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REPORT REGARDING CRITICISMS AND SELECTION OF INDEXES OF INTERNATIONAL  
ECONOMICAL VALORIZATION OF THE DELEGATION OF CUBA

At the session corresponding to Committee VI, in which the voting procedure was discussed, for insertion into the Charter of the International Trade Organization, the delegate for Cuba, Dr. Gustavo Gutierrez, opposed the weighted vote formula proposed and announced that the delegation of Cuba would be glad to distribute, as a purely technical antecedent, the report that the same should receive from its Technical Adviser, Prof. Julian Alienes. The Cuban delegation has now the pleasure of distributing the above-mentioned paper amongst the other delegations.

1. GENERAL REMARKS

In order to render more comprehensive the text of the Report, we deem it advisable to point out offhand the sequence in which the various matters contained therein are to be dealt with, as also the distribution we intend to give thereto.

Pursuant to the assignment entrusted to us, we deem it proper to devote the first part of this Report to the criticism of indexes for international economic valuation appearing in document (E/CONF.2/4) and others. The second part of the Report shall consist of a brief and slight analytical survey that may facilitate the discussion and selection of the best indexes of economic valuation on the part of the various members of the delegation.

2. CRITICISM ON THE INDEXES OF INTERNATIONAL

ECONOMIC VALUATION

21. General Remarks Concerning this Problem

Even though the assignment entrusted to us is confined to the criticism of the oft repeated document (E/CONF.2/4), we wish to clarify that in making such criticism we have also taken into account Annex "A" of the "Report of the Drafting Committee of the Preparatory Commission of the United Nations Conference on Trade and Employment" (New York, January-February 1947) entitled "First Report of the Administrative Sub-Committee (Report on the general structure of the Board of Directors and regarding the voting procedure)". This means, that the criticism of the economic pointers which we are going to perform, covers not only those  
/indexes included

indexes included in the document (E/CONF.2/4) but also those contained in the report of New York. Likewise, it covers the criticism on such Indexes as appear in the Appendix to the Geneva Draft. In general, the points which are to be the subject of said criticism are those concerning the total population of the countries, the national revenue, the total foreign trade of each country, the percentage of the said total trade over the amount of the respective national revenue and, finally, the average "per-capita" international trade. The criticism on each and every one of said data, we understand afford sufficient elements of judgment for the interpretation of each and every one of the proposals made in connection with the subject of determining the right to vote.

It is of interest to set forth herein that the point of view upon which is based the criticism to be made on this aspect of the Report refer to the data themselves, id est, to the statistical phase thereof - and not to the economic significance of each of such factors. This criticism - the economic - shall follow the one to be made, in the first place, in connection with the data themselves.

211. Statistical Criticism on the Figures Regarding Population

To this effect mention should be made of the fact that, in general, the figures covering population contained in document (E/CONF.2/4) are correct for almost all of the countries. As an example, we shall state that out of the seventy-six countries comprised within the said document, we were able to verify, on forty-six cases, their figures on population (see Appendix "A") inasmuch as such figures were shown on the "Monthly Bulletin of Statistics - Statistical Office of the United Nations", issue of October 1947 (sheets 1 to 4, both inclusive).

Out of this verification, we extract, however, some discrepancies, to wit:

(a) India, appearing in the document (E/CONF.2/4) with a population (including the Pakistan) of 375,000,000 for the year 1938 and of 412,000,000 for the year 1946, only reaches, as per the Statistical Bulletin already mentioned of the United Nations to populations of 279,000,000 and 311,000,000, respectively. However, this population refers to an area which only comprise the old British provinces. Nevertheless, in line with the said Bulletin, the total population in 1941 was 388,998,000 inhabitants. As may be readily seen, everyone of the quoted figures differ from those contained in the Report (E/CONF.2/4).

/(b) In connection

(b) In connection with Peru, some discrepancies also exist, although of a minor quantity. For example, pursuant to the Report now the subject of our criticism, the population of Peru in 1938 was 6.5 million inhabitants and in 1946, 7.4 million inhabitants, whilst, according to the Statistical Bulletin of the United Nations, the population on the first mentioned year was of about 6 million and in the latter year 7 millions.

