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MAJOR ECONOMIC CHANGES IN 1949

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This report is being made available to provide members of the Economic and Social Council with a factual analysis of significant economic developments during 1949, in order to facilitate the Council's discussion of the world economic situation under item 6 of its agenda (E/1570)

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MAJOR ECONOMIC CHANGES IN 1949

1. INTRODUCTION

The year 1949 was one of high levels of economic activity and employment. At the same time, economic developments during 1949 brought into focus a number of long-term economic problems, both national and international, calling for a re-evaluation of current economic policies and programmes.

The growth of production and trade in the years immediately after the war had been stimulated by special factors of a temporary character. High levels of demand for capital goods had been sustained by the requirements for reconstruction in war-devastated countries, for reconversion to peace-time production in these and other countries, and for development in under-developed areas. There was also an abnormally high level of consumer demand, which was maintained in many countries with the aid of considerable liquid assets accumulated during the war. Since the supply of goods had been entirely inadequate during the early post-war years, the combined effect of these demand factors was to stimulate industrial and agricultural reconstruction and expansion on a considerable scale throughout the world.

Economic developments since the middle of 1948 and increasingly during 1949 indicated that the strength of the factors which had thus far tended to promote economic expansion throughout most of the world had been considerably reduced. The reconstruction and reconversion of industry were virtually completed by 1949 in most of the war-devastated countries of Europe and the post-war expansionist phase appeared to have come to an end in much of the industrialized part of the world. The industries of many countries had completed re-equipment programmes of greatest urgency, and levels of investment were being governed increasingly by more normal demand factors. Pent-up consumer demand had been largely satisfied or the accumulated liquid assets in the hands of the mass of the population, which had previously helped to sustain high levels of expenditure, had been considerably reduced or largely exhausted. Supplies of all kinds of goods - ranging from food and raw materials to finished manufactures - had become more plentiful. These

/changes in

changes in the basic relationship between the demand for and supply of goods contributed to a marked easing of inflationary pressures throughout most of the world and to the replacement of a "seller's" by a "buyer's" market. Prices, especially of primary commodities, tended to decline and in the case of some commodities the problem of potential surpluses appeared. In a few industrialized countries, effective demand was insufficient to prevent a significant rise in unemployment. Progress in economic development was threatened in some of the under-developed countries by a decline in the proceeds of their exports owing to reduced prices and to a weakening of demand from industrially advanced countries.

The acute post-war disequilibrium in international transactions reached critical proportions during 1949 and gave rise to a wave of currency devaluations in the latter part of the year. As production levels rose in the war-devastated areas and as abnormal requirements for goods, especially from the Western Hemisphere, declined, progress was made towards over-coming the unbalance in trade. However, the gains achieved by the end of 1948 were lost as a result of a considerable fall in United States imports, which reduced the flow of dollars to the rest of the world. Although the countries of western Europe were able to offset the decrease in their exports to the United States by increased exports to under-developed areas, they were unable to prevent an increase in their adverse balance with the United States. Under-developed countries encountered falling markets for their exports in the second and third quarters of 1949; at the same time, their imports increased more or fell less than their exports so that the balance as well as the terms of trade turned against them.

As a result of a deterioration of their balances of payments with the United States during the first half of 1949, many countries imposed additional restrictions on imports from the United States beginning with the third quarter of the year. A severe decline in the gold and dollar reserves of the United Kingdom resulted in the devaluation of sterling in September which was

/followed by

followed by a wide-spread devaluation of other "soft" currencies, and even of certain "hard" currencies. The new restrictions which had been imposed on imports from the United States led to an immediate improvement in the dollar balances of the importing countries concerned and the United States export surplus fell sharply in both the third and fourth quarters. On the other hand, the effects of devaluation on the balance of payments position of devaluing countries were still far from clear at the end of the year.

The end of the post-war period of reconstruction and reconversion has provided a new setting against which the long-term problems of full employment, economic development and equilibrium in international trade and finance need to be re-evaluated. In the industrially advanced countries, the maintenance of full employment has thus far been virtually assured through the high level of demand arising from the requirements of reconstruction and reconversion and the satisfaction of pent-up demand. The problem confronting these countries is to ensure the maintenance of effective demand at full employment levels whenever the automatic operation of the market forces no longer suffices to achieve this result.

In under-developed countries, reductions in the income derived from their exports of primary commodities served to emphasize once more the sensitivity of their economies to fluctuations in economic activity in industrialized countries and the obstacles which this places in the way of their steady progress in economic development. Since the most pressing need of the under-developed countries is to raise their standards of living, the principal problem which they face is how to mobilize their domestic resources and how to supplement them with foreign resources so as to achieve rapid and balanced economic development and at the same time reduce their vulnerability to economic fluctuations in other countries.

Although the need for long-term adjustments in the world structure of production and trade had been evident for some time because of the persistence of the unbalance in international payments, it was underlined by the aggravation of the unbalance during 1949 as a result of the decline in United States imports. The general nature of these adjustments is discussed in the last section of this report.

/Stated more

Stated more generally, economic developments during 1949 stressed the inter-connexion between the problems of full employment, economic development and balance in international economic relations and, consequently, the necessity for a co-ordinated approach to them. In particular, the trade and payments setback of 1949 demonstrated anew that, given the objectives of the Charter of the United Nations, progress in solving the difficult and long-term structural problems underlying the present unbalance in international transactions can be made only in a context of full employment in the industrialized countries and progressive economic expansion in the under-developed areas.

2. LEVELS OF ECONOMIC ACTIVITY AND EMPLOYMENT AND SUBSIDING INFLATION

The world output of foodstuffs, raw materials and manufactures in 1949 was, according to present estimates, between 20 and 25 per cent greater than in 1937. The 1949 output was a little above that of 1948 which in turn was over 10 per cent greater than that of 1947.

Total supplies of foodstuffs during the crop year 1948/49 were somewhat above the average of the pre-war years 1934-38, thanks to a marked recovery of food crops in Europe in 1948, and continued record or near-record crops in the United States. Despite the fact that the world's grain crop for 1949/50 is presently estimated at somewhat below that of the preceding year, the total supplies of all types of food in the world should be higher in 1950 than in 1949 in view of the continuing expansion of output of meat, dairy products, fats and oils, and other food products.

Total world industrial output in 1949 was nearly 40 per cent above that of 1937 primarily as a result of further gains in industrial production in Europe. The increase in world industrial output over 1948 was somewhat less than 3 per cent, while the corresponding increase in 1948 over the previous year was nearly 12 per cent. During the course of 1949 there was a moderate downward movement of world industrial activity as a result of declines in the United States and of a slowing down of the rate of increase in most other industrialized countries. This is apparent in the following table of world mining and manufacturing production during 1948 and 1949 (1937 quarterly average = 100):

/1948

	<u>1948</u>	<u>1949</u>	<u>Per cent of increase</u>
First quarter	129	139	8
Second quarter	133	139	5
Third quarter	135	137	1
Fourth quarter	141	..	..

In the United States, mining and manufacturing production in the first nine months of 1949 was 11 per cent below that of the corresponding period of the year before, while in the rest of the world it was 15 per cent higher.

The slackening of the rate of increase in the world outside the United States is disclosed in a comparison of the levels of each successive quarter of 1949 with the corresponding quarter of 1948 (1937 quarterly average = 100):

	<u>1948</u>	<u>1949</u>	<u>Per cent of increase</u>
First quarter	107	125	17
Second quarter	112	130	16
Third quarter	114	128	12
Fourth quarter	123	..	..

Industrial output in the world outside the United States during the third quarter of 1949 registered a decline for the first time since the end of the war. This levelling off in production reflects in part the end of the high rates of increase in economic activity which were characteristic of the reconstruction period and in part the disappearance or reduction of abnormal post-war backlogs of demand.

Changes in the relationship between supply and demand were reflected in different ways in different parts of the world - depending upon the character of the internal economies involved, upon the stage which they had reached in the process of post-war reconstruction and reconversion, and upon their international trading relationships. Inflationary pressures subsided in most parts of the world, with the effect of a rather sharp decline in the prices of foodstuffs and raw materials in world markets. In industrially advanced countries operating without rationing and related economic controls, the cost of living, as a general rule, fell moderately either in absolute terms or at least in relation to wages. In industrialized countries which employed economic controls, the upward pressure of prices generally eased sufficiently to permit a measure of derationing and decontrol without, for the most part, causing significant increases in the cost of living.^{1/} In the

^{1/} The effect of devaluation on prices will be considered later.

planned socialist economies of eastern Europe the cost of living fell in relation to wages as a result of improved supplies of food and other consumption goods. Finally, in the under-developed countries outside Europe, the supply situation improved only to a limited extent in relation to demand, and the relaxation of inflationary pressures proceeded more slowly than in the industrialized countries.

A further consequence of subsiding inflationary pressures has been a general easing of the demand for labour in a large number of industrialized countries. The figures of unemployment in most countries do not indicate any serious inadequacy of effective demand when allowance is made for the effect of frictional and seasonal factors. However, a few countries showed, at the end of 1949, a rate of unemployment which was considerably higher than could be accounted for by frictional and seasonal factors alone.

In the United States, which completed its post-war reconversion earlier than most countries, a reduction in effective demand has been associated with declines both in production and in employment but these declines were arrested or partially reversed during the second half of 1949. In Belgium and the western zones of Germany effective demand and production did not expand sufficiently in the face of increases in productivity and the labour force to prevent a rise in unemployment. In a number of other countries of eastern and western Europe, full or nearly full employment was maintained throughout 1949; the same was true of a few countries outside Europe, for example, Australia and Canada. In some of these countries, however, balance of payments difficulties were encountered in the course of the year. In the under-developed countries outside Europe levels of economic activity were in general maintained but many of these countries began to experience the effects of reduced demand in the industrialized countries through declines in the prices or reductions in the volume of exports, or both.

The economic situation in the various parts of the world is discussed below, as far as possible in accordance with the above grouping of countries.

/The United States

The United States was the first country in which the inflationary conditions of the years immediately following the war came to an end. Since the middle of 1948 the United States economy has been undergoing a process of transition to a situation in which the special post-war factors stimulating the expansion of income and employment have lost much of their momentum. During 1949 effective demand declined and unemployment increased. In August 1949 unemployed persons in the United States numbered 3.7 million, about 1.8 million more than a year earlier; and partial unemployment^{1/} amounted to 2.3 million as compared with 1.1 million in September 1948. Gross national product at market prices fell by 4.5 per cent from the second half of 1948 to the third quarter of 1949. The seasonally adjusted index of industrial production fell from 170 (1937 = 100) in the second half of 1948 to 149 in the third quarter of 1949, but a partial recovery took place subsequently, and the index rose to 152 in the fourth quarter despite work stoppages in the coal mining and steel industries in October and November.

Certain deflationary factors had already made their appearance in the economy during 1948, but had been offset by counteracting forces. Thus, the decline in net exports^{2/} and in the ratio of personal consumption to disposable income which occurred in 1948 had been counterbalanced at that time by an increase in government expenditure^{3/} and reduction in taxation, and by a continued increase in domestic private investment in plant and equipment, and especially in stocks of goods. In the second half of 1948 additions to stocks reached an annual rate of \$8,000 million. This rise in stocks was largely involuntary in character, reflecting the slackening of demand; it was bound, therefore, to come to an end. Although stocks continued to increase during the first half of 1949, the annual rate of increase was reduced to \$1,000 million. During the third quarter, stocks actually declined as a consequence of liquidations which reached an annual rate of \$2,000 million. This sharp change took place concurrently with a decline in total investment in fixed capital from an annual rate of \$39,000 to \$37,000 million between the second half of 1948 and the first half of 1949. Total investment in fixed capital in the third quarter of 1949 was at the same rate as

1/ Persons who held full-time jobs but worked only part time because of economic reasons such as slack work and lay-offs, and people in part-time jobs who preferred and could have accepted full-time employment.

2/ Foreign investment plus government unilateral transfers.

3/ Exclusive of unilateral transfers.

/in the first half

in the first half of the year. With respect to the components of total investment in fixed capital, both residential construction and business investment in fixed capital fell from the second half of 1948 to the first half of 1949. Business investment continued to decline in the third quarter of 1949 but was counterbalanced by a rise in the level of residential construction.

Components of Gross National Product in the United States^{a/}

(annual rates)

	1947	1948		1949	
	Second half	First half	Second half	First half	Third quarter
<u>Thousand millions of dollars:</u>					
Gross national product or expenditure..	240.5	256.5	268.4	261.6	256.3
Personal consumption.....	170.8	177.0	180.6	178.8	178.5
Gross domestic private investment.....	31.7	42.3	47.6	38.5	35.0
Residential non-farm construction.....)		9.0	9.2	8.0	-8.9
Other private construction and producers' durable equipment.....)	33.1				
Increase in inventories	-1.4	28.6	30.2	29.4	28.5
Government expenditure less unilateral transfers.....		4.7	8.2	1.1	-2.4
Net foreign investment plus government unilateral transfers.....	27.9	30.6	35.4	37.6	38.7
	10.2	6.6	4.7	6.6	4.1
<u>Percentage of total:</u>					
Gross national product or expenditure..	100.0	100.0	100.0	100.0	100.0
Personal consumption.....	71.0	69.0	67.3	68.4	69.6
Gross domestic private investment.....	13.2	16.5	17.7	14.7	13.7
Residential non-farm construction.....)		3.5	3.4	3.1	3.5
Other private construction and producers' durable equipment.....)	13.8				
Increase in inventories.....		11.2	11.3	11.2	11.1
Government expenditure less unilateral transfers.....	-0.6	1.8	3.1	.4	-0.9
Net foreign investment plus government unilateral transfers.....	11.6	11.9	13.2	14.4	15.1
	4.2	2.6	1.8	2.5	1.6

Source: United States The Economic Report of the President, January 1950.

a/ Seasonally adjusted.

The deflationary tendencies which appeared in the United States during 1949, stemming from the sources indicated above, were partially offset by changes in other components of the gross national product. There was a limited increase in federal, state and local government expenditures on goods and services during the first three quarters of the year. Net exports also rose in the first half of

/1949

1949, though in the third quarter they declined to a rate somewhat below that of the second half of 1948.

Of particular significance in economic developments in the United States during 1949 was the maintenance of consumption levels. During the first half of 1949 government tax revenues^{1/} fell in relation to aggregate income, and there was an increase in unemployment insurance benefits. Income at the disposal of consumers increased in relation to gross national product, and the level of consumption expenditures was only slightly reduced in money terms.

Relation of Gross Private Income to Gross National Product
in the United States
(annual rates)

Period	Gross national product ^{a/}	Government receipts less transfer payments ^{b/}	Gross private income after taxes ^{c/}		
			Total ^{a/}	Gross business savings ^{d/}	Disposable personal income ^{e/}
<u>Thousands of millions of dollars:</u>					
1948 - First half.....	256.5	45.0	211.4	25.2	186.4
1948 - Second half.....	268.4	45.2	223.2	28.6	194.6
1949 - First half.....	261.6	39.8	221.7	28.2	193.4
1949 - Third quarter....	256.3	40.8	215.5	29.3	186.3
<u>Percentage of total:</u>					
1948 - First half.....	100.0	17.5	82.4	9.8	72.7
1948 - Second half.....	100.0	16.8	83.2	10.6	72.5
1949 - First half.....	100.0	15.2	84.8	10.8	74.0
1949 - Third quarter....	100.0	15.9	84.1	11.4	72.6

Source: United States Department of Commerce, Survey of Current Business.
Economic Indicators, November 1949.

a/ Detail will not necessarily add to totals because of rounding.

b/ Including contributions for social insurance, personal tax and non-tax payments, corporate profits tax liability, indirect business tax and non-tax liability and current surplus of government enterprises, less subsidies, transfer payments and net interest paid by government.

c/ Gross national product, less government receipts less transfer payments.

d/ Including undistributed corporate profits, corporate inventory valuation adjustment, capital consumption allowances and excess of wage accruals over disbursements.

e/ Gross private income after taxes, less gross business savings; estimate is derived from gross national product and does not necessarily agree with the official estimate derived from the income side, because of the "statistical discrepancy".

1/ The concept of tax revenue used here involves the inclusion of corporate tax liabilities rather than corporate tax payments.

/During the third quarter

During the third quarter of 1949, however, income at the disposal of consumers fell in relation to gross national product so that the ratio between these two quantities returned roughly to the level of the second half of 1948. This relative fall in disposable income occurred as a result of increases in corporate profits and tax revenue.^{1/} However, consumers spent a higher proportion of the income at their disposal than during the first half of 1949, and on balance consumption expenditures even increased somewhat in relation to gross national product. It is at present difficult to say whether this increase in consumption relatively to disposable income is only of a temporary character.

Percentage Ratio of Consumption to Disposable Income
in the United States

	Total consumption ^{a/}	Consumption of non-durable - goods and services	Consumption of durable goods
1948 - First half.....	95.0	82.5	12.4
1948 - Second half.....	92.8	80.6	12.3
1949 - First half.....	92.4	80.3	12.1
1949 - Third quarter...	95.8	82.0	13.8

Source: United States Department of Commerce, Survey of Current Business.

a/ Detail will not necessarily add to totals because of rounding.

It is, however, clear that the rise in disposable income in relation to the gross national product during the first half of 1949, and the increase in consumption in relation to disposable income in the third quarter of 1949 contributed considerably to the stability of consumption, which did not decline at all in real terms, despite the fall in gross national product.

Nevertheless, the change from the considerable accumulation of stocks in the second half of 1948 to their liquidation in 1949 resulted in a considerable fall in production and employment affecting most branches of industry. The decline was checked, however, during the third quarter of 1949 and economic activity and employment were relatively stable during the remainder of the year, apart from the effect of work stoppages in October and November. Until the end of the third quarter of 1949 the decline in investment in fixed capital was relatively less important as a deflationary factor in the economy than the process of

^{1/} The concept of tax revenue used here involves the inclusion of corporate tax liabilities rather than corporate tax payments.

liquidation of stocks which had been taking place. During the period ahead, however, further declines in business investment in fixed capital are likely to become of greater importance than heretofore both as a result of the completion by most industries of their post-war expansion and reconversion programmes and on account of the effect on investment decisions of the decline in economic activity which has already taken place. This is reflected in the anticipated declines in business expenditures on fixed capital during 1950.^{1/} Residential construction, however, is likely to be maintained or even increased somewhat in the near future.

A further deflationary factor may arise in the form of a reduction in net exports, especially as a result of the growing impact of the import restrictions imposed during 1949 by soft-currency countries. A temporary offsetting influence tending to sustain the level of economic activity during the first half of 1950 will result from the disbursement by the government of \$2.2 billion in the form of veterans' insurance dividends.^{2/}

The general upward trend of prices which had begun after the removal of controls in 1946 was halted and reversed in the second half of 1948 as a result of improved supplies, particularly of food and certain raw materials. By the end of 1949 wholesale food prices had declined by 18 per cent from their peak in August 1948, while wholesale farm prices had fallen somewhat less. Price reductions for commodities other than farm products and foodstuffs were relatively much smaller, so that the over-all index of wholesale prices fell by about 10 per cent between August 1948 and the end of 1949.

Declines in wholesale prices were reflected to only a limited degree in the cost of living; consumers prices fell only slightly from the levels of the second half of 1948. Though the cost of living fell to some extent, money wages as represented by average hourly earnings in manufacturing industries, rose slightly during the first half of 1949 as compared with the second half of 1948 so that real hourly earnings in manufacturing industries increased somewhat.

1/ See Survey of Current Business, December 1949, pages 3-4 and Table 1.

2/ The total amount budgeted for distribution is \$2.8 billion, out of which, however, \$0.6 billion is expected to be disbursed in the fiscal year ending 30 June 1951. It should be noted that some spending may have taken place in the latter part of 1949 in anticipation of these disbursements.

The decline in economic activity in the United States was accompanied by a reduction in the demand for imports. The volume of imports in the third quarter of 1949 was 7 per cent lower than in the third quarter of the previous year, while industrial production had fallen by 12 per cent over the same period. The percentage decline in the volume of imports was, however, greater than in the real gross national product. The value of imports declined considerably more than the volume, owing to lower import prices. The fall in import prices resulted mainly from the general improvement of supplies in the world market. The implications for other countries of the decline in the volume and value of United States imports during 1949 are discussed elsewhere in this report.

/In Australia

In Australia, Canada, Denmark, France, Netherlands, Norway, Sweden and the United Kingdom there was a substantial reduction of inflationary pressure in 1949, but levels of economic activity were higher than in 1948, and there was either no increase or no significant rise in unemployment. At the same time, the rate of increase of industrial production in 1949 slackened perceptibly from the previous year, and in some cases the weakening of demand gave rise to problems in specific industries.

In most of these countries, private investment was on the whole maintained, or even increased. In addition, import surpluses were reduced in France, Netherlands, Sweden and the United Kingdom. In Canada, where the export surplus was reduced and in Denmark, where the import surplus was increased, the consequent deflationary effect was offset fully or partly by the reduction of the budget surplus.

Although the combined pressure of the above factors on currently generated demand did not decline by comparison with 1948, the over-all inflationary pressure subsided. This reduction in inflationary pressure resulted from the decline in pent-up demand, together with the increased supplies of food and other consumer goods which became available during the year. In those countries in which controls were still in operation at the beginning of the year, the pressure of demand on the controls relaxed sufficiently to make possible derationing of various items of consumption and other forms of decontrol, without appreciable increases in prices or the cost of living. Moreover, in the case of goods for which price control was maintained after derationing, significant shortages did not develop. In Australia and the Netherlands the increase in the cost of living was greater than in the other countries and real wages may have fallen somewhat. In Canada and France, which no longer had controls by the beginning of 1949, the subsiding of inflationary pressure manifested itself in some increase in real wages. In France, where this was caused mainly by the improvement in the supply of food, there was a considerable fall in wholesale and, to a lesser extent, in retail food prices in the first half of 1949. In the second half of 1949, however, the trend was reversed as a result of drought, which caused a reduction in the supply of certain food items.

The weakening of inflationary pressures did not give rise to any recession in economic activity in these countries. On the contrary, industrial production

/in 1949

in 1949 was higher than in 1948 in all cases. Thus, as compared with the corresponding period of 1948, mining and manufacturing output in the first nine months of 1949 was over 10 per cent higher in France and the Netherlands, 7 per cent higher in the United Kingdom, 6 per cent higher in Norway, and less than 4 per cent higher in Canada, Denmark and Sweden. In all these countries, on the other hand, there was a tendency for output to level off during 1949, though production in the third quarter was still well above the levels of the previous year in most cases. In France, however, the fall in production in the third quarter appears to have been greater than can be accounted for by seasonal factors.

