0 |
| South America, total | | 69.0 | 100.0 | | 80.6 | 100.0 |
| Argentina | | | 10.6 | | | 3.2 |
| Brazil | | | 27.0 | | | 7.8 |
| Chile | | | 8.0 | | | 5.4 |
| Colombia | | | 7.5 | | | 2.2 |
| Peru | | | 5.4 | | | 3.9 |
| Venezuela | | | 38.9 | | | 76.9 |
| Other countries | | | 2.6 | | | 0.6 |
| Western Hemisphere dependencies, | 1.2 | 100.0 | | 3.4 | 100.0 | |
| British dependencies | | 84.0 | | | 88.5 | |
| Other European dependencies | | 16.0 | | | 11.5 | |
| Europe, total | 30.5 | 100.0 | | 16.4 | 100.0 | |
| Common Market, total | | 45.4 | 100.0 | | 35.5 | 100.0 |
| Belgium and Luxembourg | | | 8.2 | | | 15.4 |
| France | | | 31.5 | | | 28.5 |
| Italy | | | 15.6 | | | 9.7 |
| Netherlands | | | 9.3 | | | 15.0 |
| Germany | | | 35.4 | | | 31.4 |
| Other Europe, total | | 54.6 | 100.0 | | 64.5 | 100.0 |
| Denmark | | | 3.2 | | | 1.0 |
| Norway | | | 2.2 | | | 0.5 |
| Spain | | | 1.4 | | | 0.6 |
| Sweden | | | 6.0 | | | 2.1 |
| Switzerland | | | 3.2 | | | 3.5 |

| Region and Country | Cost of Sales Distribution by | | | Net Earnings of US Distribution by | | |
|---|---|---|---|---|---|---|
| | Major Region | Sub-Region | Country within sub-region | Major Region | Sub-Region | Country within sub-region |
| United Kingdom | | | 77.0 | | | 88.3 |
| Other countries | | | 7.0 | | | 4.0 |
| Africa, total | 3.0 | 100.0 | | 2.6 | 100.0 | |
| North Africa | | 18.4 | 100.0 | | -25.8[a] | 100.0 |
| Egypt, U.A.R. | | | 34.6 | | | 29.2 |
| Other countries | | | 65.4 | | | 70.8 |
| East Africa | | 4.9 | | | - 1.0[a] | |
| West Africa | | 16.0 | | | 39.7 | |
| Central & South Africa, total | | 60.7 | 100.0 | | 87.1 | 100.0 |
| Rhodesia and Nyasaland | | | 14.8 | | | 18.5 |
| Union of South Africa | | | 81.0 | | | 79.0 |
| Other countries | | | 4.2 | | | 2.5 |
| Asia, total | 8.7 | 100.0 | | 21.1 | 100.0 | |
| Middle East | | 37.6 | | | 80.8 | |
| Far East, total | | 62.4 | 100.0 | | 19.2 | 100.0 |
| India | | | 15.8 | | | 9.0 |
| Japan | | | 43.0 | | | 15.4 |
| Philippine Republic | | | 17.8 | | | 29.4 |
| Other countries | | | 23.4 | | | 46.2 |
| Oceania, total | 3.7 | 100.0 | | 2.6 | 100.0 | |
| Australia | | 85.7 | | | 89.0 | |
| New Zealand | | 13.4 | | | 8.8 | |
| Other countries | | 0.9 | | | 2.2 | |
| International | 2.7 | | | 4.8 | | |

Derived from Table 28, data source

[a]Loss figures reported here are different from the ones we have in the computation of factor gains ratio. See text.

of net profits in the region, we note that investments in India and Japan behave more like those of Europe and Canada in the sense that proportion to sales is larger than the proportion of net profits rendered to US nationals. The Philippines and other countries which host US investments, however, yield larger proportionate profits to US nationals than the proportionate sales.

Some of the reasons for these discrepancies in earnings contribution is of course the result of relative profitabilities of the investments and the equity proportions in the investments between host country factors and US nationals. In addition, perhaps market scale, especially in investments in manufacturing industry, allows for a relatively low profit margin on sales. But the breakdown of the factor gains indexes which follows below will explain many of these reasons.