(c) We find a similar discrepancy in the case of the Union of South Africa whereat the Report under criticism shows a figure of 12.5 million for the population of 1946, without exceeding, pursuant to the Statistical Bulletin of the United Nations, the figure of 11.4 million. The figure concerning 1938 appearing with an aggregate of 11 million in the Report under review is not verifiable through lack of data therefor on the part of the United Nations Bulletin hereinbefore mentioned.

(d) In the case of the United States of North America there are also substantial differences. Let us take, for instance the fact that, in 1938 the Report shows, in round figures, the population of the United States to be 132 million inhabitants; in 1946, the figure is 144 million. However, according to the Statistical Bulletin of the United Nations, the figures corresponding to the said two years are: 129.8 million inhabitants and 141.2 respectively, and,

(e) Finally, in the case of Ethiopia, the data on the Report show a population for 1938 of 9.5 million inhabitants whilst the population given for 1946 exceeds 15 million. However, it is not only in the Statistical Bulletin of the United Nations where no data is available, but in the "Statistical Year Book of the League of Nations" corresponding to the period 1942-1944 (published in January 1945), the latest figure for the population of Ethiopia in the year 1939, is shown which does not exceed 5 and a half million inhabitants.

All these facts serve to show, with remarkable stress, to what an extent the figures of the nations under review are conflicting insofar as their respective population is concerned. All others, aggregating forty-six which have already been verified, are in a satisfactory position by reason of the proximity existing between the figures shown in the said Report and the figures shown on the statistical data published by either the old League of Nations or else by the very United Nations.

If it is considered that thirty countries or nations are still pending verification and that amongst those already verified there are five showing discrepancies of regular importance, we shall arrive at the conclusion that it would be necessary to make a proper check up on these figures in order to

/be able to .

be able to reach correct statistics of population to assist in purposes of international comparisons. However, mention should not be omitted of the fact that, most probably, this is the best statistical data available among the nations.

212. Statistical Criticism on the Figures on Revenues or National Receipts

Even though it is very common to speak of revenues or national dividends when referring to the net value attained by the production of a country within a given period of time - in this case, the year - we always refer, in dealing with this subject, to the term "National receipts", so as not to cause confusion with the word "revenue" which has other different and specific meaning in Economics.

In this instance, the statistical defect is still greater than the one dealt with upon making a criticism of the figures on population, inasmuch as pursuant to the oft-repeated Statistical Bulletin published by the United Nations, corresponding to the month of September, only twenty-two countries out of the seventy-six reviewed in the Report, do regularly draw up and publish the figures corresponding to their national income. Said countries are Argentina, Austria, Bulgaria, Belgium, Canada, Chile, Czechoslovakia, Denmark, Dominican Republic, France, Ireland, Mexico, Netherlands, New Zealand, Norway, Palestine, Porto Rico, South Africa, Sweden, Switzerland, United Kingdom and the United States of America.

This first antecedent regarding the lack of information is already sufficiently impressing to go away with all hopes based upon the existence of an index of the national income, but the fact remains, that besides, new evidences of inconvenience thereto may be invoked, for instance, the following: Every national calculates and publishes, as it is logically implied, their respective figures of national receipts, with expression thereof in the respective currency, thus creating the serious problem of converting all such figures into a single currency which may allow proper comparison, since this is the aim pursued upon trying to dispose of the figures covering the national income. However, as hereinafter set forth, such conversion into a common denominator, of the national receipts, is impossible today by reason of the inconsistency in the rate of exchange of the various currencies, and even on the assumption of such not being the case, we would find ourselves before the problem that the figures of the national income converted into a common currency would not as yet be economically comparable since they merely represent monetary income and not the actual income, which, in the long run, - as can be later found herein - is what should be definitely considered.