While the general advance in the industrial activity of these countries continued during 1949, problems of inadequate demand began to appear in specific industries. In many cases falling demand in foreign markets was the primary cause, but in a few instances the domestic market has also shown signs of weakness. Thus, for example, Canada and Sweden have encountered difficulties in disposing of exportable surpluses of wood products. Textile and other consumer goods industries have been affected by the growing restrictions in under-developed countries upon imports of less essential goods.

There was, in most of these countries, some easing of the demand for labour during 1949 as a result of a rise in productivity and in the labour force; unemployment was higher than in 1948, though still low in relation to the labour force. In Norway and the United Kingdom, however, unemployment was actually lower than in the previous year, and in Australia conditions of overall labour shortage persisted.

In Belgium and the western zones of Germany, the situation differed from the preceding group of countries in one important respect. Although in both countries production increased as compared with 1948, there was a considerable rise in unemployment. In Belgium there was a small increase in real gross national product in the first half of the year. The stimulating effect of a substantial rise in exports and some decrease in imports, was largely offset by a fall in the budget deficit and probably by some reduction in the rate of accumulation of stocks. In the third quarter there was a reduction in industrial output below the level of the preceding year. In the western zones of Germany production has been rising since the monetary reform in the middle of 1948. The rate of increase was rapid at first but it slowed down considerably in the first three quarters of 1949.

In both Belgium and the western zones of Germany unemployment increased in the first half of 1949 as a result of the fact that effective demand was inadequate to generate as large an increase in production, as was necessary to compensate for the increasing productivity and labour force.

In Belgium, a rise in industrial production was associated with a fall in man-hours worked, reflecting the increase in productivity that took place in the larger establishments which provide the basis for the index of industrial production. At the same time there was a decline in other economic activities, notably in construction and probably in small-scale industry. Thus, although the rise in industrial production exceeded the decline in activity in other branches of the economy, total and partial unemployment of insured workers increased considerably between the middle of 1948, and the middle of 1949.

The indices of industrial production and of employment in industry and construction (1947 = 100) and the percentages of unemployment of the insured labour force in 1948 and 1949 were as follows:

/Industrial

	1948				1949		
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Industrial production...	106	107	107	113	113	110	102
Industrial employment <u>a/</u>	104	104	104	103	101	100	95
Employment in construction: <u>b/</u>							
Public.....	91	98	93	81	70	87	82
Private.....	100	101	99	98	92	101	93
Total.....	97	99	96	91	83	95	88
Average daily unemployment (per cent of the insured labour force):							
Totally unemployed.	3.6	3.3	3.9	6.3	8.7	8.1	7.9
Partially unemployed	2.4	1.9	2.6	3.1	3.5	2.7	3.1
Total.....	6.0	5.2	6.6	9.4	12.2	10.8	11.0

Source: United Nations Statistical Office; Secretariat of the Economic Commission for Europe and L'Institut National de Statistique: Bulletin de Statistique.

a/ Number of workers employed.

b/ Number of man days worked.

In the western zones of Germany the large increase in industrial production which occurred after the monetary reform of 1948 was effected mainly through a rise in productivity and working hours, while the number of persons employed in industry increased relatively little. At the same time there was a considerable release of the labour force from agriculture, which in the preceding period of inflation had attracted many people because of the scarcity of food in the towns. There was a similar release of labour from black market activities which had flourished during the period of inflation. As a result, unemployment rapidly increased simultaneously with the increase in production, amounting in September 1949 to 9.4 per cent of the wage-earning labour force, as compared with 5.9 per cent in the same month of 1948.

Figures on production, employment and unemployment in 1948
and 1949 for the UK-US zones of Germany are shown below:

	1948				1949	
	June	Sept.	Dec.	March	June	Sept.
<u>Indices (June 1948 = 100)</u>						
Total industrial production ^{a/}	100	137	155	171	176.5	..
Average weekly working hours.....	100	107	108.5	110	113	..
Productivity of labour.....	100	119	118	131	132	..
Employment in industry.....	100	107	113	116	116.5	..
<u>Number (in thousands)</u>						
Employment in industry ^{b/}	3,153	3,364	3,567	3,652	3,672	..
Unemployment.....	442	768	743	1,132	1,238	1,261
Percentage of unemployment to total wage-earning labour force ^{c/}	3.5	5.9	5.7	8.5	9.3	9.4

Source: Wirtschaft und Statistik.

a/ Adjusted for number of working days.

b/ Excluding utilities, food and stimulant and building industries; including office workers.

c/ Including unemployed.

Special problems of considerable significance began to emerge during the course of 1949 in the steel industries in Belgium and the western zones of Germany. Weakening of demand resulted in reduced production after March in the case of Belgium; in the western zones of Germany steel production declined between August and the middle of October but increased subsequently.

Serious unemployment also prevailed in Italy during 1949. In this case production in the first three quarters of 1949 was higher than in the corresponding period of 1948 because in the first half of 1948 Italy had gone through a period of recession from which it has since recovered. Unemployment was probably also reduced to some extent. It is still relatively high, however, and is partly due to insufficient effective demand, although it is probable that part of the presently unemployed labour force could not easily be absorbed into productive employment without an enlargement of the existing industrial capacity.

/In eastern Europe

In eastern Europe and the Union of Soviet Socialist Republics, there was a substantial increase in industrial production and in the supply of food and other consumption goods, and real income rose.

In the Union of Soviet Socialist Republics the sales expressed in constant prices, of State and co-operative retail stores, were 20 per cent higher in 1949 than in 1948. This improvement in supply was accompanied by a major reduction in prices of consumption goods on 1 March 1949. There was a 17 per cent increase in the supply of food, and a 25 per cent increase in the supply of other consumption goods. There was also a substantial increase in supplies in the "kolkhoz" markets. The average real income of salary and wage earners increased by 12 per cent, and the average real income of farmers by 14 per cent. The supply position also improved considerably in Poland. However, meats and fats continued to be scarce, especially in the early autumn, when these scarcities were accentuated by the seasonal reduction in supply. In consequence, the rationing of these items was retained while partial rationing of other goods was abolished at the beginning of 1949. In Czechoslovakia the strict rationing of many consumer goods continued during 1949. However, favourable harvests in 1948 and 1949 permitted increases in the bread and flour ration, and ultimately the abolition of the rationing of these items in the autumn of 1949. The strong inflationary pressure upon controls, which had given rise to a significant black market in 1948, was reduced by the introduction at the beginning of 1949 of a system whereby goods subject to rationing were sold by government shops at high prices outside the scope of the rationing scheme. These prices, which were fixed initially at the level of the black market prices, were lowered considerably in the middle of 1949. Strict rationing was also retained in 1949 in Yugoslavia, although the supply of food improved in 1949 as a result of the favourable harvest of the previous year. The total supply of consumption goods increased by 15 per cent. The inflationary pressures upon controls were reduced in 1949 by a further extension of the free sales of consumer goods in government stores at prices much higher than the ration prices.

All these countries showed further increases in industrial production, both of investment and of consumption goods. These increases were achieved partly

/through

through a rise in productivity and partly through higher employment.^{1/} In the Union of Soviet Socialist Republics the gross output of industry in 1949 was 20 per cent higher than in 1948. In Poland the index of industrial production increased by 12 per cent in the first half of 1949 over the level of the first half of 1948. However, this index covers only basic commodities and appears to understate the rise in total production, which was estimated by the Central Planning Board to be 24 per cent. In Czechoslovakia industrial production increased during the first half of 1949 by 9 per cent as compared with the first half of 1948; the output of producers goods increased by 8 per cent and of consumer goods by 12 per cent. In Yugoslavia production increased from 1948 to 1949 by 17 per cent.

^{1/} In Poland the number of wage and salary earners registered in employment exchanges as looking for jobs rose in relation to the number of workers and employees subject to health insurance from 2.2 per cent during the first four months of 1948 to 2.8 per cent during the corresponding period of 1949. According to the Polish Government's "Statistical News" of 5 September 1949, the major part of the number registered is represented not by unemployed persons but by wage and salary earners intending to change their present jobs.

In many of the under-developed areas, imports increased in the first half of 1949 as compared with the corresponding period of 1948. At the same time the exports of these countries were encountering increasing difficulties in world markets. These developments were the counterpart of the increase in the export surpluses or the reduction in the import surpluses of important industrialized countries. The deflationary effect of the rise in import surpluses of under-developed countries was offset by increases in private investment and budget deficits so that no slackening of production took place. On the other hand, in some but not all countries inflationary pressures were relieved by an improvement in the supply of food.

In a number of Latin-American countries import surpluses were increased or export surpluses reduced in the first half of 1949 as compared with the first half of 1948^{1/}. Thus, with a few exceptions, such as Colombia and Paraguay,^{2/} changes in the foreign trade sector of Latin American countries tended to be of a deflationary character.

These deflationary tendencies were partly counterbalanced by increases in the budget deficits on current and capital accounts. Although the fall in exports tended to reduce governmental revenues, especially in those countries in which exports provide an important source of government income, public expenditures in the first half of 1949 appear, in general, to have increased rather than declined. In Argentina, Brazil and Venezuela, for example, there was a rise in governmental expenditures under national investment programmes. In Chile and Peru the rise in government expenditures reflected salary increases granted to public employees and to the armed forces. There was generally a rise in public deficits in 1949 as compared with 1948, as slowly rising revenues lagged behind more rapidly rising expenditures.

The changes in private investment probably also had, on the whole, a stimulating effect upon aggregate demand. Private construction appears to have increased in Colombia, Mexico, Uruguay and Venezuela, but to have fallen in Cuba below the boom levels of 1948.

1/ On the whole, exports tended to rise again after the middle of the year.

2/ Colombian exports, as well as those of other coffee producing countries in Latin America -- Brazil and Costa Rica -- benefited from the exceptional strength of the coffee market in 1949. In Paraguay, there was an increase in sales of quebracho extract abroad.

/On balance,

On balance, inflationary pressures resulting from all these factors seem to have increased in the first half of 1949 as compared with the first half of 1948 in all countries except Mexico, Venezuela and Cuba.^{1/} In Mexico, the situation was roughly unchanged. In Venezuela there was some reduction of inflationary pressure, while in Cuba the situation has become deflationary.

Except in Argentina, the 1948/49 crop of wheat, and particularly that of maize, was generally higher than in the preceding year. The estimates for 1949/50 anticipate a further increase in the output of these crops. The potato crop, except in Argentina, was roughly the same in 1948/49 as in the previous year and the output of pulses and rice was slightly higher. Production of meat outside the two main meat exporting countries, Argentina and Uruguay, was also slightly higher. This increase in food supply was an important anti-inflationary factor.

Cost of living indices show substantial increases in the first half of 1949 compared to 1948 in Argentina, Chile and Peru. In Argentina and Chile the rise in the pressure of demand was not sufficiently offset by increased supply, and the wage-price spiral continued. In Peru, food shortages were apparently the key element in continuing inflationary pressures. In other Latin American countries with the exception of Cuba, cost of living indices showed relatively slight changes from 1948 levels. There was a further decline in the cost of living in Cuba as a result of significant deflationary pressures in 1949.

Inflationary and deflationary developments in Latin America during 1949 were not associated with any significant changes in the volume of production in manufacturing industries. Production in the heavy industries was generally higher than in 1948 and there was some slackening in consumer goods industries. Cut-backs in textile production were made in most countries, particularly in Mexico where the textile industry was subject to increasing competition from abroad, and in Brazil and Venezuela where consumer resistance to high prices had become stronger. The high levels of production of export commodities

^{1/} The sharp drop in Cuban sugar exports both in physical volume and value caused a substantial contraction of the export surplus despite reduction of imports.

achieved in 1948 were not generally maintained. The output of copper and tin fell; the rates of decline were, however, generally below those of exports and resulted in some involuntary accumulation of stocks. Production of raw sugar in Cuba was substantially lower owing to unfavourable weather conditions. However, exports fell even more than production so that stocks increased.

In most countries in the Middle East inflationary pressures were reduced during 1949, mainly as a result of increased supplies of food following upon the favourable crops of 1948. Wholesale prices declined in varying degrees in all countries. The cost of living also fell substantially in Iraq and Lebanon and to a lesser extent in Egypt. In Iran and Turkey the cost of living reached a peak in the second quarter of the year and tended to decline thereafter. The presence of a large number of Arab refugees in Jordan and other countries, in relation to their population, constituted a potential source of inflationary pressure, which was for the time being checked since the refugees were supplied under a United Nations relief programme. In Israel, the cost of living fell after April 1949 as a result of drastic anti-inflationary measures taken by the government, but immigration continued to give rise to inflationary pressures.

During the first nine months of 1949 the total output of petroleum in the Middle East was approximately 28 per cent greater than during the corresponding period of 1948. However, production tended to level off during 1949, and in the third quarter of the year the petroleum output of the region as a whole declined, mainly as a result of difficulties in marketing oils for which payment in dollars was required. The decline in output was most marked in Saudi Arabia and Kuwait. Production also fell in Iran, but continued to increase in Iraq. In a number of countries, there was some increase in oil refining and in other activities connected with the petroleum industry. In several countries textile production maintained or exceeded the levels of 1948. Construction activity was higher in Egypt, Iran, Israel and Turkey.

In India the value of exports fell in 1949 while imports rose considerably. The resulting increase in import surplus did not, however, cause any significant change in existing inflationary pressures. Part of the increased imports consisted of non-essential consumption goods following upon the relaxation of import controls. Investment goods also accounted for a large proportion of the rise in imports. Moreover, there was an increase in home produced investment, especially in public construction, and a rise in government administrative expenditure without a corresponding rise in revenue. Total industrial production in India in 1949 did not increase significantly above 1948. The output of investment goods increased to some extent and both coal and steel production were somewhat higher than in 1948. On the other hand, textile production declined from the previous year, though per capita consumption rose slightly owing to the release of supplies from stocks and to the decline in exports.

Principal crops were smaller than in 1948. All grain crops, except wheat, declined significantly. Notwithstanding a substantial increase in food imports, per capita consumption declined. The rationing of food grains was extended during 1949, and the proportion of consumption covered by rationing was expanded considerably from the beginning of the year. This was made possible by the increase in Government controlled supplies arising from a larger volume of food imports and by the improvement in the domestic collection of food grains.

The cost of living and wholesale prices receded in 1949 from the high levels which they had reached in 1948 as a result of the temporary measures of decontrol.

3. DEVELOPMENTS IN INTERNATIONAL TRADE PRIOR TO DEVALUATION

World trade as well as production tended to level off in the course of 1949. The quantum of world exports in the first nine months of 1949 nearly reached the level of 1937, and exceeded that of the corresponding period of 1948 by 8 per cent. The advance in the quantum of exports in 1949 over 1948, however, declined with each successive quarter as may be seen from the following indices of the quantum of world exports (1937 quarterly average = 100):

	<u>1948</u>	<u>1949</u>	<u>Per cent of increase</u>
First quarter	91	101	11
Second quarter	95	102	7
Third quarter	92	95	3
Fourth quarter	102	..	..

The decline in the quantum of world exports between the second and third quarters of 1949 was greater than can be accounted for by seasonal factors. It was due largely to smaller United States exports. The quantum of United States exports in the second quarter of 1949 was about 12 per cent higher than a year earlier but in the third quarter was little above the level of the preceding year.^{1/}

The aggregate exports of countries other than the United States tended to level off during the year, as shown below in the quantum indices of exports of the rest of the world (1937 quarterly average = 100):

	<u>1948</u>	<u>1949</u>	<u>Per cent of increase</u>
First quarter	74	85	15
Second quarter	80	85	6
Third quarter	79	82	4
Fourth quarter	87	..	..

Trade of Hard and Soft-Currency Countries. In general, trade among soft-currency countries continued to be well sustained during the first nine months of 1949. In fact, the growth of world trade during the last two or

^{1/} Preliminary estimates indicate a further decline in the value of United States exports in the last quarter contrasting with an increase between the third and fourth quarters of 1948.

three years has resulted chiefly from the recovery of the trade of soft-currency countries. In 1948, close to a third of the world's trade represented trade between one group of countries,^{1/} which may be classified as hard-currency countries and other countries which may be classified as soft-currency countries, and the remaining two-thirds represented trade among the countries within each group. From 1947 to the first half of 1949, the share of soft-currency countries in world imports rose from 70 to 73 per cent and their share in world exports from 52 to 63 per cent. This increase, however, resulted from larger trade among the countries within that group. Trade within the group of soft-currency countries rose by about three-fifths in value and accounts for the whole increase in world trade during the period. The value of imports of these countries from hard-currency countries has remained less than in 1947. The value of trade (in thousands of millions of United States dollars) is shown below:

Area of origin for imports and area of des- tination for exports	<u>Hard-currency countries</u>		<u>Other countries</u>	
	Imports	Exports	Imports	Exports
Hard-currency countries				
1947 (semi-annual average)	4.7	4.4	7.9	2.9
1948 - First half	4.8	4.4	7.5	3.5
1948 - Second half	4.9	4.5	6.7	3.6
1949 - First half	5.0	4.6	6.8	3.3
Other countries				
1947	3.2	7.2	10.8	9.1
1948 - First half	4.0	6.6	13.9	12.1
1948 - Second half	3.9	6.1	15.5	14.2
1949 - First half	3.5	6.3	16.5	15.3
Total				
1947	7.9	11.6	18.7	12.0
1948 - First half	8.8	11.0	21.4	15.6
1948 - Second half	8.8	10.6	22.2	17.8
1949 - First half	8.5	10.9	23.3	18.6

Note: Based on data supplied by the United Nations Statistical Office; estimated in part. Import values of countries which record imports f.o.b. have been adjusted to a c.i.f. basis; similarly, estimated imports of UNRRA goods in 1947 have been added to the figures for the countries which did not include such imports in their trade returns. Exports are reported f.o.b.

^{1/} North and Central America, plus Bolivia, Colombia, Ecuador and Venezuela in South America, the Philippines in Asia, and Belgium, Portugal and Switzerland in Europe.

The decline in the percentage share of hard-currency countries in the total imports and exports of certain soft-currency countries is shown by the figures below:

	Imports			Exports		
	1947	1948	1949 First half	1947	1948	1949 First half
United Kingdom	36	25	24	15	16	13
Netherlands	49	40	37	27	25	19
France	41	28	27	24	19	14
India	35	29	22	27	27	21
Sweden	46	27	21	26	20	15

The sharp fall in the shares of imports derived from hard-currency areas are largely explained by two factors: on the one hand, imports requiring payment of hard-currency have been limited by the shortage of such currencies; on the other hand, imports from other soft-currency countries have expanded as additional supplies became available for export to pre-war markets.

At the same time as they increased their trade with each other, soft-currency countries were able to reduce their deficits with hard-currency countries, particularly with the United States. In general, the reduction was achieved by sharp cuts in imports from that country as trade with other soft-currency countries expanded. The export surplus of the United States which had reached a post-war peak in the second quarter of 1947 declined through the third quarter of 1948.

United States. This trend was temporarily reversed, however, during the first half of 1949 as United States imports fell and the value of United States exports rose somewhat above the 1948 level despite falling prices. Imports declined further in the third quarter of 1949, but exports fell even more sharply and the export surplus in the quarter dropped to the level of the third quarter of 1948. There was a further fall in the export surplus in the final quarter of the year, when imports increased once more. A substantial part of United States exports continued to be financed under the European Recovery Programme and the civilian supply programme for occupied areas. In the second quarter of 1949, more than half of United States exports to western Europe was financed from funds of the Economic Co-operation Administration.

/The impact

The impact on various countries of the decline in United States imports was uneven. The fall in United States imports from the first half of 1948 to the same period of 1949 was accounted for by the soft-currency countries; imports from hard-currency countries, heavily weighted by foodstuffs, actually increased in value by 8 per cent, while those from other countries decreased by 11 per cent. The fall in United States demand for goods from the first to the second quarter of 1949 affected nearly all major categories of imports. The greatest reductions, however, occurred in a number of commodities imported largely from countries in the sterling area and in Latin America. United States imports of wool in the first half of 1949 were nearly 60 per cent less in quantity than during the corresponding period of 1948; of vegetable oils and oil seed (oil equivalent) and of hides and skins, more than a fourth less. Furthermore, the value of United States imports of other commodities such as rubber and saw-mill products fell considerably in the second and third quarters owing to lower prices.

Between the first half of 1948 and the corresponding period of 1949 the decline in prices of certain primary commodities accounted for a large part of the fall in value of United States imports. Between the third quarter of 1948 and the third quarter of 1949 about two-thirds of the reduction in the value of United States imports was due to a fall in the volume, and the remaining one-third to lower prices of imports.

While the total value of United States from all sources in the second quarter of 1949 was about 15 per cent below that of the last quarter of 1948, imports from eight western European countries declined more than one-third between those two quarters. The fall was about a third in the case of France, Sweden and Switzerland and was closer to one-half in the case of Belgium, Italy and the United Kingdom; only Germany and the Netherlands showed an increase in exports to the United States. The decline of western European exports to the United States during the first half of 1949 slowed down, however, in the third quarter and the exports of some countries, among them the United Kingdom, even increased slightly. At the same time, nearly all European countries reduced their imports from the United States so that their import surplus from the United States during the third quarter dropped sharply to the lowest level since the end of 1946. In Latin America, tightened import /restrictions

restrictions likewise caused a reduction of the deficit of that area with the United States, despite declining exports to the United States of many countries in the region. United States imports from Africa in the first nine months of 1949 were well below the corresponding period of the previous year and exports to that area fell even more heavily. Imports into the United States from Asia were well sustained in the first quarter of the year but dropped substantially in the succeeding two quarters, while exports to that area remained at the levels of the previous year.

Since the foreign exchange reserves of many countries were already at a low level by the end of 1948, the decline in United States imports in 1949 led to a further tightening of import restrictions. Thus, the United Kingdom decided to limit imports payable in dollars during the twelve months beginning 1 July 1949 to 75 per cent of the level of such imports during 1948; similar policies were later adopted by the rest of the Commonwealth. The effects of these restrictions on United States exports were only beginning to be felt in the third quarter of 1949.

Other Hard-Currency Countries. The decline in the export surplus of the United States in the last half of 1949 was paralleled by falling export surpluses in certain other hard-currency countries of the Western Hemisphere during 1949. The export balances of Cuba and Venezuela in the first nine months of 1949 were lower than in the corresponding period of the previous year, primarily as a result of a decline in exports. Canada's export balance, on the other hand, was reduced as a consequence of larger imports. The Philippines import balance increased as exports fell and imports were maintained; the official reserves of gold and foreign exchange declined and late in 1949 there were signs of capital flight. To remedy the situation, exchange control and severe import restrictions were introduced by the Philippines in December of that year. Belgium's import balance during the first nine months of 1948 was replaced by an export balance during the corresponding period of 1949, as a result of increased exports and reduced imports. There were indications in the latter part of 1949, however, that Belgium might be encountering increasing export difficulties. Switzerland reduced its import surplus in 1949 considerably as compared with the preceding year, primarily owing to lower imports.