(b) Wage and employment gains. For many countries, wage and employment creation is often cited a major argument for inviting foreign investments. The evidence concerning the host country benefits in terms of the employment of host country labor inputs will now be examined. Table 9 shows the average annual wages per man in the major regions where the US has investments, for different types of US industrial investments. It is noted that Canada has the highest wage scales. In 1957, all other areas were therefore below the world average

Table 9, AVERAGE ANNUAL COMPENSATION PER EMPLOYEE
(In U.S. dollars)

| | Total | Manufacturing | Petroleum | Mining & smelting | Other industries |
|---|---|---|---|---|---|
| All areas | 2,100 | 2,100 | 3,200 | 1,800 | 1,700 |
| Canada | 3,900 | 4,000 | 6,000 | 3,600 | 3,200 |
| Latin America | 1,400 | 1,100 | 5,000 | 1,500 | 1,100 |
| Europe | 1,800 | 1,600 | 2,100 | (1) | 2,000 |
| Africa | 1,200 | 1,400 | 2,200 | 550 | 1,300 |
| Asia | 1,500 | 1,000 | 2,200 | (1) | 1,000 |
| Oceania & International | 2,100 | 2,100 | 2,200 | (1) | 2,000 |

[1]Number of firms not large enough to be representative.

Reproduced from p. 45, data source.

wages paid by US investments, except for Australia and New Zealand (Oceania) which had wages equal to the world average. The petroleum investments had highest wages per man.

The value of the ratios of wages paid to domestic labor per dollar of US current claim on value added (w/f or $w^{**}/f^{**}$) reveal the same pattern for the total factor gain indexes, R. The richer countries almost without exception had domsetic wage receipts ratios below the world average. There were quite a few instances in which the ratios fell below unity among the poorer regions. From Table 6, we discover that about 22 regions have (w/f) < 1. These economies were all concentrated in Latin America, Africa, Asia, and other less developed regions. When the ratios are corrected for undistributed profits accruing to US nationals, only eight regions have ($w^{**}/f^{**}$) < 1. The regions that remain are largely the poor countries of Africa and the poor dependencies in Oceania. As a rule, this ratio $w^{**}/f^{**}$ should never fall below unity, or else at least in terms of wage compensation to nationals, foreign investment claims would be larger.

To determine whether the low wage benefits to nationals is just the result of differences in wage levels among the different countries where US investments exist, some conversion of wages into physical units of labor was performed. This is shown in Table 10. Using the results of Table 5, total wages

Table 10. WAGES AND EMPLOYMENT PER $1,000 DOLLARS OF FOREIGN FACTOR CLAIMS

| Region | Total Wages adjusted accruing to Host Country (million $) | Estimated Total Host Country Employment[a] (1,000 man years) | Average Domestic Wages | Average Employment per $1,000 of current US claim (F**) |
|---|---|---|---|---|
| All areas, total | 6,603 | 3,181 | 2,080 | 1.91 |
| Canada | 2,627 | 668 | 3,930 | 2.13 |
| Latin American Republics, total | 1,237 | 941 | 1,310 | 1.44 |
| Mexico, Central America & West Indies, total | 444 | 448 | 990 | 4.19 |
| Cuba | 171 | 160 | 1,070 | 4.21 |
| Guatemala | 21 | 20 | 1,050 | 10.00 |
| Honduras | 26 | 30 | 870 | 5.00 |
| Mexico | 187 | 180 | 1,040 | 5.45 |
| Panama | 27 | 20 | 1,350 | 1.67 |
| Other countries | 27 | 40 | 680 | 3.33 |
| South America, total | 785 | 493 | 1,590 | 0.80 |
| Argentina | 89 | 100 | 890 | 7.69 |
| Brazil | 169 | 139 | 1,220 | 4.48 |
| Chile | 84 | 55 | 1,530 | 1.12 |
| Colombia | 64 | 49 | 1,310 | 1.96 |
| Peru | 58 | 50 | 1,160 | 2.17 |
| Venezuela | 306 | 65 | 4,710 | 0.11 |
| Other countries | 25 | 34 | 740 | 3.78 |
| Western Hemisphere dependencies | 84 | 40 | 2,100 | 1.14 |
| Europe, total | 1,931 | 1,079 | 1,790 | 4.67 |
| Belgium and Luxembourg | 69 | 35 | 1,970 | 4.38 |
| France | 250 | 110 | 2,270 | 3.93 |
| Germany | 284 | 185 | 1,540 | 5.61 |
| Italy | 100 | 45 | 2,220 | 3.00 |
| Netherlands | 48 | 30 | 1,600 | 3.00 |
| United Kingdom | 1,030 | 570 | 1,810 | 4.49 |
| Other countries | 43 | 105 | 410 | 26.25 |
| Africa, total | 123 | 100 | 1,230 | 3.57 |
| Union of South Africa | 64 | 50 | 1,280 | 2.63 |
| Asia, total | 366 | 236 | 1,550 | 0.48 |
| Middle East | 80 | 47 | 1,700 | 0.20 |
| Far East | 285 | 189 | 1,510 | 3.32 |
| Oceania, total | 219 | 100 | 2,190 | 2.44 |
| Australia | 202 | 90 | 2,240 | 2.50 |
| International | 33 | 20 | 1,650 | 1.43 |

Based on Table 34, data source. The employment of factors sent from the US were deleted from the total estimates reported in the last column of this table.