In corroboration of the discrepancies existing in the data concerning national income conveyed in the document (E/CONF.2/4) and all other data

/shown on pages 107

shown on pages 107 and 108 of the Statistical Bulletin of the United Nations, issue of September 1947, we shall comment as follows: pursuant to the said Bulletin of the United Nations, Mexico, in the year 1938, had a national income amounting to 1,140 million dollars. Taking the figures of national income in Mexican pesos as given by the Bulletin of the United Nations, and taking into account the prevailing rate of exchange between the Mexican peso and the dollar of the United States in 1938 (which was 1.00 Mexican peso equal to 0.2212 of a dollar of the United States Currency) we find that the national income was at the time of 1,177 million dollars, that is, a figure very much similar to the previous one. However, if we take into account the figures corresponding to the year 1945 we find that Mexico enjoyed an income in Mexican pesos of 11,978 million: applying thereto the rate of exchange of 0.2058 dollars per peso corresponding to this latter date, it would develop that the value of the national income would be 2,465 million dollars and not 1,510 as appears from the figures shown in the document (E/CONF.2/4). The difference in years (1945 and 1946) we don't think suffices to explain the discrepancy between both figures.

The case of Belgium is still more illustrative. Belgium had a national income in 1938 of 6,200 million Belgium francs. The rate of exchange in U. S. Dollars was 0.03379 dollars per franc, which converted the former figure to a Belgium national income evaluated in U. S. Dollars for 1938, on an equivalent to 2,200 million dollars, which figure more or less reconciles with that shown in the document (E/CONF.2/4). However, in 1946, pursuant to the Bulletin of the United Nations, the Belgian national income is given as 190,000 million francs, the rate of exchange being 0,02285 dollars per Belgian franc. Basing the calculations on this rate of exchange the national income turns out to be 4,341 million U. S. Dollars. If it is considered that the document (E/CONF.2/4) shows the Belgian income for 1946 as only 2,790 million dollars, it will be noted that a very substantial difference exists between one estimate and the other.

The case of Canada which has also been verified by us, constitutes, perhaps, one of the few presenting a great similarity on both dates, since, after taking into consideration the income given by the Bulletin of the United Nations for Canada in the two years under comparison and, besides, considering the rates of exchange prevailing between the Canadian and the North-American currency, we find that the figures reconcile by the two already mentioned procedures during the year 1938 and only differ in a degree as regards the year 1946.

And, finally, we wish to set forth another case - that of the Netherlands - amongst others which could be submitted to consideration, but  
/due to sheer lack

due to sheer lack of time, we are unable to enter into minute details thereon. In this latter case as also in the former one of Canada, whilst some discrepancies exist they are not quite noticeable, since by following the former procedure we find that the figures corresponding to the national income resulting thereby are, for the year 1938, of 2,800 million dollars as per the document (E/CONF.2/4) and of 2,746 pursuant to our calculations, and in 1946, of 2,970 million in conformity with the said documents and of 3,018 in line with our base of estimation.

After setting forth the foregoing, we deem it unwarranted to continue digging any further into this question. The contention herein made are sufficient to create the conviction that the figures of the national income are very meagre in quantity and too deficient when considered among themselves, thus bearing out great difficulties for purposes of comparison to such an extent as to render them useless, to a great measure, for the purposes herein pursued by us. For further data on this point of the national income reference may be made to Appendix B at the end of this Report.

#### 213. Criticism on the Figures Regarding Overall Trade

With regard to the figures covering the overall trade of each country, *id est*, the figures resulting from the import and export trade altogether, we must state that we have not followed any special means of statistical verification. Such a decision on our part is based upon two fundamental reasons: First, to the fact that, as a rule, the statistics covering the export trade of countries notwithstanding their well-known deficiencies, afford a greater degree of perfection than any other international trade appearing both in the Old Yearly Records of the League of Nations, as also in the monthly Statistical Bulletins of said organization and in those of the United Nations, are shown in the currency of each of the various countries, which circumstance would impose upon us a task involving an enormous number of calculations for which there is no time available now, especially taking into consideration the fact that, as a rule, such statistical work, offer a high degree of efficiency.

Comparative figures are only available for purposes of international trade in the "Annuaire Statistique de la Société des Nations" corresponding to 1938-1939, whereat on pages 218 and 219 a general schedule of world trade is shown covering the period since 1929 and up to 1938, said record showing the trade pertaining to each of the countries covered by said chart, in old gold (dollars) of the United States.

These figures bear a real comparative value and may be used in works concerning the pre-war period, but are of no use for the post-war; in the first place, because they do not cover a period as far as the War and, secondly by reason of the fact that such figure represent old dollars.