Most hard-currency countries appeared to be meeting resistance to their exports, owing both to the shortage of hard-currency in the hands of soft-currency countries and to the improvement in the world supply position, particularly of raw materials. Cuban exports of sugar face declining demand from Europe, where production has expanded, as well as increasing competition from Far Eastern exports, which have not yet recovered to pre-war levels. The Philippines is experiencing difficulties in disposing of edible oils, while the demand for fats and oils produced by soft-currency countries remains high. Belgium has felt the effect of falling export demand not only for its textiles but more recently for its steel products as well; as a consequence, Belgian export prices for steel have been lowered. Wheat exports from both the United States and from Canada are

/being

being maintained to a considerable extent by purchases under the European Recovery Programme but difficulties are anticipated in disposing of surplus supplies and the government of the United States has taken steps calculated to reduce the acreage under wheat in 1950 by 15 per cent. United States exports of cotton may be expected to be affected by tightened restrictions on imports payable in dollars; in view of the substantial increase in the estimated carry-over of raw cotton on 31 July 1949, steps have been taken to restrict future production.

Western Europe. Most of the industrialized soft-currency countries of western continental Europe reduced their over-all import surpluses during the first nine months of 1949, despite increased import surpluses with the United States in the first half of the year. The excess of merchandise imports over exports narrowed considerably during 1949 in France, Italy and the Netherlands, as exports continued to expand; at the same time imports increased to a lesser extent than exports. Lower imports, particularly from the United States, were largely responsible for the reduction in Sweden's trade deficit during 1949. A number of countries of western Europe, however, had higher import surpluses in 1949 despite expanding exports. Exports of the UK-US zones of Germany in the first nine months of 1949, though double the volume of the same period a year earlier, were equivalent to only 43 per cent of the 1936 volume; the increase was insufficient to halt the upward trend of the import surplus. Developments in Austrian trade were similar to those in Germany.

In the case of the United Kingdom, current transactions with the world as a whole during the first half of 1949 resulted in a small deficit of only £10 million. But there was a deficit with the dollar area of £135 million at the same time as there was a surplus with the rest of the world (chiefly the sterling area) of £125 million. This surplus, as in earlier years, was used largely for the liquidation of sterling claims on the United Kingdom outstanding since the war. The deterioration during the first half of 1949 of the United Kingdom's trade deficit with the dollar area resulted largely from a decline in exports yielding hard currency. Thus, exports of motor cars and other durable goods to the United States fell off as post-war shortages in that country disappeared. The decline in United States imports of raw materials largely accounts for the increase in the dollar deficit of the rest of the sterling area. It has been estimated that sterling area exports to the United States of five key commodities - rubber, tin, cocoa, diamonds and wool - dropped from about £40 million in the first quarter of 1949 to £20 million in the second quarter.

/Eastern

Eastern Europe. The countries of eastern Europe have in general tended to balance their trade with both hard and soft-currency countries and owing to the relatively low level of their trade with hard-currency areas have not been affected by trading developments in those areas. The Union of Soviet Socialist Republics has recently increased its trade with several other countries in eastern Europe, while its trade with western Europe has declined by about a fifth in value during the first half of 1949 compared with the first half of 1948. The other eastern European countries appear to have experienced a revival of their trade since the middle of 1948, owing to the larger crops of that year, and have increased both their imports from and exports to western Europe at the same time as the majority of them have developed their trade with the Union of Soviet Socialist Republics.

Czechoslovakia's imports from the United States have been curtailed so that trade with that country nearly balances, and the exchange of goods with the United Kingdom has been reduced. Yugoslavia's trade with eastern Europe was curtailed during 1949 following the disturbance in its political relations with that area; on the other hand Yugoslavia's trade with western Europe and the United States has recently been increasing considerably.

Latin America. Latin America is the only continent the foreign trade of which during the first half of 1949 was substantially lower in value than during the corresponding period of 1948. Certain Latin American hard-currency countries were able to maintain or increase their trade and the chief decline occurred in countries with relatively soft currencies, particularly Argentina. The trade of several other Latin American countries was adversely affected both by the business recession in the United States and by the smaller exchange of goods with Argentina.

In Latin America as a whole, during the first half of 1949, exports fell more heavily than imports, in relation to the corresponding period of 1948. There was a reduction both in the volume and prices of exports of many Latin American countries, especially of vegetable oils and non-ferrous metals. Significant declines in the quantity of exports took place in the case of particular commodities such as cereals, cotton, cacao, wool and tin; since the second quarter of 1949 export prices of lead, cotton, copper, wool and sugar have receded from the high levels reached earlier in the year.

/The large

The large surplus of exports with Europe and the substantial trade deficit with the United States, which were the outstanding features of Latin American post-war trade, were both significantly reduced in 1949. Many countries took steps to reduce their trade deficit with the United States by imposing further restrictions on imports from the United States as Latin American exports to that country fell. The reduction in the export surplus with Europe in the first half of 1949 resulted from a sharp decline in exports to that continent while imports were maintained at previous levels. In the third quarter, however, the exchange of goods between Latin America and Europe increased as a result chiefly of bilateral agreements concluded in 1949, the full impact of which is yet to be felt. Asia and the Far East. Many of the countries of Asia and the Far East increased their trade during the first half of 1949 by comparison with the first half of 1948. At the same time, there was a substantially larger increase in imports than in exports, so that the balance of trade of most countries turned against them, as in the case of many Latin American countries.

The trade deficit of many countries in Asia with the United States increased appreciably in the first half of 1949 as a result of expanded imports from the United States; in the third quarter, however, the import balances of these countries with the United States dropped sharply as a result of a greater fall in imports from than of exports to the United States.

The deterioration of the trade balance with the United States of Ceylon, Hong Kong, India, Malaya and Pakistan was responsible for approximately 45 per cent of the increase in the trade deficit of the entire sterling area with the United States in the first half of 1949 over the corresponding period of 1948. India's overall trade deficit was many times larger in the first half of 1949 than in the corresponding period of 1948 and its deficit with the United States increased considerably. The deficit has been financed in large part by the release by the United Kingdom of blocked sterling balances. India's import surplus was considerably reduced in the second half of 1949 as additional import restrictions were imposed. Pakistan, which in the first half of 1948 had an export surplus, likewise had an import surplus in the first half of 1949 as a result of both greatly expanded imports and some fall in exports. Pakistan did not devalue its currency owing to its relatively strong position with the dollar area. It abolished the 20 per cent export duties on cotton and jute in September 1949 with a view to helping exporters to compete. The price of various Pakistani exports, /particularly

particularly jute, nevertheless increased in terms of Indian rupees, and India reacted by discontinuing jute imports from Pakistan and placing an embargo on coal exports to that country. The severe commercial conflict between the two countries remained unsolved at the beginning of 1950.

One of the outstanding developments in Far Eastern trade during 1949 was the significant increase in Japanese exports to other countries in the area. The total exports of Japan in the first nine months of 1949 were double their value in the same period of the preceding year. Japanese exports expanded rapidly through May of 1949 but have since been declining.

Africa. The trade of non-self-governing territories in Africa with the metropolitan powers increased during 1949. On the other hand, the total exports of Africa to the United States in the first nine months of the year were well below the 1948 level, particularly in the third quarter; as restrictions on hard-currency imports were tightened, particularly about the middle of the year, the value of African imports from the United States declined sharply resulting in a further reduction of the trade deficit with the United States. The gold and dollar holdings of the Union of South Africa fell sharply during the twelve months ended 30 June 1949; import controls were tightened in that country in the early part of 1949. During the third quarter of the year, the Union of South Africa experienced a marked improvement in its balance of payments situation. The downward movement of the gold and foreign exchange reserves was reversed towards the end of the year, owing partly to a more favourable balance on account of the Union's current foreign transactions but chiefly it appears, to a renewal of the influx of private capital.

From the above review, it may be seen that the reduction of import surpluses in a number of industrialized countries of western Europe and the increase in the export surplus of the United States in the first half of 1949 were reflected in opposite movements in the balances of trade in most under-developed countries. The direction of world merchandise exports in 1948 and in the first half of 1949 by continent of origin and destination, expressed in millions of United States dollars may be estimated provisionally as follows:

/Exports to

Exports to	Total		Africa		Northern North America ^{a/}		Latin America		Asia ^{b/}		Europe ^{b/}		Oceania	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Exports from														
1940 - year:														
Total	55100	100.0	4570	8.3	9590	17.4	6390	11.5	7080	12.9	25870	47.0	1590	2.9
Africa	3500	6.3	450	0.8	280	0.5	10	0.0	440	0.8	2300	4.2	30	0.1
Northern North America a/...	15730	28.6	900	1.6	3520	6.4	3540	6.4	2130	3.9	5420	9.8	210	0.4
Latin America	7370	13.4	180	0.3	2830	5.1	1200	2.2	190	0.3	2960	5.4	20	0.0
Asia b/.....	5910	10.7	290	0.5	1260	2.3	130	0.2	1970	3.6	2020	3.7	240	0.4
Europe b/.....	20320	36.9	2690	4.9	1490	2.7	1500	2.7	2070	3.8	11630	21.1	940	1.7
Oceania	2250	4.1	60	0.1	210	0.4	10	0.0	280	0.5	1540	2.8	150	0.3
1949 - first half:														
Total	29500	100.0	2500	8.4	4650	15.7	3020	10.2	4230	14.3	14280	48.4	880	3.0
Africa	1970	6.7	210	0.7	160	0.5	0	0.0	180	0.6	1400	4.8	10	0.0
Northern North America a/...	8010	27.1	400	1.4	1730	5.9	1650	5.6	1260	4.3	2830	9.6	130	0.4
Latin America	3200	10.8	90	0.3	1360	4.6	520	1.7	80	0.3	1150	3.9	10	0.0
Asia b/.....	3360	11.4	180	0.6	620	2.1	60	0.2	1250	4.2	1130	3.8	130	0.4
Europe b/.....	11680	39.5	1570	5.3	680	2.3	790	2.7	1360	4.6	6760	22.9	520	1.8
Oceania	1330	4.5	40	0.1	90	0.3	0	0.0	110	0.4	1000	3.4	80	0.3

Source: United Nations Statistical Office.

a/ All territories north of Mexico.

b/ Turkey and the USSR are included in Europe.

Prices

Price Changes in International Trade. The above developments in trade prior to devaluation were associated with changes in the unit values of exports between hard and soft-currency countries on the one hand, and in the relative prices of primary and manufactured commodities on the other.

The divergent movement in export prices of the United States and western European countries since 1947 had tended to weaken the competitive power in world markets of the latter group of countries in relation to the United States. The export price indexes of selected countries converted to dollars (1937 = 100) were as follows:

	United States ^{a/}	United Kingdom	France ^{b/}	Belgium ^{b/}
1946	152	162	193	247
1947	178	186	212	259
1948	189	203	177	255
1949 - First quarter	186	208	217	267
Second quarter	183	208	212	270
Third quarter	177	210 ^{c/}	212 ^{c/}	264 ^{c/}

Source: United States, The Economic Report of the President, January 1950, page 186.

- ^{a/} Unit value of exports of finished manufactures other than foodstuffs.
- ^{b/} Unit value of exports.
- ^{c/} Based on two months only prior to devaluation.

Insofar as countries with falling gold and dollar reserves turned more and more to the soft-currency countries as sources for their imports, they helped to maintain export prices in the soft-currency countries at the same time as they contributed to the decline in United States export prices. On the other hand, to the extent that United States export prices fell relatively to the export prices of the soft-currency countries, the inducement to maintain or increase imports from the United States was strengthened in those countries whose hard-currency reserves and current dollar earnings still permitted them to do so.

There was a decline in the prices of primary commodities relatively to other goods in hard and soft-currency areas alike up to the time of devaluation. The countries of western Europe which are mainly importers of raw materials and foodstuffs and exporters of manufactures probably experienced some improvement in their terms of trade with under-developed countries. The terms of trade

/of the United

of the United States, on the other hand, do not appear to have changed significantly in relation to the under-developed countries as a whole, since export prices to these countries fell, as well as the prices of imports from them.^{1/} A number of under-developed countries suffered a deterioration in their terms of trade as a result of declines in the prices of particular primary commodities, but the situation varied from country to country according to the relative importance of individual primary commodities in their exports, as well as according to the severity of the price declines of such commodities in relation to import prices.

In some cases the weakening of international markets for primary commodities has already been reflected, not only in price declines, but in the prospect of surpluses. In the hard-currency countries the danger of commodity surpluses appears more immediate than in the soft-currency countries due to a large extent to the general shortage of hard-currencies throughout most of the world. Reference has already been made to difficulties being experienced or likely to be encountered by hard-currency areas in disposing in international markets of their exportable surpluses of wheat, cotton, fats and oils, sugar, lumber and pulp. The weaknesses exhibited during the year in primary commodity markets and the concern over surpluses of particular commodities were not confined, however, to hard-currency countries, and were symptoms of a more general weakening of demand and expanding supplies of goods of all kinds.

^{1/} United States imports are weighted fairly heavily with a number of specific commodities which it does not produce itself. United States demand for some of these items, particularly coffee, continued strong during 1949, and in these cases import prices held firm or even increased.

4. THE DEVALUATION OF CURRENCIES

The strain resulting from the developments described in the preceding section was extremely severe on the balance of payments position of the United Kingdom. In announcing devaluation of the pound on 18 September 1949 by 30.5 per cent, the Government of the United Kingdom stated that the immediate need for such action arose from the necessity of stopping the drain on the gold and dollar reserves of the sterling area and the losses resulting from speculation against the pound. A second reason cited was the need for increasing the ability of the United Kingdom and the sterling area to earn dollars by reducing export prices to dollar markets. In this connexion, the Chancellor of the Exchequer stated;^{1/} "We have improved our productivity, but not quickly enough. Time is now so short and our reserves have got so low that, a change in the dollar rate of exchange is the only way in which we can get our prices down quickly enough. We had hoped that the growth of our productivity and other improvements would have made this unnecessary, but events have moved too fast."

The wave of currency devaluations which ensued was not confined to soft-currency countries. While the other countries of the sterling area, except Pakistan, and many countries outside that area - the Scandinavian countries, the Netherlands and Greece - also devalued by approximately 30.5 per cent, a number of countries with relatively hard currencies - Canada, Belgium-Luxembourg and Portugal - devalued their currencies to a lesser extent, ranging from 9 to 13 per cent. A few other soft-currency countries which had previously reduced the exchange value of their currencies by establishing official and free market rates - France and Italy - used the occasion to merge dual rates and devalued to a lesser extent than the United Kingdom. In certain other countries, however, the multiple exchange systems previously in force were further diversified, for example, in Argentina. Finally, the majority of the countries in eastern Europe, as well as Japan and certain Latin American countries with relatively soft currencies left unaltered the exchange value of their currencies in dollars.

^{1/} Speech by Sir Stafford Cripps, announcing the devaluation of the pound sterling as reported in the London Times, 19 September 1949.

/With respect

With respect to prices in the countries which devalued their currencies it appeared towards the end of 1949 that there had been sharp increases in the domestic prices of commodities imported from the dollar area. Thus, British wholesale prices of Canadian wheat rose by over 20 per cent after devaluation. Raw cotton prices rose and in turn reacted upon the prices of cotton yarn; substantial increases in non-ferrous metal prices have also occurred. At the same time the prices of certain commodities, of which the countries which devalued are important producers and exporters to the dollar area, were raised with the result that the prices of these commodities to other devaluing countries increased. The commodities affected included Egyptian cotton, Dominion wool and rubber. Thus, devaluation has, in many instances, not resulted in a decline in dollar prices to the full extent of devaluation. By the end of the year, not only had the impact of devaluation on prices not yet been fully felt in the economies of the countries which devalued but it was difficult to disentangle the price changes resulting from devaluation from prevailing market trends.

How effective devaluation will be as a device for closing the dollar gap depends largely on the extent to which the imports of devaluing countries from the dollar area decline, owing to the rise in the prices of such imports in the domestic currencies of the devaluing countries; and on the extent to which the exports of the devaluing countries both to dollar areas and other markets, in replacement of dollar imports, can be increased as a result of their improved competitive position. So far as the domestic impact of devaluation is concerned, it has already been noted that prices have risen as a result of increases in the cost of imports from the dollar area and to some extent from soft-currency countries. Whether the effect of devaluation on domestic demand in the devaluing countries will be inflationary or deflationary will depend on the extent of the increase or decrease of their exports relative to their imports in terms of their own currencies.

Although it is difficult to foresee the long term results of devaluation, the factors which are influencing the economic situation of many of the countries which have devalued are illustrated by an analysis of the position of the United Kingdom following upon devaluation.

/As a result

As a result of import restrictions, United Kingdom imports from hard-currency areas had already been limited mainly to indispensable purchases. The increase in the prices of imports from hard-currency areas are therefore not likely to influence the volume of these imports. The decision of the United Kingdom and the sterling area, in the summer of 1949 (prior to devaluation) to reduce imports from the United States by an additional 25 per cent left even less margin for the further reduction of such imports as a result of devaluation per se.

The improved competitiveness in soft-currency countries of United Kingdom exports relative to those of the United States could contribute to the improvement of the British dollar position. For example, a replacement of dollar imports of the sterling area by imports from the United Kingdom would reduce requirements from the dollar pool of other members of the sterling area. Moreover, the United Kingdom may be able to earn dollars by replacing United States exports to other soft-currency countries, to the extent that such countries are willing to pay for these imports in dollars. These possibilities are likely to be limited because the imports of soft-currency countries from the United States have already been reduced by import restrictions, as in the case of the United Kingdom. However, since these restrictions have in many cases been less rigidly applied than in the United Kingdom, some margin may exist in certain countries for the further reduction of imports from the United States as a consequence of the price differentials resulting from devaluation.

The ability of the United Kingdom and the sterling area to increase their exports to hard-currency areas will depend basically on levels of national income in those areas.

The effect of devaluation upon United Kingdom exports to hard-currency areas, at given income levels in these areas, will depend on the elasticity of their demand for United Kingdom goods. If the dollar value of United Kingdom exports to hard-currency areas is to increase, the volume of these exports will have to rise more than in inverse proportion to the reduction in dollar prices.^{1/}

^{1/} Assuming no rise in the sterling prices of United Kingdom exports, an increase of about 44 per cent in the volume of exports would leave the dollar value of exports unchanged. However, to the extent that the prices of United Kingdom exports have risen, in terms of sterling, a lesser increase in the volume of exports is required.

The dollar position of the United Kingdom could also be improved by an increase in the dollar value of exports of other countries of the sterling area, which would raise the supply of dollars in the sterling area pool. The main exports of these countries to the dollar area consist of primary products, particularly wool, rubber and tin. The prices of wool and rubber increased considerably after devaluation and approached their pre-devaluation dollar parities towards the end of the year. It is not therefore likely that there will be any expansion, at any rate in the near future, in the volume or dollar value of the exports of these commodities as a result of devaluation. In the case of tin, sterling prices increased considerably immediately after devaluation, but following the resumption of free trading in London, they declined to a level only slightly above the pre-devaluation level. Nevertheless, it is doubtful whether the volume of sterling area tin exports to the United States can be increased, even at the expense of other sources of supply, sufficiently to raise the dollar value of these exports.

While the effects of devaluation on the dollar position of the United Kingdom are thus highly uncertain, some improvement has already taken place as a result of the restriction of dollar imports which had been imposed prior to and continued after devaluation. It was announced at the close of 1949 that the current dollar deficit of the sterling area in the last quarter of the year had fallen to \$31 million as compared with \$539 million in the previous quarter; the gold and dollar reserves of the sterling area on 31 December 1949 were \$263 million higher than on 30 September. In addition to the effects of the restrictions on dollar imports, two non-recurrent elements accounted for about half of the reduction in the current dollar deficit: the inflow of dollars from postponed purchases and deferred payment for sterling area goods and services in anticipation of devaluation; and the resumption of purchases of sterling commodities by the United States for the rebuilding of stocks, which had been declining in anticipation of devaluation.

The internal repercussions of devaluation, which are also complex and equally difficult to foresee, may be considered from the point of view of the effect on internal prices arising from the cost side, that is, from the increased prices of imports; and from the point of view of the inflationary or deflationary impact on domestic demand resulting from changes in the foreign trade sector of the economy. In the United Kingdom the prices of goods which are determined by the cost of imported commodities may be expected to increase in terms of sterling, as a result of the rise in sterling prices not only of dollar imports but of imports of raw materials from the sterling area. The rise in sterling prices would tend to reduce real wages and home consumption and would thus make resources available for a larger volume of exports.

/The inflationary

The inflationary impact of devaluation on domestic demand would depend on the extent to which exports in fact increase relatively to imports, in terms of home currency. Subsequent to the devaluation of the pound, the government of the United Kingdom announced a number of anti-inflationary measures.^{1/} These measures appear to have been designed to check the inflationary demand pressure generated by the anticipated decrease in the over-all import surplus in terms of pounds. The over-all equilibrium in the balance of payments of the United Kingdom in the first half of 1949 was the result of an export surplus to soft-currency areas and a roughly equal import surplus from the hard-currency areas. With regard to the former, some rise in the volume of exports to soft-currency areas may be expected. However, the prices of imports from these areas, raw material prices for example, are likely to increase more than export prices to those areas so that the direction of change of the value of the export surplus with soft-currency countries is uncertain. The import surplus from hard-currency areas, as indicated above, may be expected to decline largely because of the additional import restrictions. However, a decline of the import surplus in terms of dollars does not necessarily imply a reduction in terms of home currency, because of the depreciation of the pound in relation to the dollar. It is thus uncertain whether the over-all import surplus will be reduced in terms of pounds and, consequently, whether the net impact of devaluation will be inflationary or deflationary.

^{1/} Investment in fixed capital was to be reduced by £140 million. Of this amount, housing was to be cut by £35 million, mainly in the private sector. The construction of new schools, health centres and government buildings was also to be curtailed. In addition, long-term investment in the fuel and power industry was to be reduced. Coupled with the curtailment of fixed investment, there is to be a retrenchment in government expenditures on goods and services by £120 million in the fiscal year 1950-51. Of this cut, £30 million will come from defense expenditures and £60 million from civil expenditures. A major share of the reduction in civil expenditures will fall upon the administrative costs of the government. Moreover, the government of the United Kingdom decided to abolish subsidies on a number of consumer goods, such as dried eggs, raisins and fish. A small charge on doctors' prescriptions was introduced in the national health services.

5. LONG-TERM PROBLEMS IN INTERNATIONAL TRADE

The present chronic unbalance in international trade derives essentially from long-term structural maladjustments for which no remedy is yet in sight. At the same time, the crisis in international trade which led up to devaluation demonstrated the sensitivity of international trade to declines in imports of any important trading country resulting from a weakening of internal effective demand, and the need for preventing the international propagation of deflationary movements.

The present structural maladjustments in world trade may be considered from the point of view of western Europe, the United States and the under-developed countries.

The balance of payments difficulties of western Europe cannot be ascribed entirely to dislocations caused by the last war. It is true, of course, that the inability of the countries of western Europe to pay their way in international trade has stemmed in considerable part from devastation suffered during the war. To meet this temporary problem these countries received foreign aid designed to enable them to tide over the period of reconstruction. However, despite the fact that their industrial output has regained or exceeded pre-war levels, they have not been able to restore a balance in their international payments. In some of these countries, total exports are still considerably below total imports. Where exports and imports are more nearly in equilibrium, the balance achieved is largely illusory, since export surpluses with soft-currency areas cannot be used to offset import surpluses with hard-currency areas.

Western European countries are no longer able to balance their transactions in triangular trade by earning dollars in third markets with which to pay for import surpluses with the United States. This results from the fact that many under-developed countries outside Europe have themselves become net importers from the United States whereas they were net exporters before the war. In particular, the dollar-earning capacity of the countries of Asia has been greatly reduced. Asia's capacity to export has been diminished by war devastation and post-war disturbances and certain of its exports are no longer in as heavy demand from the United States as before the war owing to the development of synthetic

/substitutes.

substitutes. In addition, the countries of western Europe have in some cases been compelled to buy in the United States commodities which they had imported from the under-developed areas before the war, but which these areas were no longer in a position to supply either on account of war devastation or because of increased consumption at home.

Any solution to the problems of western European countries in achieving an over-all balance in their international payments, as well as in their dollar transactions, will need to take account of the structural changes which have been and are still taking place in the world economy. In the first place, the import requirements of under-developed areas have been undergoing considerable modification. Before the war, the countries of western Europe were predominantly importers of food and raw materials from these areas and exporters to them of finished manufacturers, particularly consumer goods. This pattern of trade was beginning to be affected, however, even prior to the war by the gradual development of industries in the under-developed regions, particularly such industries as textile manufacturing. Since the war, this trend has received further impetus from the post-war plans for economic development in the under-developed areas -- for processing their own materials, developing consumer goods industries and, in some cases, heavy industries. In the light of these developments, the countries of western Europe are facing the need for adjustments in the structure of their own production and the composition of their trade. They will find larger markets for their exports of such goods as are required by under-developed countries in the process of economic development, and shrinking markets for such goods as the under-developed countries are producing increasingly for themselves.

A second structural problem for western European countries arises from the continuing unbalance of their trade with the United States, particularly since their ability to increase their exports to the United States is extremely limited. If western Europe continues to have import surpluses from the United States, it will be able to balance its transactions with the United States only to the extent that export surpluses with other countries become payable in dollars. Whether in the longer run the under-developed countries will become net dollar earners once again in current transactions with the United States is highly speculative and depends upon their ability and

/willingness

willingness either to replace imports from the United States with those from western Europe or to expand their exports to the United States, or both. It is also uncertain whether any dollar loans which might be obtained by the under-developed countries would be available for purchases from western Europe. Consequently it would seem doubtful whether western European countries could afford to base their plans on the assumption that they could earn dollars in third markets with which to pay for continuing import surpluses from the United States. In any case, if the countries of western Europe are to reduce their import surpluses with the United States to the level of their net earnings of dollars in third markets, they face the necessity for considerable adjustments in the structure of their production and trade. To the extent that they would have to reduce their imports of food and raw materials from the United States, they would need to seek other sources of supply, and utilize all available opportunities for expanding trade with other regions of the world, particularly where they have not yet been fully exploited. To the extent that western European countries might find it necessary to reduce their imports of capital goods from the United States, they would have to depend even more than hitherto on their own facilities for producing the machinery required to re-equip their industries.

Thus, the countries of western Europe may continue to be net importers from the United States, though on a lesser scale than hitherto, while attempting to earn dollars in third markets. The effectiveness of such a course of action depends on the extent to which these third markets choose or are able to become net receivers of dollars from the United States, which is a matter of considerable uncertainty. Alternatively, they might seek to achieve a closer balance in their international transactions with all major groups of countries, and with the United States. In any case far-reaching adjustments in the structure of their production and trade would be entailed.

The outstanding characteristic of the trade of the United States is that while it represents a significant proportion of international trade, it is of limited importance to the domestic economy. Thus, United States exports in 1948 amounted to only 5 per cent of gross national product, whereas they comprised 23 per cent of world exports. There appears to be almost an inherent tendency for the United States to export more than it imports, owing to its exceptional degree of self-sufficiency. The fact that imports into the United States have not even begun to approach the level required to balance United States exports has been a fact of major significance in preventing the achievement of a better balance in international transactions. Since the war, a considerable part of the export surplus of the United States has been financed through United States loans and grants to foreign countries as well as through the reduction of the gold and dollar reserves of deficit countries. During the period ahead, the United States will need either to finance a continuing export surplus or to make the adjustments necessary to permit a more nearly balanced trade by increasing imports, decreasing exports or both. The latter course would necessitate an increase in effective demand at home, to offset reductions in the export surplus, as well as adjustments in the structure of production.

Many of the under-developed countries whose economies are closely related to those of western Europe and the United States accumulated considerable holdings of foreign exchange during the war. In the post-war period they have used these reserves to finance substantial import surpluses from the United States and from certain countries of western Europe, and many of them have reached or are approaching the limits of these reserves. Many of these countries, moreover, have been affected by the sharp declines in the prices of food and raw materials during 1948 and 1949, which further reduced their ability to maintain imports at current levels.

The adjustments which under-developed countries will find it necessary to make in their foreign trade will depend to some extent on whether they are able to borrow abroad and thereby continue to finance import surpluses. Since the end of the war, private international investment has been at a low level and has not thus far shown indications of any substantial expansion in the immediate future. Furthermore, the volume of governmental loans and credits and development loans from international agencies to the under-developed areas has been limited.

/Important changes

Important changes have been taking place, as noted earlier, in the structure of the trade of under-developed countries. Most plans envisage a more balanced economic development of natural resources in order to raise standards of living, and imply a strengthening of the tendency already apparent in earlier post-war years for under-developed countries to retain a larger proportion of domestically produced foodstuffs and raw materials for consumption at home rather than for export. At the same time, many of these countries already possess or plan to establish industries processing primary products, so that exports offered in international markets by them may consist to an increasing degree of processed primary commodities. In addition, several countries built up a fairly substantial export trade in the products of newly developed industries, such as textiles, during the war. While the efforts of the under-developed countries in these directions are encountering difficulties, these countries may be expected to press for the export of their goods in more highly processed form as they reach more advanced stages of economic development.

The tendency of under-developed countries to retain for domestic consumption a growing proportion of their food and raw materials does not necessarily mean that the volume of their exports of primary commodities will decline. Several countries, such as Australia and Canada, have been able to raise their standards of living and to advance their industrial development while continuing to make available large quantities of food and raw materials in world markets; the United States itself is the world's most important source of internationally traded food and raw materials, as well as of finished manufactures. On the other hand, those under-developed countries which possess large populations in relation to presently developed resources would be likely to export food and raw materials only in so far as there was an advantage on balance in a deliberate limitation of internal consumption levels, so as to obtain urgently needed imports.

In the absence of foreign long-term loans on a very considerable scale, exports of primary commodities would for some time be likely to constitute the most important way for under-developed countries to earn the foreign exchange which they require for imports of capital equipment and other essential goods. The importance of obtaining imports of capital equipment

/to the

to the economic development of their natural resources on a more balanced basis may serve as a powerful incentive to under-developed countries to expand production of primary commodities so as to permit the maintenance or even to increase their exports of such commodities and, at the same time, allow for a rise in the level of home consumption. Any measures which would assure stable markets for their exports would serve as a further stimulus in this direction. On the import side, it appears likely that under-developed countries will find it increasingly necessary, even under the most favourable circumstances, to conserve their foreign exchange resources by according high priorities to imports of capital goods and other urgently needed supplies and by restricting their imports of less essential consumer goods, particularly those which can be produced domestically.

Industrial development in the under-developed countries thus has important implications with respect to the structure of production for export on the part of their trading partners. A recognition of the essential long-range changes in the distribution of the world's productive facilities involved in the course of economic development is a first step in determining the adjustments required if international trade is to satisfy in greater measure the respective needs of industrialized and under-developed countries.

The long-term adjustments in the structure of world production and trade will in any case be difficult but these difficulties would be increased by instability in international transactions. The problems created by instability in international trade came to the fore during 1949 when United States imports fell sharply following upon a moderate weakening of effective demand. The industrialized countries of western Europe were able to offset the heavy declines in their exports to the United States by expanding their exports to under-developed areas; the deflationary impact of the increase in the import surpluses of the latter countries was compensated for by a rise in private and government investment. These developments indicated the nature of the international problems which arise whenever fluctuations in income and employment in any important trading country are followed by a fall in its imports relatively to its exports.

/The deflationary

The deflationary effect of the consequent fall in the exports of other countries relative to their imports may evoke internal compensatory action - in which case these countries will be subject to balance of payments disequilibria - or, if no such offsetting action is taken, there will be a tendency for deflationary pressures to be propagated internationally.

Thus, so long as important trading countries are subject to instability in their demand for imports, conflicts will tend to arise for other countries between the maintenance of full employment at home and the preservation of equilibrium in their international balances. In the longer run, there may even develop a tendency for countries seeking to maintain full employment to insulate their economies against outside disturbances by changes in the structure of their production and in the direction of their trade.

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The following symbols have been used throughout the report: two dots (..) indicate that data are not available; a dash (—) indicates that the amount is nil or negligible; a full stop (.) is used to indicate decimals; a comma (,) is used to distinguish thousands and millions; a slash (/) indicates the crop year; the use of a hyphen (—) between dates representing years, e.g., 1934-38, normally signifies an annual average.

Unless the contrary is stated, the standard unit of weight used throughout is the metric ton. References to "dollars" indicate United States dollars unless otherwise specified. Details and percentages in tables do not necessarily add to totals, because of rounding. Percentage changes are generally carried to one decimal point, except where the basic data do not justify this.

A. INDUSTRIAL PRODUCTION

Table 1. Industrial Production: Indices of Mining and Manufacturing
for World
1938, 1947, 1948 and 1949 (through September)

(1937 = 100)

Period	World	World excluding United States	World excluding Germany, Japan and United States	Europe
1938	93	102	100	99
1947	121	96	112	79
1948	135	114	131	92
1948, quarters:				
First	129	107	124	88
Second	133	112	130	92
Third	135	114	130	91
Fourth	141	123	140	99
1949, quarters:				
First	139	125	141	102
Second	139	130	146	106
Third	137	128	143	101

Source: Statistical Office of the United Nations.

Table 2. Industrial Production: National Indices of Mining and Manufacturing^{a/}
1948 and 1949 (through September)

Country	1937 = 100						Per cent change 1949 from		
	1948		1949				corresponding periods of 1948		
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter	Third quarter
Europe (excluding USSR).....	90	99	102	106	101	103	16	15	11
Europe (excluding Germany and USSR)	104	111	113	116	110	113	10	9	8
Austria ^{b/}	75	87	86	103	110	100	28	32	37
Belgium	92	97	97	96	87	93	7	4	- 5
Bulgaria	165	227	..	..	..	..	..	..	..
Czechoslovakia - General	96	105	104	108	99	103	12	7	6
Producers' goods	122	133	131	133	197	130	12	3	5
Consumers' goods	78	88	88	92	80	87	12	12	8
Denmark - General	127	136	134	132	132	132	7	0	6
Producers' goods ..	129	137	133	131	131	131	3	- 1	4
Consumers' goods ..	124	135	134	132	132	133	10	2	8
Finland - General ^{b/}	135	143	143	145	135	141	6	5	2
Home industries ..	164	177	175	180	168	174	6	9	4
Export industries ..	90	90	91	89	82	87	5	- 6	- 7
France	99	102	113	118	102	111	14	13	8
Germany (UK and US zones) ...	46	65	72	75	77	75	85	79	37
(French zone)	45	61	66	72	78	72	65	71	44
Greece	66	83	73	80	85	79	16	25	21
Ireland	128	138	128	140	138	135	6	4	8
Italy	87	95	89	102	99	97	10	16	9
Netherlands - General	106	122	111	118	124	118	13	10	12
Mining	77	78	80	79	83	81	2	4	9
Manufacturing ..	109	128	120	124	130	125	18	11	14
Norway - General	123	129	137	137	114	130	9	3	4
Producers' goods ...	129	136	146	143	118	136	11	2	2
Consumers' goods ...	111	113	118	126	107	117	5	5	7
Poland	105	124	..	..	..	..	..	..	..
Sweden	143	147	147	147	145	147	4	2	1
USSR ^{b/} .....	..	..	..	..	..	..	23	20	17
United Kingdom - General	108	115	118	119	113	116	8	7	7
Mining	81	86	88	84	78	83	6	0	3
Manufacturing ..	112	118	121	124	117	121	8	8	7
Other countries:									
Canada - General	167	173	169	173	168	170	1	3	2
Mining	120	127	123	122	129	125	6	- 2	8
Manufacturing	175	181	177	182	175	178	0	3	1
Chile - General	139	154	143	138	134	138	2	- 1	- 2
Mining	123	127	118	114	98	110	- 2	-11	-19
Manufacturing	149	172	159	154	156	157	5	4	6
India	104	109	..	..	..	..	..	..	..
Japan - General	36	45	47	52	54	51	53	45	28
Mining	70	77	81	81	84	82	13	18	20
Manufacturing	32	41	42	48	50	47	65	51	29
Mexico - General	128	129	130	136	141	136	9	3	7
Mining	94	97	86	95	99	94	3	- 1	- 2
Manufacturing	148	148	156	161	166	161	12	5	10
United States - General	169	172	163	154	152	156	- 2	- 9	-11
Mining	138	141	124	128	115	122	- 4	- 9	-20
Manufacturing ..	175	178	171	159	158	163	- 2	- 9	-10

Source: Statistical Office of the United Nations.

^{a/} Wherever possible these series represent the weighted average of mining and manufacturing indices; they differ from general industrial production indices as published by the exclusion of electricity and gas.

^{b/} Including electricity and gas.

Table 3. Energy Production: Indices for World (excluding USSR) and Major Producing Areas

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1948 and 1949 (through September)

Item and area	1937 = 100							Per cent change 1949 from corresponding period of 1948		
	1948		1949					First quarter	Second quarter	Third quarter
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months				
Coal and lignite:										
World (excluding USSR) ^{a/}	106	109	103	103	89	99		0	- 2	-17
United States.....	130	135	109	114	75	99		-13	-11	-45
Europe.....	88	91	98	94	94	95		11	6	7
Rest of world.....	106	112	113	110	110	111		8	4	3
Petroleum:										
World (excluding USSR).....	169	180	169	167	166	167		5	- 2	- 5
United States.....	154	161	148	139	136	141		- 2	-10	-13
Middle East.....	237	414	429	448	421	433		51	30	10
Latin America.....	202	211	187	198	212	199		- 4	- 1	1
Natural gas:										
World (excluding USSR).....	204	218	264	206	181	217		9	3	7
Hydro-electric power:										
World (excluding USSR) ^{a/}	157	154	157	172	159	163		5	4	2
United States.....	182	175	203	205	189	199		14	4	11
Total above sources of energy:										
World (excluding USSR) ^{a/}	127	133	129	126	114	123		2	- 1	-11
World (excluding USSR and US) ^{a/}	110	116	119	119	119	119		10	7	6
United States.....	147	153	141	134	109	128		- 4	- 8	-26
Total electric power:										
World (excluding USSR) ^{a/}	184	197	196	191	190	193		7	5	3
United States.....	226	241	239	228	234	234		5	3	2
Europe.....	156	173	172	162	159	164		7	6	3
Rest of world.....	151	157	158	171	162	164		11	10	4

Source: Statistical Office of the United Nations.
^{a/} Excluding China and Manchuria also.

Table 4. Coal Production for World (excluding USSR) and Major
Producing Countries

1937, 1948 and 1949 (through September)

(In thousands of metric tons)

Country ^{a/}	Monthly average production First nine months			Per cent change 1949 from ^{b/} 1937	
	1937	1948	1949	1937	1948
World (excluding USSR) ^{c/}	96,050	100,990	93,030	- 3	- 8
World (excluding USSR and US) ^{c/} ..	58,690	52,420	55,940	- 5	7
United States ^{c/}	37,602	48,766	37,228	- 1.0	-23.7
United Kingdom.....	20,354	17,339	17,922	-12.0	3.4 _f
Germany (UK and US zones) ^{e/}	12,807	8,336	9,836 _{f/}	-23.2	19.4 _f
USSR ^{d/}	10,215	.. _{g/}	..	..	13
Poland.....	5,501 _{h/}	5,722	6,069	10.3	6.1
Japan.....	3,772	2,734	3,151	-16.5	15.3
France.....	3,696	4,001	4,238	14.7	5.9
Belgium.....	2,438	2,163	2,280	- 8.4	5.4
Czechoslovakia ^{e/}	2,271	2,595	2,673	17.7	3.0
India.....	2,120	2,549 _{i/}	2,650 _{i/}	..	4.0
Union of South Africa.....	1,264	1,960	2,054	62.5	4.8
Netherlands.....	1,193	915	963	-19.3	5.2
Canada.....	1,118	1,190	1,223	9.4	2.8
Australia ^{e/}	1,118	1,430	1,306	16.8	- 8.7

Source: Statistical Office of the United Nations.

^{a/} In order of pre-war magnitude of production.^{b/} First nine months of 1949 over corresponding period of 1948 and monthly average of 1937.^{c/} Excluding China and Manchuria also.^{d/} Including a small amount of lignite on a ton-for-ton basis.^{e/} Including lignite production converted to coal equivalent.^{f/} Average for eight months.^{g/} Total production for 1948 estimated by the secretariat of the Economic Commission for Europe at 203.8 million tons.^{h/} Post-war territory.^{i/} Excludes Pakistan.

Table 5. Crude Petroleum Production for World (excluding USSR) and Major Producing Countries 1937, 1948 and 1949 (through September)

(In thousands of metric tons)

Country ^a /	Monthly average production						Per cent change 1949 from corresponding period of			
	1948			1949			1948			
	1937	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter	Third quarter
World (excluding USSR) ^b	21,370	36,040	38,500	36,060	35,630	35,470	35,720	5	-2	-5
World (excluding USSR and US)	6,560	13,280	14,700	14,200	15,010	15,280	14,830	16	12	7
United States	14,805	22,757	23,797	21,863	20,621	20,192	20,892	-1.6	-9.9	-12.8
USSR	2,318	..	..	..	..	..	..	10	12	16
Venezuela	2,311	5,786	6,014	5,190	5,482	6,025	5,566	-7.9	-4.4	0.6
Iran	861	2,052	2,267	2,171	2,290	2,258	2,240	24.4	6.9	-0.5
Mexico	561	694	708	668	731	736	712	-0.9	5.0	3.4
Iraq	355	307	221	254	298	428	327	-34.5	-2.6	88.5
Colombia	233	260	344	324	365	354	348	79.5	38.7	5.0
Peru	192	154	163	161	165	..	163	8.1	10.0	..
Saudi Arabia	1	1,489	1,952	2,082	2,059	1,744	1,962	74.1	36.1	-0.8
Kuwait	--	431	841	973	1,081	937	997	279	149	56

Source: Statistical Office of the United Nations.

a/ In order of pre-war magnitude of production.

a/ In order of pre-war magnitude of production.
b/ For the Middle East as a whole monthly average production was 1,306 thousand tons in 1937, 4,403 and 5,650 thousand tons in the first nine months of 1948 and 1949 respectively.

c/ Average of six months.

Table 6. Non-ferrous Metal Production for World (excluding USSR) and Major Producing Countries
1937, 1948 and 1949 (through September)

(In thousands of metric tons)

Metal and country ^{a/}	Monthly average production							Per cent change 1949 from corresponding period 1948		
	1937	1948		1949				First quarter	Second quarter	Third quarter
		First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months			
World (excluding USSR):										
Copper	196	204	192	209	214	188	204	5	3	- 9
Lead	142	119	128	131	136	118	128	18	11	- 4
Zinc	144	150	165	158	169	169	165	6	11	13
Tin	16.6	13.2	13.6	14.3	14.2	14.2	14.2	13	16	- 5
World (excluding USSR and US):										
Copper	123	126	130	135	140	131	135	10	11	2
Lead	102	79	84	86	92	82	86	28	18	-10
Zinc	100	87	99	90	100	103	98	7	15	16
Tin	16.6	9.9	11.1	11.0	11.2	11.2	11.1	13	27	- 3
Copper:										
United States	74.2	78.2	61.8	73.6	74.1	57.3	68.3	-2	-9	-27
Chile	33.0	35.1	36.5	35.1	31.9	24.3	30.4	3	-11	-31
Canada	20.9	18.2	18.7	19.4	19.5	20.1	19.7	6	4	16
Northern Rhodesia	17.6	18.0	18.3	21.0	23.8	21.0	21.9	13	30	22
USSR	7.7	..	..	..	..	..	..	14	16	25
Belgium .....	..	11.1	12.2	10.4	11.6	11.6	11.2	-4	5	2
Japan	7.2	4.3	5.1	6.0	6.1	6.5	6.2	47	55	30
Mexico	3.8	4.8	5.2	4.6	5.2	4.9	4.9	11	-14	13
Lead:										
United States	40.3	40.2	44.2	45.2	44.8	34.6	41.5	3	0	7
Australia	19.3	15.9	16.8	16.5	17.5	10.0	14.7	32	6	-46
Mexico	18.2	16.5	14.9	16.0	19.2	21.4	18.9	29	20	1
Canada	15.7	12.0	13.6	9.4	13.1	11.0	11.2	-15	18	-21
Germany (UK, US and French zones)	8.7 ^{b/}	3.8	6.5	9.6	7.9	8.4	8.6	213	190	50
Belgium	7.1	5.6	5.3	5.9	5.4	7.4	6.2	13	-2	25
USSR	4.6	..	..	..	..	..	..	29	15	28
Italy	3.3	2.1	2.5	1.8	2.6	1.5	2.0	8	2	-31
France	3.2	3.5	3.2	4.9	3.9	3.1	4.0	40	8	-11
Tunisia	2.1	1.3	2.2	1.0	2.1	1.8	1.6	472	4	12
Zinc:										
United States	44.6	63.7	66.1	67.5	68.8	66.2	67.5	4	6	8
Belgium .....	..	12.4	14.2	15.2	15.3	14.4	15.0	14	36	15
Canada	14.0	17.6	17.4	19.1	21.0	23.4	21.2	19	17	24
Mexico	12.9	12.5	22.4	10.6	15.1	15.7	13.8	-19	3	62
Germany (UK and US zones)	8.0 ^{b/}	2.8	5.3	6.5	7.2	7.2	7.2	208	137	118
Australia	5.9 ^{c/}	6.8	7.3	6.5	7.1	6.7	6.8	- 1	11	- 8
USSR	5.8	..	..	..	..	..	..	12	24	31
United Kingdom	5.2	6.2	5.7	5.6	5.3	5.3	5.4	-7	-13	-17
France	4.7	4.8	4.0	4.4	5.4	5.2	5.0	-9	6	11
Japan	4.1	1.7	1.9	1.9	2.7	2.9	2.5	25	63	46
Tin:										
United States	0.0	3.2	2.8	3.3	3.0	3.0	3.1	9	-10	-11
Malaya	8.1	4.1	4.6	5.1	4.8	5.3	5.1	21	30	24
United Kingdom	3.2	2.5	2.7	2.2	2.8	2.0	2.3	-27	84	-37
Netherlands	2.3	1.3	1.6	1.7	1.5	2.1	1.8	170	6	14
Belgium	0.5	1.0	0.7	0.8	0.8	0.7	0.8	-11	-15	-38
Belgian Congo	0.2	0.3	0.4	0.3	0.4	0.3	0.3	-10	28	6

Source: Statistical Office of the United Nations and International Tin Study Group. Figures represent principally primary production except for a small amount of secondary production which could not be deducted.

a/ In order of pre-war magnitude of production.

b/ 1936; UK and US zones only.

c/ Year ending 30 June 1937.