/The data contained

The data contained in the Draft Charter of Geneva (pages 65 to 67) should therefore be subject to revision, even though, in principle the acceptance thereof appears to be in order.

A very important criticism is in order from a statistical point of view as regards the summing up of the export and import trade represented by such figures, to wit: that they constitute the grand total of several partial additions which, in some way are heterogeneous - as already stated, from a statistical viewpoint - since it is evident that for the collection of some of the data (that concerning importations) the c.i.f. method is followed while, on the other hand, for the gathering of other data (that concerning exportations) the method mostly followed is on the f.o.b. basis. This is the case of Cuba and we understand, the general method followed.

214. Criticism on the Figures Covering Percentage of Total Trade over the National Income

The figures contained in the Report (E/CONF.2/4) concerning the percentage represented by the import and export trade as a whole, as compared with a national income, bear the defect which is partly borne out of the figures constituting the basis of the computation, that is, the deficiency to which we have previously referred in connection with the fact that the national income data is generally deficient and internationally insufficient; however, a high value must be attached to these figures inasmuch as they eliminated the problem of having to evaluate the national income under the basis of an arbitrary rate of exchange. The following of this method would enable each country to evaluate its international trade on the basis of its own currency, thus making the computation of the aforesaid percentage in comparison with its national income also evaluated in the proper currency of the country, without the necessity, therefore, of having to make prior conversions of the national figures to a common international currency, for instance, the dollar. This procedure would avert the task of using arbitrary rates of exchange, such latter aspect being quite important in times of great monetary disruption as actually prevails.

215. Criticism on the Figures Covering Per-capita Trade

In connection with the criticism of the figures, themselves, covering the per-capita trade, the foregoing opinions are applicable to the case. These figures present the same defect as those covering population and, to some extent, they show the deficiency borne out when converting into dollars, the foreign trade of each country. Save for these two deficiencies, no other, from a statistical point of view, is attributable, in our judgment, to the figures under review.

216. Special Statistical Criticism on all Previous Figures with Respect to Cuba

As regards Cuba, we deem it advisable to subject to a special analytical criticism the figures contained in the document (E/CONF.2/4).

Insofar as the figures covering population is concerned, it may be stated that they are similar to those appearing in the said document, even though those figures pertaining to the year 1938 should be somewhat higher, that is exceeding the 4.2 millions shown on the said document, reaching perhaps 4.4 millions; while it is possible that in 1946, however, the actual figures for Cuba may turn out to be a little lower, that is, in lieu of 5 millions, the figure of 4,900,000 inhabitants. Such differences are based on personal estimates of population carried out after computing the demographic equation for Cuba based on the five last national census and which enable us to obtain the empirical law of the development of the Cuban population. We cannot rely very much upon the official estimates since the additions made to the Census of Cuba, by the proper Office dealing with the population, have many defects, in our judgment. Let us take, for example, that covering the population of Cuba for the year 1930-31, in which latter year, as it is of common knowledge, a new census of the Cuban population was made. In accordance therewith, the figure covering the population of Cuba increased in 1931 by almost - 400,000 inhabitants whereas the normal rate of the growth of the population of Cuba at that time, pursuant to our demographic equation, was only 70,000 persons per annum. Our figures, which were computed on the basis of the said equation are very much closer to the actual facts than those borne out of comparing the figures of the Statistical Office on population with those of the Census, since it is inconceivable that in a year of financial crisis such as the one of 1930-31, the population of Cuba should have increased in such a degree as fivefolds above the normal.

However, inasmuch as the differences in this connection are quite small, we understand that the above contention should only be regarded for purposes of illustration and nothing else. The figures on population shown in the document (E/CONF.2/4) may therefore be regarded as valid insofar as Cuba is concerned.

Insofar as international trade is concerned, the figures corresponding to Cuba are correct; pursuant to official statistics, as regards the year 1938; inasmuch as an aggregate amount of 248 million dollars for import and export is given, while the official figure of the General Direction of Statistics (Dirección General de Estadísticas) shows an amount of 248.7 million dollars; that is to say, as far as the year 1938 is concerned, both figures are practically the same.