Table 7. Pig Iron and Ferro-Alloys Production for World (excluding USSR) and Major Producing Countries

1937, 1948 and 1949 (through September)

(In thousands of metric tons)

Country ^{a/}	Monthly average production				Per cent change 1949 from corresponding period of 1948			
	1937		1948		1949		First Second Third	
	First nine months		First quarter		First quarter		First quarter	
	months	months	months	months	months	months	months	months
World (excluding USSR) ^{b/}	7,340	7,900	8,860	9,090	8,930	7,900	8,640	18 16 - 5
World (excluding USSR and US) ^{b/}	4,240	3,430	3,860	4,020	4,130	3,970	4,040	27 19 9
Europe (excluding USSR)	3,690	2,840	3,190	3,380	3,440	3,310	3,380	30 20 9
Europe (excluding Germany and USSR)	2,360 ^{c/}	2,490	2,670	2,820	2,830	2,690	2,780	21 12 3
United States	3,100	4,468 ^{d/}	4,994	5,071	4,798	3,931	4,600	11.4 14.1 -15.4
USSR	1,207	..	..	..	..	..	..	22 20 19
Germany (UK, US and French zones)	1,046 ^{e/}	348	512	561	599	628	596	101.8 84.3 42.7
United Kingdom	719	781	797	789	811	799	800	2.6 1.2 3.2
France	661	538	578	701	725	682	703	43.9 29.7 20.1
Saar	182	88	116	130	132	129	131	94.0 53.5 18.3
Belgium	317	315	368	376	327	267	323	21.7 10.8 -21.9
Luxembourg	209	210	245	248	213	177	212	29.2 0.9 -22.4
Japan	199	61	95	107	128	136 ^{f/}	124 ^{g/}	167.5 106.4 65.8
India	139	122	130	117	134	140 ^{f/}	129 ^{g/}	- 9.3 13.6 21.7
Canada	83	174	178	189	194	170	184	18.1 7.8 - 6.1
Australia	77 ^{h/}	100	87	89	82	55	76	-14.4 -18.0 -40.4
Italy	73	48	32	23	45	45	38	-10.9 -17.5 -28.3
Sweden	55	63	70	72	72	61	69	19.5 1.5 - 3.0

Source: Statistical Office of the United Nations.

^{a/} In order of pre-war magnitude of production.

^{b/} Excluding China and Manchuria also.

^{c/} Excluding Germany pre-war territory.

^{d/} Total production for 1948 estimated by the secretariat of the Economic Commission for Europe at 14 million tons.

^{e/} 1936.

^{f/} Average of two months.

^{g/} Average of eight months.

^{h/} Year ending 30 June 1937.

Table 8. Aluminium Production for World (excluding USSR) and Certain Countries
1937, 1948 and 1949 (through June)

(In thousands of metric tons)

Country	Monthly average production				Per cent change 1949 from corresponding period of 1948		
	1937	1948		1949			
		First six months	Fourth quarter	First quarter	Second quarter	First quarter	Second quarter
World (excluding USSR) a/	37.5	92.0	92.3	82.1	107.2	94.7	- 7.1 10.6
World (excluding USSR and US) a/ ...	26.4	42.3	44.3	34.3	57.3	45.8	-19.3 16.3
United States	11.1 ^{b/}	46.7	48.0	47.8	49.9	48.8	4.1 5.1
Germany (UK and US zones).	3.2 ^{b/}	0.4	0.5	1.0	3.4	2.2	c/ 785.0
France	2.9	5.5	3.5	2.5	5.6	4.1	-36.0 -20.9
Italy	1.9	2.3	2.3	1.0	3.1	2.1	-14.0 - 8.6
Norway	1.9	2.3	3.0	2.7	2.9	2.8	54.0 4.4
United Kingdom	1.6	2.6	2.6	2.6	2.7	2.7	1.6 4.2

Source: Statistical Office of the United Nations. Figures represent primary production only.

a/ Estimates include data for Canada and other producers not listed above for which only annual figures are available.

b/ 1936.

c/ No production in first quarter of 1948.

Table 9. Natural and Synthetic Rubber Production for World
(excluding USSR) and Major Producing Countries

1937, 1948 and 1949 (through September)

(In thousands of metric tons)

Country	<u>Monthly average production</u>			<u>Per cent change 1949</u>	
	<u>First nine months</u>			<u>from a/</u>	
	1937	1948	1949	1937	1948
Natural rubber:					
World (excluding USSR)	102.4	127.9	122.0	19.1	- 4.6
Malaya	42.5	59.6	56.2	32.2	- 5.7
Indonesia	38.2	35.6	34.5	- 9.7	- 3.1
Synthetic rubber:					
World (excluding USSR)	0.2	45.1	39.1	b/	-13.3
United States	--	41.3	35.0	b/	-15.3
Canada	--	3.3	4.1	b/	24.2

Source: Statistical Office of the United Nations and secretariat of the Rubber Study Group.

a/ First nine months of 1949 over corresponding period of 1948 and monthly average of 1937.

b/ Production negligible in 1937.

Table 10. Forest Products Production and Trade: Indices for World
(excluding USSR) and Regions

1948 and 1949

(1937 = 100)

Region	Production ^{a/}		Exports ^{a/}	Imports ^{a/}
	1948	1949 ^{b/}	1948	1948
World (excluding USSR).....	111	110	79	72
Africa and Middle East	158	158	70	138
Australia and New Zealand	183	184	35	62
Europe (excluding USSR)	69	72	55	50
Far East	95	94	4	20
Latin America	191	190	143	86
United States and Canada	145	139	124	122

Source: Food and Agriculture Organization of the United Nations.

a/ Lumber and wood pulp only. In constructing index numbers a standard of
lumber (4.672m³) given weight as a metric ton of wood pulp.

b/ Preliminary estimates.

Table 11. Fibre Production: Totals for World
1934-38, 1948 and 1949

(In thousands of metric tons)

Fibre	1934-38	1948 ^{a/}	1949 ^{a/} (est.)	Per cent change 1949 from	
				1934-38	1948
Fibres total	11,921	10,453	11,314 ^{b/}	- 5	8
Apparel and household fibres	9,070	8,057	9,078 ^{c/}	0	13
Cotton	6,651	5,513	6,281	- 6	14
Wool (clean)	943	928	948	1	2
Silk	54	13	15	-72	15
Rayon	632	1,123	1,348	113	20
Nylon	—	30 ^{d/}	36	—	20
Flax	790	450	..	..	..
Hemp	454	345	..	..	..
Jute	1,875	1,568	1,391	-26	-11
Hard fibres ^{e/}	522	483	500	- 4	4

Source: United Nations Department of Economic Affairs, Division of Economic Stability and Development, based on data from the Food and Agriculture Organization of the United Nations.

^{a/} Data for cotton, wool and jute relate to crop years, for example, 1948 figures for cotton represent production for year ending 1 August 1948; those for silk, rayon, nylon, flax, hemp and hard fibres relate to calendar years and in 1948 are preliminary figures.

^{b/} Includes flax and hemp at 1948 production levels owing to lack of data.

^{c/} Includes flax at 1948 production levels.

^{d/} Approximate production.

^{e/} Abaca, sisal and henequen.

Table 12. Crude Steel Production for World (excluding USSR) and Major Producing Countries
1937, 1948 and 1949 (through September)
(In thousands of metric tons)

Country ^{a/}	Monthly average production				Per cent change 1949 from corresponding period of 1948			
	1937		1948		1949			
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter
World (excluding USSR) ^{b/}	9,740	12,070	12,590	12,030	10,890	11,840	16	11
World (excluding USSR and US) ^{b/}	5,460	4,940	5,320	5,420	5,120	5,290	26	21
Europe (excluding USSR)	4,650	4,190	4,500	4,570	4,310	4,460	26	21
Europe (excluding Germany and USSR)	3,037 ^{e/}	3,560	3,790	3,800	3,510	3,700	16	11
United States	4,282	7,129	7,273	6,614	5,771	6,553	9.1	3.8
USSR	1,477	618	701	752	789	747	27	27
Germany (UK and US zones)	1,197 ^{e/}	13	16	16	18	16	118.4	108.9
Germany (French zones)	..	1,290	1,343	1,351	1,233	1,309	179	240
United Kingdom	1,099	616	759	776	731	755	6.2	4.1
France	660	124	144	147	147	146	30.9	25.2
Saar	196	195	218	240	261	240	102	59
Japan	483	363	382	339	274	332	123.1	87.5
Belgium	322	230	236	204	169	203	22.8	16.5
Luxembourg	209	228 ^{f/}	176	184	171	168	33.3	3.0
Czechoslovakia	192	177 ^{h/}	150	155	155	155	..	..
Italy	175	122 ^{g/}	117	111	101	109	-8.0	-1.1
Poland	119	238	254	252	220	242	..	..
Canada	94	101	115	111	101	109	8.0	2.4
Sweden	91 ^{i/}	89	98	93	61	84	9.5	3.7
Australia	78	107	107	116	113	112	-8	-18
India	..	..	..	..	..	..	0	16

Source: Statistical Office of the United Nations.

^{a/} In order of pre-war magnitude of production.

^{b/} Excluding China and Manchuria also.

^{c/} Excluding Germany pre-war territory.

^{d/} Total production for 1948 estimated by the secretariat of the Economic Commission for Europe at 16.7 million tons.

^{e/} 1936.

^{f/} Average of two months.

^{g/} Pre-war territory.

^{h/} Average of eight months.

^{i/} Year ending 30 June 1937.

**Table 13. Motor Vehicle Production for World (excluding USSR)
and Major Producing Countries
1937, 1948 and 1949 (through September)
(In thousands)**

Country ^{a/}	Monthly average production			Per cent change 1949 from ^{b/}	
	1937	First nine months 1948 1949		1937	1948
World (excluding USSR):					
Passenger cars	416	336	517	24	41
Commercial vehicles	100	153	144	44	- 6
United States:					
Passenger cars	326.32	309.18	439.23	34.6	42.1
Commercial vehicles	74.42	117.24	100.46	35.0	-14.3
United Kingdom:					
Passenger cars	28.42 ^{c/}	28.28	32.91	15.8 ^{c/}	16.4
Commercial vehicles	8.67 ^{c/}	13.88	17.22	98.6 ^{c/}	24.1
France:					
Passenger cars	15.20 ^{d/}	7.72	14.30	- 5.9 ^{d/}	85.2
Commercial vehicles	3.28 ^{d/}	7.81	8.35	154.6 ^{d/}	6.9
Germany (UK and US zones):					
Passenger cars	14.51 ^{e/}	1.98	6.74 ^{f/}	-53.5 ^{e/}	240.4 ^{f/}
Commercial vehicles	3.03 ^{e/}	1.93	4.21 ^{f/}	38.9 ^{e/}	118.1 ^{f/}
Canada:					
Passenger cars	12.75	12.42	15.60	22.4	25.6
Commercial vehicles	4.54	8.14	8.49	87.0	4.3
USSR:					
Passenger cars	1.50	.. ^{g/}	..	..	122 ^{h/}
Commercial vehicles	15.08	.. ^{g/}	..	..	38 ^{h/}
Italy:					
Passenger cars	4.92 ^{c/}	3.34	4.73	- 3.9 ^{c/}	41.6
Commercial vehicles	0.98 ^{c/}	1.23	1.55	58.2 ^{c/}	26.0
Japan:					
Commercial vehicles	1.88 ^{i/}	1.50	2.42	28.7 ^{i/}	61.3
Czechoslovakia:					
Passenger cars	1.05	1.45	} 2.13 ^{j/}	54.3	5.4 ^{j/}
Commercial vehicles	0.33	0.57			

Source: Statistical Office of the United Nations and secretariat of the Economic Commission for Europe.

a/ In order of pre-war magnitude of total production.

b/ First nine months of 1949 over corresponding period of 1948 and monthly average of 1937.

c/ 1938.

d/ October 1937 - September 1938.

e/ 1936.

f/ Average for seven months.

g/ Total combined production of passenger and commercial vehicles for 1948 estimated by the secretariat of the Economic Commission for Europe at 270 thousand cars.

h/ Trucks only.

i/ Fiscal year average beginning 1 April 1937; including a certain number of small cars.

j/ Average for eight months.

Table 14. Merchant Shipbuilding in World (excluding USSR) and Major
Producing Countries ^{a/}
1937, 1948 and 1949

(In thousands of gross tons)

Country	Monthly average for first nine months			Per cent change 1949 from corresponding period	
	1937	1948	1949	1937	1948
World (excluding USSR):					
Commenced	257	202	280	9	39
Under construction ^{b/}	2,886	4,204	4,608	60	10
Completed .....	..	183	242	..	32
Denmark:					
Commenced	12	5	9	- 21	73
Under construction ^{b/}	103	136	130	26	- 4
Completed .....	..	5	7	..	36
France:					
Commenced	2	16	13	438	- 17
Under construction ^{b/}	70	400	409	483	2
Completed .....	..	6	14	..	135
Italy: ^{c/}					
Commenced	6	7	11	92	52
Under construction ^{b/}	83	222	207	149	- 7
Completed .....	..	8	7	..	- 19
Japan:					
Commenced	45	..	13	- 72	..
Under construction ^{b/}	334	..	138	- 59	..
Completed .....	..	..	9	..	..
Netherlands:					
Commenced	20	10	21	9	112
Under construction ^{b/}	225	211	312	39	48
Completed .....	..	15	15	..	0
Norway:					
Commenced	4	5	4	0	- 19
Under construction ^{b/}	37	90	90	140	0
Completed .....	..	4	4	..	0
Sweden:					
Commenced	12	20	25	103	24
Under construction ^{b/}	114	264	255	124	- 3
Completed .....	..	20	24	..	21
United Kingdom:					
Commenced	93 ^{d/}	92	107	15	16
Under construction ^{b/}	1,181 ^{d/}	2,209	2,095	77	- 5
Completed .....	..	87	110	..	27
United States:					
Commenced	20	33	62	210	89
Under construction ^{b/}	209	290	625	199	116
Completed .....	..	16	38	..	139

Source: Lloyd's Register of Shipping (London).

^{a/} Vessels of 100 gross tons and over; excluding non-propelled vessels.^{b/} In September.^{c/} Including Trieste.^{d/} Including Ireland.

Table 15. Chemical Production: Selected National Indices
1948 and 1949 (through September)

Country	1938 = 100 ^{a/}					Per cent change 1949 from corresponding period of 1948				
	1948		1949			First nine months	Third quarter	First quarter	Second quarter	Third quarter
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter					
European countries:										
Belgium	145	166	157	159	147	154		3	14	2
Czechoslovakia	120	135	130	136	124	130		8	11	4
France ^{b/}	131	122	130	134	113	126		1	5	7
Germany (UK, US and French zones) ^{b/}	42	56	62	64	65	64		68	60	30
Italy ^{c/}	94	99	92	102	110	101		12	7	4
Poland ^{c/}	209	235	256 ^{d/}	248 ^{d/}	..	..		30	15	..
United Kingdom	170	178	178	181	165	175		2	6	1
Total of 14 European countries ^{e/}										
(Including Germany)	102	112	115	118	113 ^{d/}	115		16	15	8
(Excluding Germany)	137	144	145	150	140 ^{d/}	145		7	7	4
Other countries:										
Canada	178	165	170	188	172	177		3	1	1
Japan	30	35	38	46	44	43		67	43	28
United States	264	266	261	243	238	247		1	7	11

Source: Official statistics and secretariat of the Economic Commission for Europe.

a/ Base period other than 1938: Belgium, 1936-38 = 100; Czechoslovakia, 1937 = 100.

b/ Excluding the Saar.

c/ Post-war production in post-war territory has been related to 1938 production in the pre-war area.

d/ Provisional estimate.

e/ Countries include the following in addition to those listed in the table: Austria, Denmark, Finland, Greece, Ireland, Netherlands and Norway.

Table 16. Engineering Production: Selected National Indices
1948 and 1949 (through September)

Country	1948				1949				Per cent change 1949 from corresponding period of 1948			
	1948				1949							
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter	Third quarter	First quarter	Second quarter	Third quarter
European countries:												
Belgium ^{b/}	134	137	142	145	115	134	7	0	-	7	0	7
Czechoslovakia	118	127	125	131	122	126	12	1	8	12	1	8
France ^{c/}	116	128	139	155	135	143	23	28	17	23	28	17
Germany (UK, US and French zones) ^{c/}	34	54	62	60	65	62	107	94	55	107	94	55
Italy	58	67	62	66	..	..	-	10	..	3	10	..
Netherlands	117	134	137 ^{a/}	146	144	142	27	20	20	27	20	20
Poland ^{d/}	220	253	246 ^{a/}	..	..	..	11	..	..	11	..	..
Sweden	147	152	152	153	149	151	2	3	3	2	3	3
United Kingdom	133	139	144	148	139	144	8	8	8	8	8	8
Total of 15 European countries: ^{f/}												
(Including Germany)	94	107	110	115	110 ^{e/}	112	20	19	17	20	19	17
(Excluding Germany)	121	131	130	140	130 ^{e/}	133	7	11	11	7	11	11
Other countries:												
Japan	38	49	48	52	48	49	53	38	10	53	38	10
United States	333	338	324	298	291	304	-	5	-	-	9	-

Source: Official statistics and secretariat of the Economic Commission for Europe.

a/ Base period other than 1938: Czechoslovakia, 1937 = 100.

b/ Including a weight for Luxembourg.

c/ Excluding the Saar.

d/ Post-war production in post-war territory has been related to 1938 production in the pre-war area.

e/ Provisional estimate.

f/ Countries include the following in addition to those listed in the table: Austria, Denmark, Finland, Greece, Ireland and Norway.

Table 17. Textile Production: Selected National Indices
1948 and 1949 (through September)

	1948					1949			Per cent change 1949 from corresponding period of 1948
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter		Third quarter
European countries:									
Belgium	122	124	128	125	114	122	-	0	3
Czechoslovakia.....	75	84	81	85	70	79	5	8	3
France ^{a/}	100	105	104	109	85	99	2	0	6
Germany (UK, US and French zones) ^{b/c/}	42	61	73	79	89	80	109	108	68
Italy	86	97	96	105	96	99	13	22	10
Netherlands.....	102	116	117 ^{d/}	121 ^{d/}	115	118	13	15	19
Poland ^{e/}	123	134	139 ^{d/}	136 ^{d/}	..	..	16	11	..
Sweden ^{e/}	136	142	142	143	139	141	4	4	5
United Kingdom.....	93	98	102	99	97	99	9	4	8
Total of 15 European countries: ^{e/}									
(Including Germany).....	85	94	98	100	96 ^{d/}	98	15	15	14
(Excluding Germany).....	95	101	103	105	95 ^{d/}	101	7	7	4
Other countries:									
Canada.....	185	189	196	186	168	183	4	-	4
India.....	109	125	..	..	..	..	..	..	..
Japan.....	16	20	19	21	22	21	37	27	28
United States.....	203	192	180	148	163	164	-	14	-
								29	15

Source: Official statistics and secretariat of the Economic Commission for Europe.

a/ Base period other than 1938: Czechoslovakia and India, 1937 = 100.

b/ Excluding the Saar.

c/ Including ready-made clothing.

d/ Provisional estimate.

e/ Countries include the following in addition to those listed in the table: Austria, Denmark, Finland, Greece, Ireland and Norway.

Table 18. Building and Construction Activity: National Indices
1948 and 1949(1937 = 100)^{a/}

Country	Basis of index	Months covered	1937 = 100		Per cent change 1949 from corresponding period of 1948
			1948	1949	
Belgium.....	Building materials	I-VII	84	60	-29
Canada.....	Dwelling units completed	I-IX	158	198	25
Chile.....	Construction index	I-VIII	144	145	1
Denmark.....	Floor space	I-VI	92	159	72
France.....	Construction index	I-VII	115	118	2
Germany (UK and US zones).. Italy ^{b/}	Building materials	I-VIII	53	89	68
	Rooms completed	I-VIII	..	..	39
Netherlands.....	Building materials	I-VIII	101	118	17
Sweden ^{c/}	Dwelling units completed	I-VI	..	..	-24
Switzerland.....	Building employment	I-IX	145	133	- 8
Union of South Africa.....	Houses completed	I-VIII	92	109	19
USSR(.....	Residential	I-IX	..	..	29
(.....	Non-residential	I-IX	..	..	22
United Kingdom ^{d/}	Construction index	I-IX	85	89	4
United States ^{d/}	Floor space	I-IX	200	186	- 7

Source: Statistical Office of the United Nations.

a/ Base period other than 1937: Belgium, 1935-1938; Canada, 1938; Denmark, 1 July 1938-30 June 1939; Germany, 1936.

b/ Provincial capitals and communes with more than 20,000 inhabitants.

c/ For 53 cities with more than 10,000 inhabitants in 1944.

d/ Based on construction contracts awarded in 37 states.

Table 19. Cement Production for World (excluding USSR) and
Major Producing Countries
1937, 1948 and 1949 (through September)

(In thousands of metric tons)

Country ^{a/}	Monthly average production			Per cent change 1949 from b/	
	First nine months			1937	1948
	1937	1948	1949		
World (excluding USSR) ^{c/}	6,180	8,080	9,090	47	12
World (excluding USSR and US) ^{c/}	4,500	5,230	6,140	36	17
United States ^{d/}	1,680	2,850	2,950	75.6	3.5
Germany (UK and US zone)	626 ^{e/}	388	609	- 2.7 ^{e/}	57.0
(French zone)	130 ^{e/}	31	80	- 38.5 ^{e/}	158.1
United Kingdom	614	709	765	24.6	7.9
Japan	499	144	251	- 49.7	74.3
USSR	450	.. ^{f/}	..	..	30
France	293	453	525	79.2	15.9
Belgium	248	283	235	- 5.2	- 17.0
Poland	107 ^{g/}	161	196	..	21.7
Czechoslovakia	106	145	144	35.8	- 0.7
India	95	129	167	75.8	29.5
Canada	82	188	217	164.6	15.4
Sweden	73	122	139	90.4	13.9
Union of South Africa	70 ^{h/}	109	111	58.6	1.8
Australia	61 ^{h/}	86	84	37.7	- 2.3
Denmark	56	62	66	17.9	6.5
Brazil	48	89	100	93.8	11.2
Netherlands	37	49	47	27.0	- 4.1
Austria	36	56	88	136.1	57.1
Mexico	29	61	102	241.4	67.2

Source: Statistical Office of the United Nations.

a/ In order of pre-war magnitude of production.

b/ First nine months of 1949 over corresponding period of 1948 and monthly average of 1937.

c/ Excluding China and Manchuria also.

d/ Including Puerto Rican production.

e/ 1936.

f/ Total production for 1948 estimated by the secretariat of the Economic Commission for Europe at 6.5 million tons.

g/ Pre-war territory.

h/ Year ending 30 June 1937.

B. FOOD PRODUCTION

Table 20. Food Supply, Production and Trade: Indices for World (excluding USSR) and Regions

1947/48 and 1948/49
(1934-38 = 100)

Region	Supplies available for consumption		Production		Exports		Imports	
	1947/48	1948/49 ^{a/}	1947/48	1948/49 ^{a/b/}	1947/48	1948/49 ^{a/}	1947/48	1948/49 ^{a/}
World (excluding USSR)....	98	102	97	104	89 ^{c/}	98 ^{c/}	81	87
Africa and Middle East ^{d/}	106	116	101	116	72	89	98	125
Australia and New Zealand ^{e/}	110	111	109	106	99	109	128	150
Europe (excluding USSR)	82	89	79	89	40	53	80	85
Far East	93	96	92	95	28	35	61	73
Latin America	123	127	114	118	102	102	127	111
United States and Canada ^{f/}	124	124	128	138	274	290	90	99

Source: Food and Agriculture Organization of the United Nations. For method of calculating index numbers, see appendix to Food and Agriculture Organization, State of Food and Agriculture 1948 (Washington, D.C., September 1948).

a/ Preliminary figures.

b/ Production indices of selected products in 1948/49 (1934-38 = 100) show bread grains, 110; coarse grains, 120; rice, 96; potatoes, 105; sugar, 114; fats and oils, 97; and meat, 97.

c/ Index for world exports unsatisfactory because based on pre-war figure believed to omit exports of a number of small territories. If included, the indices for the world average would drop by some 10 points and become comparable with the indices for imports.

d/ Includes Algeria, Egypt, French Morocco, Madagascar, Tunisia, Turkey and Union of South Africa.

e/ Base period in Australia, 1936/37 - 1938/39 and in New Zealand, 1935-39.

f/ Base period in Canada and United States, 1935-39.

Table 21. Food Supplies: Calorie and Animal Protein Value
Per Person Per Day in Certain Countries
1934-38, 1947/48 and 1948/49

Country	Calories			Animal protein (In grammes)		
	1934-38	1947/48	1948/49	1934-38	1947/48	1948/49
Africa and Middle East:						
Egypt.....	2,450	2,364	2,458	9.3	9.4	9.5
Turkey.....	2,562	2,173	2,506	12.01	12.3	12.4 ^a
Union of South Africa.....	2,251 ^a	2,422	2,468	23.8	27.1	27.9 ^a
Europe:						
Austria.....	3,020	2,397	2,701	43.1	22.3	25.4
Belgium.....	2,969	2,667	2,760	36.2	34.0	33.8
Denmark.....	3,416	3,125	3,206	57.0	63.9	61.2
Finland.....	2,999	2,617 ^b	3,043	43.7	40.8	43.8
France.....	2,884	2,357 ^b	2,728	36.6	30.1	34.4
Germany, total.....	2,961	..	..	39.5	..	..
UK and US zones.....	..	2,189	2,544	..	22.1	23.7
French zone.....	..	1,858	2,517	..	23.7	23.3
USSR zone.....	..	1,895	2,410	..	14.3	14.5
Greece.....	2,581	2,266	2,358	22.5	17.8	17.1
Hungary.....	2,772	2,432	..	24.7	15.5	..
Ireland.....	3,392	3,260	3,282	47.7	49.9	50.4
Italy.....	2,639	2,249	2,301	20.0	16.0	18.0
Luxembourg.....	3,170	2,856	..	38.0	31.4	..
Netherlands.....	3,007	2,693	2,861	37.4	34.7	39.7
Norway.....	3,158	2,899	2,995	45.8	47.9	52.8
Poland.....	2,710	2,363	2,625	23.2	16.8	21.2
Sweden.....	3,122	2,871	3,140	59.5	80.0	64.4
Switzerland.....	3,168	3,106	2,992	53.8	46.5	48.1
United Kingdom.....	3,097	2,968	3,084	45.0	46.6	44.7
Yugoslavia.....	3,024	2,144	..	21.9	11.2	..
Far East:						
Burma.....	2,080	1,986	1,877	32.7	26.5	26.4
Ceylon.....	2,223	1,977	1,865	16.3	14.7	9.7
India and Pakistan.....	1,968	..	1,593 ^c	8.3	..	5.5 ^c
Indochina.....	1,896	2,039 ^d	..	12.1	4.7	..
Japan.....	2,175	1,670 ^d	1,795 ^d	12.4	7.8	10.9
Latin America:						
Argentina.....	2,731	3,188	3,191	61.7 ^a	66.2	64.8
Brazil.....	2,152	2,245	..	31.5	26.9	..
Chile.....	2,237 ^a	2,352	2,404	21.1 ^a	23.7	22.7
Cuba.....	2,609	2,682	2,814	23.2	26.4	25.3
Peru.....	1,861 ^a	1,925	2,219	13.4 ^a	13.5	13.6
Uruguay.....	2,382	2,478	2,529	60.9 ^a	59.1	61.3
North America:						
Canada.....	3,067 ^a	3,207	3,063	47.9 ^a	58.9	56.8
United States.....	3,164 ^a	3,244	3,186	51.6 ^a	63.0	60.3
Oceania:						
Australia.....	3,305 ^e	3,262 ^f	3,265 ^f	66.6 ^e	67.4 ^f	64.9
New Zealand.....	3,260 ^a	3,214 ^f	3,215 ^f	63.5 ^a	63.8 ^f	63.1

Source: Food and Agriculture Organization of the United Nations.

^a/ 1935-39.

^b/ Unreported production has most likely provided enough calories to raise the level to about 2,500-2,600 calories.

^c/ India only.

^d/ It is believed by the Supreme Command Allied Powers that for staple foods there is an appreciable understatement of production, particularly from home gardens, both in staple foods and vegetables. A nutrition survey conducted by the Ministry of Welfare estimated calorie supplies per person per day at 1,965.

^e/ 1936/37 - 1938/39.

^f/ Calendar year basis: 1947 and 1948.

Table 22. Grain Production and Exports: Totals for World, Continents and Certain Countries
1934-38, 1947/48 and 1948/49

(In millions of metric tons)

Continent or country ^{a/}	Bread grains			Coarse grains ^{b/}		
	1934-38	1947/48	1948/49	1934-38	1947/48	1948/49
Production:						
World (excluding USSR) ^{c/d/}	147.6	142.7	162.4	195.8	198.4	244.6
Europe ^{c/}	61.4	36.8	54.3	54.9	43.4	50.2
North and Central America ^{c/} ..	28.2	47.9	47.6	81.2	95.2	134.6
Asia	41.3	39.5	44.3	33.0	32.7	34.6
South America	8.5	9.2	7.2	17.0	16.1	14.9
Africa	3.8	3.2	3.7	8.9	9.5	9.0
Oceania	4.4	6.1	5.3	0.8	1.5	1.3
Exports (including flour)^{e/}						
World (including USSR) ..	18.4	26.9	26.6	13.80	8.7	9.6
Argentina	3.5	3.1	1.7	7.23	4.0	2.25
Australia	2.8	2.8	3.3	0.08	0.4	0.5
Canada	4.8	5.9	6.15	0.08	0.1	0.9
United States	0.5	13.2	13.8	0.05	2.1	4.3
Others (including USSR)	6.8	1.9	1.65	6.36	2.1	1.65

Source: Food and Agriculture Organization of the United Nations. Crop production in 1948/49, for example, pertains to harvests of spring, summer and autumn of 1948 for Northern Hemisphere and, for some parts of the Far East, to harvests continuing into early 1949; to harvests in latter part of 1948 and first half of 1949 for the Southern Hemisphere.

a/ Continents in order of pre-war magnitude of total grain production; countries in alphabetical order.

b/ Excluding millets and sorghums for Africa and Asia.

c/ The Food and Agriculture Organization's preliminary estimates are the basis for the following summary of the 1949/50 crops (in millions of metric tons):

	Bread grains	Coarse grains
World (excluding USSR)	157.0	229.0
Europe	56.0	50.1
North and Central America	41.9	121.8
Rest of world	59.1	57.1

d/ Total grain production in the Union of Soviet Socialist Republics averaged 98.4 million metric tons for 1934-38 and the 1948 harvest was reported at 115 million metric tons in a Budget Report of the Minister of Finance, March 1949.

e/ 1948/49 export data preliminary.

Table 23. Rice Production and Exports: Totals for World
(excluding USSR), Asia and Certain Countries
1934-38, 1947/48, 1948/49
(In thousands of metric tons)

Area	Production ^{a/}			Exports ^{b/}		
	1934-38	1947/48	1948/49	1934-38	First nine months	
					1948	1949
World (excluding USSR)	148,100	144,600	145,400	8,564	2,743	2,736
Asia	141,800	134,700	135,200	8,104	..	..
Burma	7,000	5,400	5,300	3,070	1,079	1,030
China (22 provinces)	50,100 ^{c/}	46,500	46,500	--	--	--
India	29,200 ^{d/}	29,800	28,700	254	--	--
Indochina	6,500	4,800	5,100	1,290	135	85
Japan	11,500	11,300	11,600	25	--	--
Pakistan	11,200 ^{d/}	11,800	11,600	260	..	..
Thailand	4,400	5,500	5,300	1,388	598	953
Other	21,900	19,600	21,100	1,817	..	..
Rest of world	6,300	9,900	10,200	460	..	..

Source: Food and Agriculture Organization of the United Nations.

a/ In terms of paddy rice.

b/ In terms of milled rice equivalent: paddy expressed in terms of milled rice converted at 70 per cent for Asiatic countries and 65 per cent for other countries.

c/ 1931-37 average.

d/ 1936/37 - 1938/39 average.

Table 24. Meat and Dairy Products Production:
Totals for Certain Regions
1934-38, 1948 and 1949

Region ^{a/}	1934-38 ^{b/}	1948	1949	Per cent change 1949 from	
				1934-38	1948
<u>Millions of metric tons</u>					
Meat: <u>d/</u>					
Europe (excluding USSR)	12.2	7.7	8.8	- 30.3	10.4
United States and Canada	8.5	11.3	11.5	35.3	1.8
Latin America <u>e/</u>	4.9	5.1	5.3	8.2	3.9
Australia and New Zealand	1.5	1.5	1.6	6.7	6.7
Total, above	27.1	25.6	26.9	- 0.7	5.1
Milk: <u>f/</u>					
Europe (excluding USSR)	102.7	75.6	82.8	- 19.4	9.5
United States and Canada	54.6	61.2	62.4	14.3	2.0
Australia and New Zealand	10.0	9.9	10.0	0.0	1.0
Latin America <u>e/</u>	7.8	10.1	10.4	33.3	3.0
Total, above	175.1	156.8	165.6	- 5.4	5.6
<u>Thousands of metric tons</u>					
Butter:					
Europe (excluding USSR)	1,670	1,142	1,260	- 24.6	10.3
United States and Canada	1,144	844	940	- 17.8	11.4
Australia and New Zealand	377	321	325	- 13.8	1.2
Latin America <u>e/</u>	90	135	150	66.7	11.1
Total, above	3,281	2,442	2,675	- 18.5	9.5
Cheese:					
Europe (excluding USSR)	1,490	1,100	1,185	- 20.5	7.7
United States and Canada	344	539	604	75.6	12.1
Australia and New Zealand	120	131	130	8.3	- 0.8
Latin America <u>e/</u>	100	175	180	80.0	2.9
Total, above	2,054	1,945	2,099	2.2	7.9

Source: Food and Agriculture Organization of the United Nations.

^{a/} In order of pre-war magnitude of production.

^{b/} For most countries; an average of three to five years between 1934 and 1939 for a few countries.

^{c/} Preliminary estimate.

^{d/} In terms of carcass weight, including beef, veal, pork, lamb and mutton; including offals but excluding lard and the meat equivalent of live animals exported.

^{e/} Including Argentina, Brazil, Chile, Peru and Uruguay.

^{f/} Milk from cows.

Table 25. Sugar Production: Totals for World (excluding USSR),
Continents and Certain Countries
1934-38, 1947/48, 1948/49
(In thousands of metric tons)^{a/}

Continent and country	1934-38	1947/48	1948/49	Per cent change 1948/49 from	
				1934-38	1947/48
World (excluding USSR)...	27,765	29,091	31,581	13.7	8.6
Total beet	7,967	6,373	8,228	3.3	29.1
Total cane	19,798	22,718	23,353	18.0	2.8
Africa	1,170	1,439	1,485	26.9	3.2
Asia	9,230	7,613 ^{b/}	8,204 ^{c/}	-11.1	7.8
Indonesia	1,153	150 ^{b/}	272 ^{c/}	-76.4	81.3
Philippines ^{d/}	952	452	744	-21.8	64.6
Europe (excluding USSR)	6,498	4,439	6,694	3.0	50.8
North and Central America ..	6,900	10,897	9,962	44.4	- 8.6
Cuba	2,838	5,850	5,263	85.4	-10.0
South America	2,133	3,158	3,274	53.5	3.7
Oceania	1,834	1,545	1,962	7.0	27.0

Source: Food and Agriculture Organization of the United Nations.

^{a/} Raw value.

^{b/} Estates only, excluding small holdings.

^{c/} Unofficial figure.

^{d/} In terms of "tel quel".

Table 26. Fats and Oils Production: Pre-war Totals and Post-war
Indices for World and Certain Areas

1934-38, 1948 and 1949

Area	Quantity (In thousands of metric tons)	Index Numbers (1934-38 = 100) ^{a/}	
	1934-38 ^{a/}	1948	1949
World.....	23,200	94	99
Africa:			
North and South	315	103	117
Other	1,750	105	112
Asia and Oceania:			
Australia and New Zealand	455	94	94
China, including Manchuria	3,100	86	87
India and Pakistan	2,360	93	95
Indonesia and Malaya	1,190	65	83
Japan	325	37	47
Philippines	465	130	132
Other	1,260	98	101
Europe:			
Central	1,368	48	55
North and west	1,246	81	87
South and east	1,627	99	84
North and South America:			
Argentina	840	70	81
Canada and United States	3,326	146	157
Other	809	127	134
USSR	2,230	64	76
Whaling (all areas)	530	69	70

Source: Food and Agriculture Organization of the United Nations. Including butter, oil-seeds and visible fats in oil equivalent and representing indigenous supplies available in the form of oil, during the calendar year, after allowing for seasonal movement of oil-seeds from farm to processor and for changes in carry over, particularly in the case of the olive oil crop.

^{a/} Mainly an average of three to five years ending in 1938; China, 1931-37; most countries of the American continents, 1935-39.

C. EMPLOYMENT AND UNEMPLOYMENT
Table 27. Employment in Manufacturing Industries: National Indices
1948 and 1949 (through September)

Country	1948					1949					Per cent change 1949 from corresponding period of 1948		
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter	Third quarter	Third quarter	First quarter	Second quarter	Third quarter
Australia	159	162	163	163	157	161	161	163	157	161	3.6	1.7	- 2.7
Belgium	121	120	117	115	115	115	115	115	115	115	- 3.3	- 5.0	..
Canada	178	182	177	178	181	179 ^b	179 ^b	178	181	179 ^b	0.9	0.6	- 0.1
Czechoslovakia	99	104	104	105	105	105 ^b	105 ^b	105	105	105 ^b	5.7	5.9	..
Denmark	130	138	137	133	132	134	134	133	132	134	6.2	- 1.2	3.4
Finland	129	129	129	130	130	130	130	130	130	130	1.5	- 0.8	0.2
France	109	111	112	112	113	113 ^d	113 ^d	112	113	113 ^d	3.1	3.2 ^c	2.5
Norway	132	136	138	138 ^e	138 ^e	138 ^e	138 ^e	138 ^e	138 ^e	138 ^e	6.4	4.0 ^c	..
Sweden	125 ^e	126	126	127 ^e	126	126 ^e	126 ^e	127 ^e	126	126 ^e	1.1	0.6 ^c	0.8
Switzerland	136	133	129	128	127	128	128	128	127	128	- 5.0	- 6.5	- 6.6
Union of South Africa	155	159	161	163	161	161	161	163	161	161	5.1	4.7	2.8
United States	147	147	139	132	133	135	135	132	133	135	- 6.1	- 8.4	- 10.1
Germany (UK and US zones)	116	128	127	126	126	127 ^b	127 ^b	126	126	127 ^b	13.3	8.2	..
Hungary	116	132	131	142	142	136 ^b	136 ^b	142	142	136 ^b	15.8	24.0	..
Japan	92	90	91	83	80	85 ^b	85 ^b	83	80	85 ^b	- 0.5	- 10.0	- 11.0
Netherlands	109 ^f	113	114	114	102	114	114	114	102	114	6.7	4.9	..
United Kingdom	100 ^f	101	101	102	102	102	102	102	102	102	..	1.8	1.4

Source: Statistical Office of the United Nations based on data from the International Labour Organisation; data for Belgium from secretariat of the Economic Commission for Europe.

a/ Base period other than 1937: Czechoslovakia, 31 December 1937; Finland and Norway, 1941; German (UK and US zones) December 1946; Hungary, January 1947; Japan, October 1947; Netherlands 1947; United Kingdom, June 1948.

b/ Average of six months.

c/ Average of two months.

d/ Average of five months.

e/ Average of eight months.

f/ Average of June and September.

Table 28. Number of Unemployed in Certain Countries
1937, 1948 and 1949 (through September)
(In thousands)

Country	Monthly average						Per cent change 1949 from corresponding period of 1948		
	1937		1948		1949				
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter	Third quarter
Austria	321.0	49.2	70.8	133.3	93.2	100.1	175.4	96.5	42.6
Belgium	126.5	111.8	186.3	243.4	215.9	226.8	117.0	120.8	76.4
Canada	733	102	106	199	103	133	27.5	25.6	46.3
Chile	3.2	4.5	3.8	4.0	4.8	4.5 ^{b/}	2.4	8.3	6.8 ^{a/}
Denmark .....	..	24.1	38.4	54.1	20.0	30.0	2.8	93.2	73.3
Finland	3.7	5.3	8.2	35.8	23.6	22.4	513.1	304.1	82.2
France	354.6	14.3	24.2	32.5	40.0	38.3	194.5	199.9	130.3
Germany: (UK and US zones).....	..	548.0	722.4	1,036.0	1,216.0	1,169.8	121.3	172.0	72.5
(French zone).....	..	11.3	15.7	30.6	41.4	40.9	259.0	352.5	212.0
India.....	..	222.2	232.9	254.1	293.6	293.4	15.2	37.0	43.4
Italy.....	..	..	1,660.5	1,882.6	1,670.1	1,687.2	..	..	..
Japan.....	295	236	267	383	410	398	6.5	112.1	160.9
Netherlands.....	324.0	26.9	35.4	47.7	34.6	39.5	43.8	48.3	49.8
New Zealand.....	..	0.1	0.1	- c/	0.1	0.1	27.4	8.9	94.3
Norway.....	..	9.5	7.6	13.2	5.5	7.3	- 25.3	- 19.6	- 18.0
Poland.....	..	76.8	84.4	126.2	116.6 ^{a/}	123.7 ^{d/}	51.7	42.5 ^{a/}	..
Sweden .....	..	23.8	31.3	37.5	21.9	24.9	1.8	20.2	- 6.2
Switzerland.....	57.9	2.1	5.6	11.6	4.3	6.8	185.1	354.5	261.4
United Kingdom.....	..	..	350.9	395.0	326.9	335.7	..	..	- 10.3
United States	7,700	2,150	1,805	3,017	3,361	3,363	26.7	64.3	83.5

Source: Statistical Office of the United Nations based on data from the International Labour Organisation

a/ One month.

b/ Average of seven months.

c/ Less than 50.

d/ Average of four months.

Table 29. Employment and Unemployment: Numbers in the United States
1940, 1947, 1948 and 1949

(In millions)

Period	Total labour force, includ- ing armed forces	Armed forces	Total	Civilian employment ^{a/}		Unemployment
				Non- agricultural	Agricultural	
1940	56.0	0.4	47.5	38.0	9.5	8.1
1947	61.6	1.4	58.0	49.8	8.3	2.1
1948, quarters:						
First	60.8	1.2	57.2	50.3	6.9	2.4
Second	62.7	1.2	59.4	51.2	8.2	2.0
Third	64.4	1.3	61.1	52.3	8.8	2.0
Fourth	63.0	1.4	59.8	51.8	8.0	1.8
1949, quarters:						
First	61.9	1.5	57.4	50.4	7.0	3.0
Second	63.5	1.5	58.7	49.9	8.8	3.4
Third	64.9	1.5	59.7	50.9	8.8	3.7
Fourth	64.0	1.4	59.0	51.6	7.5	3.5

Source: United States Department of Commerce, Survey of Current Business.