/However, such is not



However, such is not the case as regards the figures for 1946. In 1946, pursuant to official statistics, the export trade amounted to 475.9 million dollars and the amount of imports was 307.2 million dollars. As can be readily noted the total amount reconciles with the 783 million dollars shown in the document (E/CONF.2/4) as the value of the Cuban exports and imports. On the other hand, taking into account the adjustments which have been made in matters of exportations and importations, when making up the international balance of payments of Cuba corresponding to 1946, as was done by the General Direction of Statistics of the Ministry of Finance (Dirección General de Estadísticas del Ministerio de Hacienda), we find that the figures covering exportation have been readjusted to such an extent as to place it in the amount of almost 524 millions, after which the figures covering importations were in excess of 300 million dollars. From all of the foregoing, it is implied that the total amount of Cuban imports and exports in 1946 reached the figure of 624 million dollars, instead of 783 as appears from the said document.

As regards the Cuban national income, the document (E/CONF.2/4) gives no figures for Cuba insofar as the year 1938 is concerned. However, we venture to present herein the figure of 430 million dollars as representative of the national income at that time, in line with the estimate made by the undersigned during the year 1940, as published in the pamphlet entitled "La Economía de Cuba" ("The Cuban Economy") pages 41 and following. (Directorio Oficial de Exportación e Importación, Producción y Turismo).

The aforesaid document (E/CONF.2/4) gives a figure for the national income of Cuba during the year of 1946 equal to 590 million dollars; however, this figure turns out to be exceedingly low, so much so that it allows one to think that the actual figure covering the Cuban national income was three times as much as the one just mentioned. In this respect, we are able to make an estimate based upon the following assumptions:

First: That the figure of 430 millions for the national income for 1938 is correct.

Second: That the increase in the overall national production - that is to say both the production for export as also that for the domestic consumption - have been augmented at least in the proportion of 33 per cent from 1938 to 1946; and,

Third: That the prices covering not only exportation but also imports and domestic, have been increased in general in the proportion of at least twofolds and a half over the levels prevailing in 1938.

/Taking these facts

Taking these facts as a basis, the estimate covering the national income for 1946 would be increased to about 1,400 million dollars, which figure we consider to be very close to the one which should actually represent the Cuban national income in 1946.

We are more satisfied with this figure because of the fact that in making calculations for other purposes, prior to this work, our estimates of national income for 1946 have been pretty close to the figure of 1,400 million dollars. In support of the reliability of these estimates we are pleased to state that the same were based in such important data as were afforded by the national revenue taxes, the value of exportations and that of clearing banks compensations. And finally as a further proof on behalf of the estimate of 1,400 million dollars, as representative of the Cuban national income in 1946, we shall state that the said figures perfectly concur with the figures covering the public receipts. Otherwise, that is, should a figure be considered as pertaining to the national income for 1946 very much below the one already submitted, the result would be that the pressure of taxation in Cuba would be measured by a coefficient very much above 18 per cent, which is something so disproportionate and absurd as to merit no real credit.

After taking into consideration these remarks in connection with the national income as also the contentions made with regard to the value of the Cuban exports and imports, we find that the figure of 133 per cent shown as representative of the percentage of exports and imports as compared with the national income is entirely untrue. In our estimations, the value of Cuban exportations plus that of the importations represent 55.6 per cent of the national income in the year 1938 and 58.1 per cent in the year 1946.

And finally, we wish to state that the conversion of the figures covering the Cuban trade renders it necessary for the figures shown in the document (E/CONF.2/4), insofar as the trade "per capita" is concerned, to be also readjusted in connection with Cuba. Thus we find ourselves with the fact that in the year 1938 the figure of the "per capita" trade for Cuba should have been 59 dollars, while in 1946 it should be 165 dollars. The figure assigned to Cuba for this latter year, pursuant to the document (E/CONF.2/4) does not exceed 157 dollars.

The foregoing covers all pertinent remarks which had to be set forth by the undersigned in connection with the figures, themselves, mentioned in the document (E/CONF.2/4).

This notwithstanding, we deem it advisable to make a special criticism of each of the indices which have been the subject of a statistical analysis.

/Thus far, this

Thus far, this criticism has covered, almost exclusively, the valuation aspect from a strictly statistical point of view; now it is in order that a criticism be made on such indices from an economic point of view. This is what we contemplate doing hereinbelow.