^{a/} Includes part-time workers and those who had jobs but were not at work for such reasons as vacation, illness, bad weather, temporary lay-off and industrial disputes.

Table 30. Duration of Unemployment for Unemployed Persons
in the United States
September 1948 and 1949

Weeks of unemployment	Per cent of total unemployed persons ^{a/} during identical week	
	September	
	1948	1949
Total	100.0	100.0
Under one week	0.2	—
One	13.8	9.0
Two	18.2	10.9
Three	12.6	9.1
Four	10.2	10.6
Five to six	8.3	6.6
Seven to ten	12.5	16.0
Eleven to fourteen	10.1	11.8
Fifteen to twenty-six	6.9	15.0
Over twenty-six weeks	7.2	11.0

Source: United States Department of Commerce, Current Population Reports Labor Force, Series P-57, No. 75 and 87.

^{a/} Aged 14 years and over; based on information obtained each month through personal interviews with a sample of 25,000 households throughout the country.

D. WAGES AND PRICES

Table 31. Hourly Earnings and Rates in Manufacturing Industries of Certain Countries^{a/}
1948 and 1949 (through September)

Country	Currency	1948				1949		
		First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Australia ^{b/}	pence	42 3/4	44	45 1/4	46 1/2	47 1/4	48 1/4	49 1/4
Canada ^{d/}	cents	87.1	89.9	92.8	95.4	97.3	98.6	98.8
Denmark ^{d/}	öre	273	285	288	292	292	297	297
France ^{e/}	francs	60.7	62.5	63.2	69.1	72.9	73.9	74.7
Germany (UK and US zones) ^{f/}	marks	..	0.98	1.08	1.13	1.16	1.20	..
Italy ^{f/}	index	5,203	5,220	5,281	5,309	5,307	5,311	5,334
Netherlands ^{g/}	index	180	180	181	185	188	188	188
Norway ^{h/}	kroner	2.85	2.92	2.98	3.02	3.00	..	..
United Kingdom ^{i/}	pence	..	30.2	..	31.1	31.6	..	..
United States	cents	130.7	132.6	137.2	139.6	140.2	140.2	140.5

Source: International Labour Organisation.

^{a/} Figures relate to both men and women unless otherwise stated.

^{b/} Rates for men in manufacturing, mining, construction, transportation and agriculture.

^{c/} One month only.

^{d/} Earnings.

^{e/} Rates.

^{f/} Index of rates in manufacturing, mining and construction; base: 1938 = 100.

^{g/} Index of rates for men in manufacturing, mining and construction; base: 1937 = 100.

^{h/} Earnings for men.

^{i/} Earnings in manufacturing, mining, construction and transportation.

Table 32. Wholesale Prices: National Indices
1949 (through September)

Country	1937 = 100 a/ 1949			Per cent change 1949 from corresponding period of 1948		
	First quarter	Second quarter	Third quarter	First quarter	Second quarter	Third quarter
Africa and Middle East:						
Egypt	308	295	287	- 2	- 9	-10
Iraq (Baghdad)	498	465	424	-19	-23	-13
Israel	460	431	382	27	3	14
Tunisia (Tunis)	1,536	1,476	1,513	61	46	30
Turkey (Istanbul)	500	500	482	13	7	10
Union of South Africa	186	189	192	6	6	4
Europe:						
Austria	532	577	630	18	30	40
Belgium	384	370	363	0	- 5	- 7
Czechoslovakia	340	340	344	7	6	4
Denmark	219	219	215	7	3	- 1
Finland	887	870	912	4	- 3	- 1
France	2,141	2,079	2,147	26	13	9
Italy	6,032	5,666	5,291	5	2	-11
Netherlands	272	271	270	6	5	5
Norway	180	180	183	2	1	3
Sweden	190	189	189	4	1	- 1
Switzerland	206	199	197	- 2	- 5	- 5
United Kingdom	203	212	211	3	4	4
Far East:						
India	373	377	386	11	3	0
Indochina (Saigon)	2,080	2,000	2,180	46	28	20
Japan	14,730	15,540 ^{b/}	15,950	123	126 ^{b/}	34
Pakistan (Karachi)	358	349 ^{b/}	..	9	2 ^{b/}	..
Latin America:						
Brazil	376	365	374	15	9	10
Chile	379	388	399	17	14	12
Mexico (Mexico City)	229	238	244	10	11	9
Peru (Lima)	489	546	580	31	41	45
Venezuela (Caracas)	156	159	161	- 5	- 8	- 4
North America:						
Canada	187	185	184	8	4	0
United States	184	180	178	- 3	- 6	- 9
Oceania:						
Australia	185	185	189	13	12	10
New Zealand	178	180	179	1	- 1	- 2

Source: Statistical Office of the United Nations.

a/ Base period other than 1937: Iraq, December 1938 - August 1939; Tunisia, 1940; Austria, March 1938; Belgium, 1936 - 1938; India, year ended August 1939; Indochina, January - June 1939; Pakistan, week ended 19 August 1939.

b/ Average of two months.

Table 33. Cost of Living: National Indices
1949 (through September)

Country	1937 = 100 ^{a/} 1949			Per cent change 1949 from corresponding period of 1948		
	First quarter	Second quarter	Third quarter	First quarter	Second quarter	Third quarter
Africa and Middle East:						
Belgian Congo (Leopoldville)	258	260	261	8	7	5
Egypt (Cairo)	280	277	..	- 1	- 2	..
Iraq (Baghdad)	589	557	507	-19	-22	-23
Israel	369	360	336	23	8	- 6
Lebanon (Beirut)	499	484	435	- 1	- 2	-10
Tunisia (Tunis) ^{b/}	2,087	1,984	2,128	45	34	25
Turkey (Istanbul)	371	382	383	9	11	11
Union of South Africa	157	160	159	6	5	2
Europe:						
Austria (Vienna) ^{b/}	543	571	624	..	..	37
Belgium	383	376	375	1	- 4	- 5
Denmark	172	172	170	3	2	0
Finland	812	807	842	3	1	0
France (Paris) ^{b/}	2,147	2,726	2,040	26	56	6
Germany (UK and US zones), (French zone)	167 137	161 137 ^{c/}	157 ..	.. 12	5 ^{c/} 12 ^{c/}	- 1 ..
Greece (Athens)	28,665	29,076	28,269	19	19	13
Hungary (Budapest)	444	438	..	-14	-14	..
Italy	4,983	5,030	4,882	3	3	2
Netherlands	216	221	217	7	8	6
Norway	163	164	166	- 1	- 1 ^{d/}	1
Poland (Warsaw)	12,950	13,300 ^{d/}	..	- 1	3 ^{d/}	..
Sweden	160	160	161	2	1	1
Switzerland	163	162	162	0	- 1	- 1
United Kingdom	109	110	111	4	1	3
Far East:						
Burma (Rangoon)	462	508	536	33	46	42
Ceylon (Colombo)	260	255	256	1	- 3	- 2
India (Bombay)	294	287	288	13	3	- 4
Indochina (Saigon)	4,050	4,200	4,180	36	29	20
Indonesia (Batavia) ^{b/}	1,444	1,141	1,160	-13	- 2	5
Japan	136	141	141	60	47	22
Philippines (Manila)	393	391	382	- 5	- 1	- 6
Latin America:						
Brazil (São Paulo)	355	363	356	0	- 1	- 4
Chile (Santiago)	487	523	539	17	21 ^{d/}	17
Colombia (Bogotá)	301	305	303	12	6 ^{d/}	4
Mexico (Mexico City) ^{b/}	378	384	395	5	6	5
Peru (Lima)	358	378	399	9	14	17
Uruguay (Montevideo)	193	193	189	8	9	5
Venezuela (Caracas) ^{b/}	199	203	..	- 3	- 3	..
North America:						
Canada	158	158	160	7	5	3
United States	165	165	165	1	-1	-3
Oceania:						
Australia	156	161	164	9	10	9

Source: Statistical Office of the United Nations based on data from the International Labour Organisation.

a/ Base period other than 1937: Belgian Congo, July 1935; Egypt and Lebanon, June-August 1939; Iraq and Brazil, 1939; Israel, August 1939; Tunisia, Turkey, Germany and Italy, 1938; Austria, March 1938; United Kingdom, 17 June 1947; Ceylon, November 1938-April 1939; Indochina, January-June 1939; Indonesia, July 1938; Japan, 1948.

b/ Cost of food for Indonesia; food, fuel, light and soap for Tunisia and France; food, clothing, coal and soap for Mexico; food, coal and soap for Venezuela. Index of retail prices for Austria and Belgium.

c/ One month.

d/ Average of two months.

E. INTERNATIONAL TRADE

Table 34. Merchandise Exports for World and World (excluding United States)^{a/}
1937, 1938, 1946, 1947, 1948 and 1949 (through September)

Period	Dollar value (current prices)				1937 = 100			
	In millions of US dollars		Index 1937 = 100		Quantum index		Unit value (price) index	
	World	World (excluding US)	World	World (excluding US)	World	World (excluding US)	World	World (excluding US)
Annually:								
1937	26,200	22,900	100	100	100	100	100	100
1938	22,900	19,900	88	87	93	92	94	94
1946	33,100	23,600	126	103	73	56	173	184
1947	48,500	33,300	185	145	90	66	206	220
1948	55,100	42,600	210	186	95	80	221	232
1948, quarters:								
First	12,800	9,600	196	167	91	74	217	225
Second	13,800	10,600	211	186	95	80	221	232
Third	13,600	10,600	206	185	92	79	225	235
Fourth	14,900	11,800	228	206	102	87	224	236
1949, quarters: ^{b/}								
First	14,700	11,400	224	200	101	85	221	235
Second	14,800	11,500	226	201	102	85	221	236
Third	13,700	11,100	210	194	95	82	221	237

Source: Statistical Office of the United Nations.

a/ The year 1937 -- the base year used -- is not typical of trade in the 1930's since international trade was more active in that year than in those which preceded or succeeded it. Aggregate and unit values must be considered rough approximations in view of the differences of prices in various export markets when converted into dollars at prevailing exchange rates. While quantum indices may be more reliable, they fail to reflect changes in the average quality, or degree of processing of goods belonging to each statistical item.

b/ Preliminary figures.

Table 35. Merchandise Trade for World and Continents
1937, 1938, 1947, 1948 and 1949

(In millions of current United States dollars)

Continent	1937	1938	1947	1948	1949 First half at annual rate
<u>Imports:</u>					
World	29,000	25,600	52,400	61,100	63,600
Africa	1,840	1,660	4,120	5,260	5,760
Asia	4,620	4,100	6,600	7,690	9,160
Europe	15,540	14,240	24,380	28,540	29,580
Latin America	2,030	1,910	6,730	6,940	6,580
North America	4,230	2,920	9,130	10,820	10,520
Oceania	700	810	1,440	1,880	2,050
<u>Exports:</u>					
World	26,200	22,900	48,500	55,100	59,100
Africa	1,380	1,100	2,730	3,500	3,940
Asia	5,050	4,190	4,540	5,910	6,720
Europe	11,980	10,880	15,290	20,320	23,360
Latin America	2,560	1,990	6,360	7,370	6,400
North America	4,340	3,940	18,060	15,730	16,000
Oceania	890	830	1,510	2,250	2,640

Source: Statistical Office of the United Nations. Import values of countries which record imports f.o.b. have been adjusted to a c.i.f. basis.

.....	— 107 ^d / _{74^d} —	98	102	98 ^e / _{98^e}	99 ^f / _{101^f}	..	..	..
.....		101	105	98 ^e / _{98^e}	101 ^f / _{101^f}	..	..	..
.....	83	90	94	94	90	93	22.1	10.6
.....	58	81	85	83	96	88	77.1	31.7
.....								4.7
.....								50.0
.....	110	100	101	94	100	98	- 1.0	-19.7
.....	64	81	56	73	85	71	9.8	5.8
.....								- 9.1
.....								18.1
.....	— 108 ^d / _{80^d} —	119	137	126 ^e / _{91^e}	127 ^f / _{84^f}	..	..	..
.....		81	79	91 ^e / _{91^e}	84 ^f / _{84^f}	..	..	..
.....	150	135	121	112	107	113	-26.7	- 29.1
.....	117	152	112	120	124	119	5.7	- 3.2
.....								- 16.4
.....								2.5
.....	101	92	87	121	..	..	-21.6	18.6
.....	70	91	72	86	..	..	12.5	13.1
.....								..
.....	80	100	111	115	100	109	60.9	42.0
.....	66	79	80	89	84	84	12.7	43.5
.....								12.4
.....								29.2
.....	84	117	100	113	101	105	33.3	27.0
.....	77	78	86	82	70	79	8.9	- 2.4
.....								14.8
.....								1.4
.....	139	129	..	..	..	..	..	..
.....	90	127	..	..	..	..	..	..
.....	44	56	65	76	79	73	80.6	72.7
.....	49	65	70	73	64	69	79.5	43.1
.....								54.9
.....								10.3
.....	124	120	114	118	108 ^e / _{87^e}	113 ^f / _{78^f}	-15.6	-11.3
.....	61	80	71	76	87 ^e / _{87^e}	78 ^f / _{78^f}	22.4	40.7
.....								- 4.9 ^e / _{22.5^e}
.....	56	55	55 ^k / _{63^k}	..	..	..	..	..
.....	30	60	63 ^k / _{63^k}	..	..	..	..	..
.....	106	112	107	101	98	102	- 2.7	- 1.0
.....	196	202	215	224	185	208	5.4	11.4
.....								- 6.7
.....								1.1
.....	83	82	108	124	..	..	27.1	44.1
.....	58	57	57	50	..	..	- 8.1	-12.3
.....								..
.....	127	130	141	143	..	..	20.5	12.6
.....	115	127	117	131	105	118	0.0	11.0
.....								-4.5
.....	139	147	..	..	..	..	..	..
.....	187	110	..	..	..	..	..	..
.....	137	157	142	136	174 ^e / _{76^e}	151 ^f / _{119^f}	9.2	13.3
.....	76	201	145	135	76 ^e / _{76^e}	119 ^f / _{119^f}	79.0	68.8
.....								8.8
.....								11.8 ^e / _{11.8^e}
.....	113	102	132	138	98	122	24.5	12.2
.....	129	131	124	129	130	128	- 6.1	4.0
.....								-10.1
.....								- 0.8
.....	129	157	143	155	166 ^k / _{76^k}	..	21.2	24.0
.....	90	109	84	101	76 ^k / _{76^k}	..	9.1	- 4.7
.....								..
.....	110	144	115	154	..	..	35.2	25.2
.....	36	38	32	29	..	..	- 3.0	- 6.5
.....								..
Sudan:								
.....	99	147	121	121	110	117	22.2	17.5
.....	100	66	80	206	159	148	116.2	42.1
.....								14.6
.....								34.7

tatistical Office of the United Nations.
eriod other than 1937: Germany (UK and US zones) 1936; Anglo-Egyptian Sudan, Belgium, Italy,
itzerbaijan, Poland, 1938; Cuba, 1935-39; Ceylon, 1934-38; India, 1 April 1937 - 31 March 1938;
1 July 1936 - 30 June 1937.
ies in descending order of magnitude of pre-war trade.
ing Saar beginning in second quarter 1948.
upon twelve months.
upon two months.
upon eight months.
s include government foreign relief.
s include goods from United Nations Relief and Rehabilitation Administration.
s exclude most government foreign relief.
dices for India, Australia and Cuba, the export index for the Anglo-Egyptian Sudan and the
r Ireland refer to general trade.
upon one month.
ing trade of Pakistan in 1948 and 1949, but including trade with Pakistan from 1 March 1948.

Belgium-Luxembourg	44 ^{b/}	41	39	34	37 ^{b/}	28	29
New Zealand ^{c/d/}	22 ^{e/}	33	34	28	33 ^{e/}	34	35
Finland ^{c/}	35 ^{b/}	34	21	21	33 ^{b/}	20	18
Denmark	34 ^{b/}	27	21	22	31 ^{b/}	16	17
Canada	28	20	24	21	25	26	25
Netherlands	45	34	38	39	33	17	21
Philippines	..	..	32	..	..	16	..
Norway	.. ^{b/}	36	47	43	.. ^{b/}	22	24
Japan	17 ^{b/}	23	..	..	16 ^{b/}	..	..
Czechoslovakia	30	18	15	18	30	15	18
Australia ^{f/}	18	15	19	21	13	23	28
Sweden ^{c/}	19	19	22	20	20	14	16
Mexico ^{c/}	14	13	15	13	21	10	11
Greece	32	26	13	..	17	5	..
Switzerland ^{c/}	27	21	29	..	21	20	..
United Kingdom	29	22	21	22	20	14	17
Hungary ^{c/f/}	16	9	10	..	19	7	..
France ^{c/}	25	..	11	12	22	7	8
United States	5	4	3	3	6	8	6

Source: United Nations Department of Economic Affairs, Division of Economic Stability and Development. The figures, rounded to the nearest full per cent, represent merchandise imports and exports in national currency, expressed as a percentage of national income at factor cost in such currency.

a/ In order of magnitude of ratio of exports to national income in 1937 or 1938.

b/ Belgium-Luxembourg, Denmark and Japan: 1930.

c/ Finland, France, Hungary, Mexico, New Zealand, Sweden and Switzerland: When computing the ratios for 1929 and 1937, the available national income figures for these years have been adjusted so as to be comparable with new series beginning in 1938 (in the case of Mexico in 1939).

d/ Years beginning 1 April.

e/ 1931.

f/ Australia and Hungary: Years beginning 1 July.

Table 38. Merchandise Trade Balances of Certain Countries
1937, 1948 and 1949 (through September)

(In millions of United States dollars)^{a/}

Country ^{b/}	1937	1948				First quarter	Second quarter	Third quarter	Fourth quarter	Firs quart
Africa:										
Union of South Africa	-349	-240 ^{c/}	-240 ^{c/}	-290	-254	-227				
Egypt	7	- 2	- 6	- 53	- 11	- 23				
Algeria	9	- 53	- 18	- 41	4	- 45				
Belgian Congo ^{d/}	33	14	8	12	11	11				
French Morocco	- 24	- 62	- 47	- 44	- 32	- 59				
Asia:										
Japan	-163	-160	-112	- 90	- 63	-107				
India ^{e/}	47	- 15	- 6	- 48	- 56	-178				
Indonesia ^{f/}	272	- 39	11	32	- 38	12				
Malaya and Singapore	124	- 13	- 32	15	1	- 4				
Hong Kong	- 25	- 30	- 41	- 11	- 43	- 14				
Korea	- 51	..	..	..	..	- 33				
Burma	105	- 77	14	6	- 7	30				
Iran	82	62	83	62	120	..				
Philippines	18	- 91	- 83	- 71	- 89	-129				
Ceylon	33	3	- 10	1	10	- 13				
Syria and Lebanon	- 20	- 49	- 50	- 31	- 54	- 52				
Europe:										
United Kingdom	-2,135	-481	-532	-452	-339	-258				
Germany (UK and US zones).....		-114 ^{h/}	-292 ^{i/}	-284 ^{j/}	-111	-122				
(French zone).....	179 ^{h/}	- 19 ^{j/}	- 19 ^{j/}	- 19 ^{j/}	- 19	- 19				
(USSR zone).....		..	..	..	..	..
France	-742	-418	-315	-253	-300	-143				
Belgium-Luxembourg	- 81	-115	- 78	- 77	- 30	5				
Netherlands	-223	-229	-211	-229	-176	-187				
Italy ^{k/}	-185	-181	-160	- 83	- 7	-109				
Sweden	- 31	-119	- 82	- 82	35	- 59				
Czechoslovakia	35	-72	-16	19	68	7				
Denmark	- 24	3	- 45	- 53	- 50	- 64				
Switzerland	-119	-146	-137	- 53	- 28	- 57				
Austria ^{l/}	- 45	- 20	- 13	- 16 ^{m/}	- 13	- 18				
Poland ^{l/}	- 12	- 28	- 9	- 28 ^{m/}	- 28 ^{m/}	26				
Finland ^{n/}	1	- 22	- 34	6	- 24	- 18				
Norway	-116	- 61	- 68	- 82	-121	- 87				
Hungary ^{n/}	31	- 11	- 6	- 12	26	..				
Ireland	-104	-106	-114	- 69	- 70	- 75				
Turkey	18	- 30	- 24	- 40	16	- 2				
Spain .....	..	- 9	- 25	- 63	- 11	- 15				
Portugal.....	- 52	- 34	- 74	- 50	- 79	- 68				
Latin America:										
Argentina	276	114	49	..	..	..	
Brazil	15	- 60	- 66	120	41	- 83				
Mexico	32	- 13	- 37	- 35	- 31	- 26				
Chile	104	1	28	5	27	5				
Cuba	43	27	68	65	- 30	- 13				
Venezuela	81	115	74	85	80	29				
Peru	33	- 7	- 5	4	3	- 1				
Colombia	- 10	- 31	- 23	- 11	19	- 13				
Uruguay	13	0	15	- 32	- 6	10				
Dominican Republic	5	7	11	4	- 5	10				
Guatemala	- 3	- 1	- 2	- 10	- 5	- 3				
North America:										
United States ^{o/}	- 12	1,320	1,354	980	1,076	1,315				
Canada	120	36	- 13	47	140	- 67				
Oceania:										
Australia ^{p/}	134 ^{p/}	84	67	30	119	78				

Table 39. Merchandise Trade of the United States by Category of Goods
1948 and 1949 (through September)

Item	1937 = 100						Per cent change 1949 from		
	1948		1949				corresponding period of 1948		
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter	Third quarter
<u>Quantum index:</u>									
Imports (for consumption)....	106	112	107	101	98	102	- 2.7	- 1.0	- 6.7
Crude materials	122	116	113	103	101	106	-15.7	- 9.6	-14.4
Crude foodstuffs	96	119	113	108	97	106	3.7	16.1	14.1
Manufactured foodstuffs ...	81	86	85	95	91	90	16.4	17.3	1.1
Semi-manufactures	126	129	118	108	109	112	- 9.2	-10.0	-14.8
Finished manufactures	85	96	90	83	80	84	9.8	- 3.5	- 8.0
Exports (domestic produce) ^{a/}	196	200	213	222	184	206	4.4	10.4	0.5
Crude materials	87	119	124	150	89	121	49.4	80.7	- 7.3
Crude foodstuffs	493	635	729	647	652	676	51.9	64.2	7.9
Manufactured foodstuffs ...	360	341	315	367	240	307	-12.3	- 7.1	-26.4
Semi-manufactures	122	134	134	139	120	131	0.0	12.1	11.1
Finished manufactures	235	224	231	238	212	227	- 7.6	- 4.8	3.9
<u>Unit dollar value index:</u>									
Imports (for consumption)....	219	222	220	208	205	211	2.3	- 4.6	- 8.1
Crude materials	180	184	182	177	171	177	4.0	- 1.7	- 7.6
Crude foodstuffs	303	298	291	272	285	283	- 4.9	- 8.4	- 7.2
Manufactured foodstuffs ...	203	204	196	191	196	194	- 3.0	- 6.4	- 3.0
Semi-manufactures	201	212	213	193	175	194	10.9	- 4.9	-15.5
Finished manufactures	270	270	270	264	261	265	0.0	- 2.6	- 3.3
Exports (domestic produce) ^{a/}	194	189	186	181	176	181	- 5.1	- 6.7	- 7.9
Crude materials	218	213	209	204	205	206	- 4.6	- 7.7	- 4.7
Crude foodstuffs	239	203	205	205	190	200	-19.6	-13.1	-15.6
Manufactured foodstuffs ...	213	195	178	163	164	168	-16.8	-22.7	-23.7
Semi-manufactures	169	170	167	163	151	160	0.0	-3.6	-11.7
Finished manufactures	189	187	187	183	177	182	-1.6	-3.7	- 5.9
<u>Total value (quarterly average in millions of dollars):</u>									
	1937	1948		1949					
		First nine months	Fourth quarter	First nine months	Fourth quarter				
Imports (for consumption)....	752	1,740	1,870	1,617					
Crude materials	243	542	520	461					
Crude foodstuffs	103	301	367	311					
Manufactured foodstuffs ...	110	180	190	191					
Semi-manufactures	159	400	434	345					
Finished manufactures	138	317	359	309					
Exports (domestic produce) ^{a/} ...	825	3,132	3,133	3,091					
Crude materials	183	343	458	448					
Crude foodstuffs	26	308	341	357					
Manufactured foodstuffs	44	340	296	234					
Semi-manufactures	167	351	316	360					
Finished manufactures	404	1,790	1,722	1,692					

Source: Statistical Office of the United Nations.

^{a/} Export figures for 1948 and 1949 include shipments initiated during the war by the United States Army to furnish relief to the civilian population in occupied areas.

Table 40. Merchandise Trade of the United Kingdom by Category of Goods
1948 and 1949 (through September)

Item ^{a/}	1937 = 100						Per cent change 1949 from corresponding period of 1948		
	1948		1949						
	First nine months	Fourth quarter	First quarter	Second quarter	Third quarter	First nine months	First quarter	Second quarter	Third quarter
<u>Quantum Index:</u>									
Imports retained	77	76	78	84	87	83	1.3	9.1	11.5
Food	75	81	76	81	85	81	1.3	11.0	10.4
Raw materials	79	75	79	91	96	89	-1.2	12.3	24.7
Manufactures	74	66	75	81	79	78	8.7	8.0	0.0
Exports (domestic produce) ...	117	130	138	129	126	131	24.3	24.9	3.3
Food	96	109	105	95	97	99	6.1	-4.0	6.6
Raw materials	32	39	39	35	37	37	62.5	0.0	2.8
Manufactures	132	146	156	147	143	149	24.8	10.5	2.9
<u>Unit sterling value index:</u>									
Imports retained	271	280	281	282	266	276	8.9	-0.4	-2.6
Food	272	282	282	278	263	274	8.0	-1.8	-3.7
Raw materials	289	302	309	310	281	300	17.0	0.0	-3.8
Manufactures	260	261	260	256	252	256	0.4	-3.0	-2.3
Exports (domestic produce) ...	250	255	256	256	258	257	4.9	1.6	1.2
Food	248	239	242	235	231	236	0.8	-9.3	-5.7
Raw materials	306	314	309	305	308	307	3.7	-1.3	-0.6
Manufactures	250	256	257	257	259	258	5.8	2.4	1.6
	1937	1948		1949					
		First nine months	Fourth quarter	First nine months	Fourth quarter	First nine months			
<u>Total value(quarterly average in millions of £):</u>									
Imports retained	238.2	501.1	511.8	546.2					
Food	104.5	213.4	237.6	231.1					
Raw materials	69.6	159.8	160.2	184.7					
Manufactures	62.6	121.7	108.9	125.5					
Exports (domestic produce) ...	130.4	383.4	433.2	438.3					
Food	9.7	23.0	24.9	22.5					
Raw materials	16.2	15.9	19.8	18.4					
Manufactures	101.2	334.0	375.9	386.6					

Source: Statistical Office of the United Nations.

a/ In addition to the three categories shown separately, the totals include non-food animals and parcel post. Beverages and tobacco are included with "food"; articles mainly unmanufactured are included with "raw materials"; "manufactures" relate to articles wholly or mainly manufactured.

Table 41. Operations of the International Bank for Reconstruction and Development
1947, 1948 and 1949 (through September)

(In millions of United States dollars)

Borrowing country	Date of agreement	Amount borrowed			Unused balance 30 September 1949
		Total to 30 Sep- tember 1949	1947	1948 to 30 Sep- tember 1949	
Total, all currencies		541.4	300.2	198.9	42.3
repayable in United States dollars:					185.2
France - Credit National	May 1947	250.0	227.0	23.0	--
Netherlands	August 1947	190.0	66.7	123.3	--
Denmark	August 1947	40.0	1.3	31.5	7.2
Luxembourg	August 1947	9.2	4.9	3.4	0.9
Chile - Fomento and Endesa	March 1948	2.9	--	--	2.9
Netherlands Shipping Companies	July 1948	12.0	--	12.0	--
Mexico - Financiera and Comisi3n	January 1949	5.3	--	--	5.3
Brazil - Brazilian Traction	January 1949	19.4	--	--	19.4
Belgium	March 1949	4.0	--	--	4.0
Netherlands - Herstelbank	July 1949	--	--	--	--
Finland - Bank of Finland	August 1949	--	--	--	--
India - Railway project	August 1949 ^{a/}	--	--	--	--
Colombia - Caja de Cr3dito	August 1949 ^{a/}	--	--	--	--
India - Agricultural machinery project ...	September 1949 ^{a/}	--	--	--	--
repayable in Belgian francs:					
Luxembourg	August 1947	1.0	0.3	0.7	--
Netherlands	August 1947	1.0	--	1.0	--
repayable in Swiss francs:					
Netherlands	May 1948	4.0	--	4.0	--
repayable in Canadian dollars:					
Brazil - Brazilian Traction	January 1949	1.9	--	--	1.9
repayable in pounds sterling:					
Brazil - Brazilian Traction	January 1949	0.7	--	--	0.7

Source: International Monetary Fund, International Financial Statistics, November 1949.

^{a/} On 30 September 1949 these loans still required ratification and/or other action by the Member Governments before becoming effective.

Table 42. Operations of the International Monetary Fund,
1947, 1948 and 1949 (through October)

(In millions of United States dollars)

Currency purchased and purchasing country	Amount purchased			
	Total to 31 October 1949	1947	1948	1949 to 31 October
Total sales of all currencies.....	760.9	467.7	214.2	79.0
United States dollars:				
Australia	20.0	—	—	20.0
Belgium	33.0	11.0	22.0	—
Brazil	15.0	—	—	15.0
Chile	8.8	8.8	—	—
Costa Rica	1.3	—	1.3	—
Czechoslovakia	6.0	—	6.0	—
Denmark	10.2	3.4	6.8	—
Egypt	3.0	—	—	3.0
Ethiopia	0.6	—	0.3	0.3
France	125.0	125.0	—	—
India	100.0	—	68.3	31.7
Mexico	22.5	22.5	—	—
Netherlands	62.5	46.0	16.5	—
Nicaragua	0.5	—	0.5	—
Norway ^{a/}	11.1	—	11.1	—
Turkey	5.0	5.0	—	—
Union of South Africa	10.0	—	10.0	—
United Kingdom	300.0	240.0	60.0	—
Yugoslavia	9.0	—	—	9.0
Pounds sterling:				
Netherlands	6.0	6.0	—	—
Belgian francs:				
Netherlands	6.8	—	6.8	—
Norway	4.6	—	4.6	—

Source: International Monetary Fund, International Financial Statistics,
November 1949.

^{a/} Combined figure for dollars purchased with both gold and kroner.

Table 43. Operations of the United States Economic Cooperation Administration^{a/}
3 April 1948 to 30 November 1949

(In millions of United States dollars)

Recipient country	Allotments	Procurement authorizations ^{b/}	Shipments ^{c/}
Total	8,447.0	7,608.6	5,707.4
Austria	396.4	334.2	289.7
Belgium-Luxembourg	436.4	429.9	290.3
Denmark	187.0	162.0	133.2
France	1,784.1	1,635.7	1,251.3
Greece	301.0	249.8	175.9
Germany (UK, US and French zones)	848.7	726.5	564.5
Iceland	13.2	10.8	7.0
Ireland	117.6	106.3	64.2
Italy	940.1	786.4	557.1
Netherlands	789.1	685.1	462.6
Norway	164.0	140.3	90.6
Portugal	10.0	..	..
Sweden	79.0	73.0	37.3
Trieste	27.3	20.0	15.4
Turkey	90.2	62.7	20.3
United Kingdom	2,262.9	2,185.8	1,748.1

Source: Eighteenth Report for the Public Advisory Board of the Economic Cooperation Administration (21 December 1949)

a/ Excluding China and Korea. Allotments to China, \$273.8 million to 30 June 1949; procurement authorization, \$218 million and shipments, \$157.8 million to 30 November 1949. For Korea funds available or estimated to be available, \$60 million, in addition to which \$30 million have been allocated by the military authorities; procurement authorizations, \$53 million and shipments, \$18.5 million to 30 November 1949.

b/ Permission to purchase with Economic Cooperation Administration funds.

c/ Total paid shipments are less than actual movements because of lag in receipt of shipping documents.

Table 44. Distribution of Aid under European Recovery Programme
by Economic Cooperation Administration

April 1948 to November 1949

(In millions of United States dollars)

	Total allotments to 30 November 1949	Allotments to 30 June 1949				Allotments ^{a/} 1 July to 30 November 1949
		Total	Direct grants	Conditional aid	Loans	
Total.....	8,447.0	5,953.0	4,209.3	771.4	972.3	2,494.0
Austria.....	396.4	280.0	276.9	3.1	—	116.4
Belgium-Luxembourg.....	436.4	261.4	3.0	207.5	50.9	175.0
Denmark.....	187.0	126.2	90.1	5.1	31.0	60.8
France.....	1,784.1	1,313.4	1,131.7	9.7	172.0	470.7
Greece.....	301.0	191.7	191.7	—	—	109.3
Germany (UK and US zones))	848.7	496.9	414.3	82.6	—	235.2
(French zone).....)		116.6	101.8	14.8	—	
Iceland.....	13.2	8.3	2.5	3.5	2.3	4.9
Ireland.....	117.6	86.3	—	—	86.3	31.3
Italy.....	940.1	668.0	553.7	47.3	62.0	272.1
Netherlands.....	789.1	571.1	413.1	11.3	146.7	218.0
Norway.....	164.0	101.1	49.6	16.5	35.0	62.9
Portugal.....	10.0	—	—	—	—	10.0
Sweden.....	79.0	45.4	—	25.0	20.4	33.6
Trieste.....	27.3	17.9	17.9	—	—	9.4
Turkey.....	90.2	49.0	—	11.0	38.0	41.2
United Kingdom.....	2,262.9	1,619.7	963.0	334.0	322.7	643.2

Source: Eighteenth Report for the Public Advisory Board of the Economic Cooperation Administration (21 December 1949); Fifth Report to the Congress of the Economic Cooperation Administration.

^{a/} Undistributed among direct grants, conditional aid and loans.

Table 45. International Transactions of the United States

1948 and 1949

(In millions of United States dollars)^{a/}

Excess of payments or receipts ^{a/}	1948				1949			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth ^{b/} quarter
Goods and services.....	1,890	1,697	1,205	1,518	1,658	1,992	1,161	940
Merchandise (adjusted).....	1,715	1,532	1,223	1,278	1,490	1,753	1,197	850
Interest, services, etc.....	175	165	- 18	240	168	239	- 36	90
Unilateral transfers ^{c/}	- 962	- 969	-1,329	-1,149	-1,420	-1,631	-1,339	-1,390
<u>Capital operations:</u>								
United States capital abroad.....	- 743	- 390	- 121	- 668	- 425	- 165	- 251	
Foreign capital in United States...	- 238	- 92	144	495	75	- 185	- 14	- 230
Gold.....	- 348	- 524	- 320	- 338	- 69	- 169	- 107	
Errors and omissions.....	401	278	421	142	181	158	550	220

Source: United States Department of Commerce, Survey of Current Business.

^{a/} Debit balances indicated by minus signs.

^{b/} Estimates based on incomplete data from Economic Report of the President, January, 1950.

^{c/} Unilateral transfer of funds and bookkeeping entries offsetting deliveries of goods and services (without compensation) recorded in the preceding items.

Table 46. Balance of Payments of the United Kingdom
1938, 1946, 1947, 1948 and 1949 (through
June)

(In millions of £ sterling)

Item	1938	1946	1947	1948	1949 ^{a/} First half
Current items, total	- 70	- 380	- 630	- 110	- 10
Merchandise b/	- 302	- 208	- 441	- 213	- 48
Government oversea expenditure	- 16	- 295	- 207	- 96	- 79
Interest, profits and dividends	175	73	47	66	28
Services proper	73	50	- 29	133	89
Capital items, total	70	380	630	110	10
Change in gold and dollar resources:					
Change in gold and dollar holdings .....	..	- 52	152	55	51
Receipts under the European Recovery Programme .....	..	--	--	169	166
Various Government credits received c/ .....	..	279	872	199	22
Change in sterling claims on the United Kingdom of:					
Sterling area countries .....	..	- 36	- 129	34	- 98
Other countries .....	..	73	- 1	- 247	- 27
Other capital transactions with:					
Sterling area countries d/ .....	..	42	- 191	- 188	- 89
Other countries e/ .....	..	75	- 73	88	- 15

Source: Balance of Payments, 1946 to 1948 (No.2), (Cmd.7648); Balance of Payments, 1946 to 1949 (Cmd.7793).
Outward balances indicated by minus signs.

a/ Provisional.

b/ Based in part on exchange control figures, not trade statistics. Imports are valued f.o.b.; foreign payments for import freights are included with services.

c/ Includes government credits received from the United States, Canada and the Union of South Africa, and amounts drawn on the International Monetary Fund (of which £17 million drawn by India in 1948 and £8 million drawn in January to June 1949).

d/ Includes Australia and New Zealand gifts in 1947 (£30 million). Besides capital movements proper, this item includes funds taken abroad by emigrants.

e/ Includes repayment of United States and Canadian loans - £32 million in 1946, £36 million in 1947, and £25 million in 1948 and £7 in January to June 1949. This item also includes the residual balance, due to errors and omissions in the whole account.

Table 47. Sterling Area Gold and Dollar Deficit
1948 and 1949 (through June)
(In millions of £ sterling)

Item	1948		1949
	First half	Second half	First half (provisional)
<u>On United Kingdom account:</u>			
Deficit on current account with dollar area.....	-165	-115	-135
Other transactions ^{a/}	- 20	- 5	- 18
Gold and dollar subscriptions to International Monetary Fund and Bank.....	—	- 6	—
<u>On rest of sterling area account:</u>			
Deficit with dollar area.....	- 40	- 41	- 63
Purchases of new gold by the United Kingdom.....	£ 22	£ 33	£ 20
<u>On whole sterling area account:</u>			
Net gold and dollar payments to other countries.....	- 51	- 35	- 43
Total net gold and dollar deficit of sterling area.....	-254	-169	-239

Source: Balance of Payments, 1946 to 1949 (Cmd. 7793).

^{a/} This item covers capital transactions with the dollar area, e.g., repayment of Reconstruction Finance Corporation and Canadian interest-free loans.

Table 48. Exchange Values of Currencies Devalued since 18 September 1949^{a/}

(In United States cents per currency unit)

Country	Currency	Former value	New value	Percentage reduction
Australia.....	Pound	322.400	224.000	30.5
Belgium.....	Franc	2.28167	2.000	12.3
Burma.....	Rupee	30.225	21.000	30.5
Canada.....	Dollar	100.	90.909	9.1
Ceylon.....	Rupee	30.225	21.000	30.5
Denmark.....	Krone	20.8376	14.4778	30.5
Egypt.....	Pound	413.300	287.156	30.5
Finland.....	Markka	0.625	0.431	31.0
Germany (UK, US and French zones).....	Mark	30.000	23.8095	20.6
Greece.....	Drachma	0.0100	0.0067	33.3
Iceland.....	Krona	15.4111	10.7054	30.5
India.....	Rupee	30.225	21.000	30.5
Iraq.....	Dinar	403.000	280.000	30.5
Ireland.....	Pound	403.000	280.000	30.5
Jordan.....	Pound	403.000	280.000	30.5
Luxembourg.....	Franc	2.28167	2.000	12.3
Netherlands.....	Guilder	37.6953	26.3158	30.2
New Zealand.....	Pound	402.95	279.91	30.5
Norway.....	Krone	20.150	14.000	30.5
Portugal.....	Escudo	3.990	3.48	12.8
Sweden.....	Krona	27.78	19.3	30.5
Union of South Africa.....	Pound	403.000	280.000	30.5
United Kingdom.....	Pound	403.000	280.000	30.5

Source: Compiled by United Nations Department of Economic Affairs, Division of Economic Stability and Development.

a/ All local currencies of British dependencies have been devalued by 30.5 per cent. The Indonesia guilder remains at par with the Netherlands guilder, but the Surinam guilder retains the old parity of 53 cents. All local currencies of French dependencies are pegged to the French franc, except the rupee of French possessions in India, which is kept at par with the Indian rupee, and the Djibouti franc, which retains its old dollar parity of 0.47 cents. The Belgian Congo franc remains at par with the Belgian franc.

Note on Table 48.

Countries with Multiple Exchange Rates

In the case of countries with double or multiple exchange rates, it is not possible to express the extent of devaluation or depreciation in a single percentage figure, particularly since the changes in rates have frequently been accompanied by a change in the categories to which different rates apply. The following details give, however, some indications of the changes that have taken place or have been announced:

Argentina: The exchange value of the peso, which varies according to types of transactions, has in the case of certain commodity transactions been maintained unchanged but in others reduced by 30.5 per cent or less. The "free" market rate (for non-trade transactions) has declined by approximately 47 per cent.

Austria: The previous official rate was 10 United States cents to the schilling. Exporters were allowed, however, to retain or sell to licensed importers, at a considerable premium, a varying proportion of the foreign currency they received. The "retention quota" and the premium rate were fixed for each exporter. The official rate of 10 United States cents is maintained for certain imports under the European Recovery Programme over a limited period; for other transactions three new exchange rates have been established: the basic official rate of 6.94 United States cents to the schilling for import of certain essential goods, the effective export rate of 4.68 applying to all exports and to most imports and the premium rate of 3.85, applying to imports of non-essential commodities and "invisible" items such as tourists' expenditure. These new rates imply a devaluation (in relation to the official rate) of 30.5, 53.2 and 61.5 per cent.

Chile: The exchange value of the peso in different types of transactions has varied between 2.32 and 5.16 United States cents. On 7 December 1949 it was announced that a single exchange rate would replace the multiple rate system. The indications are that the new rate will be set between 1.43 and 1.67 United States cents to the peso.

France: Before the devaluation, financial transactions in United States dollars, Belgian and Swiss francs and Portuguese escudos took place on the basis of a "free" market rate, which on 15 September was quoted at 0.3025 United States cents to the franc. Other transactions were effected at the average of the "free" rate and the official rate of 0.4664, or on the date mentioned at 0.3666 United States cents. Effective 20 September, 1949, France established a uniform rate of exchange for all transactions in all currencies; this rate is determined on the basis of the market rates for the currencies indicated above. The market rate was 0.2864 United States cents on 15 November 1949. Thus the reduction in the exchange value of the franc from 15 September to 15 November amounted to 38.6 per cent for the official, 5.3 per cent for the "free" and 21.9 per cent for the "average" rate.

Italy: As before, exporters sell half of their exchange proceeds at the official rate and half at the "free" rate, while importers conduct all transactions at the "free" rate. However, from 19 September, 1949, the official rate, which had earlier been based on the previous month's average "free" rate in the markets of Rome and Milan, is determined daily on the basis of the average of the "free" closing rates prevailing in these two markets. The official rate of the lira fell from 0.1739 United States cents on 15 September to 0.1603 cents on 15 November, or by 7.8 per cent.

Israel: The Israeli pound has been devalued from 403 to 280 United States cents, or by 30.5 per cent. The former "effective rate", however, was 303 United States cents.

Paraguay: The basic official buying and selling rates of 3.059 and 3.121 per United States dollar were retained for certain Government receipts and for the import of essentials when a new system of exchange rates was established in November 1949. In the case of different types of transactions the buying rates are 4.92, 6.02 and 7.99 guaranies per United States dollar and the selling rates 4.98, 6.08 and 8.05 guaranies per United States dollar.

Peru: Previously exporters had to surrender 45 per cent of their foreign exchange proceeds at the official rate of the sol (15.38 United States cents), while the remaining 55 per cent could be sold at the "free certificate" rate, which on 15 September was 5.44 United States cents and on 12 November 6.18 United States cents. The official exchange rate has now been abolished; the sol, it is declared, will be exchanged according to a new "free certificate" rate and a new rate for non-commercial transactions established in the market.

Spain: The basic official buying and selling rates, which apply to transactions in the case of which special rates are not established, remain unchanged. New special rates introduced involve a considerable reduction in the exchange value of the peseta -- by 30.5 per cent in the case of certain imports, by 7.1 to 41.7 per cent in the case of certain exports, and by 30.6 per cent in the case of certain non-commercial transactions.

Thailand: The official exchange value of the baht has been reduced from 10 to 8 United States cents or by 20 per cent. The official rate, however, is nominal; about 90 per cent of the private commercial demand for foreign exchange is handled in the legal open market where the rate was 4.57 United States cents on 15 September 1949 and 4.60 United States cents on 5 November.

Uruguay: The peso has in certain types of commodity transactions been devalued up to 27.7 per cent.

Source: Compiled by United Nations Department of Economic Affairs, Division of Economic Stability and Development.