22. Total and Special Criticism on the "general economic criterion" Adopted as a means for Determining the Indexes of International Economic Valuation

In the first place we wish to state that we deem it improper, for purposes of measuring the importance of each and every one of the countries participating in this Conference, insofar as the international trade organization is concerned, - to take into account such data as may pertain to the general economic structure and magnitude of the countries involved rather than to take special account of the structure and magnitude of its international trade properly said. We understand that in a Conference of this nature, it is only proper to estimate the relative importance of economic bearing of each country by taking into account international trade criteria instead of the concepts of the domestic economy of each nation. By following the latter procedure would give rise to the nonsensical or absurd position that, for instance, the millions and millions of persons composing the population of China, would have considerable bearing on the decisions to be adopted in matters of international commerce, whilst, as a matter of fact, the importance attached to international trade by each inhabitant of the immense nation of China is the very minimum or of negligible significance, since they hardly produce for export nor do they consume imported commodities. The same would be the case were we to take into consideration the immense area of the Hindoostan (or India) to attach thereto, by reason of its extensive territory, the weight or deciding factor of its right to vote. Miles and miles of the Hindu territory are hardly affected by international trade, save in a minimum degree, hence it is quite absurd that such criteria as are entirely aloof of international trade should be allowed to have a deciding bearing on the resolutions adopted in the latter subject matters. As a further proof to such an absurdity, mention may be made, as well, of the very case taking place in the United States whenever the enormous amount of millions of dollars constituting the national income of the great North-American nation is taken as a deciding index of the bearing to be attached to the country over the international trade organization. If due account is taken of the fact that only a minimum portion of such an immense national income of the United States is related to international commerce, such fact would readily lead to the conclusion that a deciding factor is then taken into account

/which has almost

which has almost no bearing on the decided matter. The absurdity thus becomes quite evident.

It is only logical that domestic criterions on the national economic valuation be accepted, for instance, for purposes of determining the voting procedure within the Economic and Social Council of the United Nations, whereat the whole of the economic problems of the world are to be dealt with; we deem it proper that for purposes of voting within the International Monetary Fund there shall have been taken into account such factors as are related to the balance of payments and the monetary reserves of the nations; we also deem it adequate that, for instance, as regards the International Bank for Reconstruction and Development the criterions as to the borrowing and lending capacity of the countries as also the capacity for contribution should be the deciding factors for voting; but it follows that it should not be regarded as fair in any manner whatsoever that within an international trade organization the matters taken up thereat, of such vital influence to many countries, should be decided upon by simply taking into account the general economic importance thereof rather than its specific importance as regards the very international trade matters subject of discussion.

Having set forth the above in a general way, we deem it advisable to submit herein an economic analysis of each of the indexes hereinbefore reviewed, with the object of determining why, from the point of view of a specific economic criticism, it is neither the total population of the countries nor the national income thereof or its total foreign trade, that should constitute the proper indexes for determining what specific bearing should correspond to each country within the sphere of the International Trade Organization.

221. Criticism on the Index of Population from an Economic Point of View

Economically speaking, it cannot be said that the factor of population constitutes an index for clearly determining the importance of a country in the international trade and, therefore, an index for measuring the influence thereof within the Organization coming to regulate such trade into a global basis. The importance of each country within the international trade should be measured either through its absolute international trade or through its relative international trade. The first procedure of measurement is somewhat related to the population, but it goes without saying that such relationship is not perfect; it often happens that the absolute international trade is higher in those countries where the population is greater and economic

/conditions are

conditions are similar. The fact remains, however, that nations are also dependable on the international trade to such a degree as the life of each inhabitant depends on said international commerce. Thus, the contention cannot be made that every North-American or every Chinaman depends on the international trade to the same extent as a Cuban, as an example. Hence, it is not the figure covering the total population what should be taken into account as a factor for measuring the importance of a country from the point of view of international trade, but that, in fact, to some extent, it is the figures covering the absolute and relative international trade thereof that should constitute a factor in the decision.

222. Criticism on the Index of the National Income

From an economic point of view it is in order to contest the action of having the data covering the absolute national income incorporated as a factor for determining the importance which should be attached to each country within an organization for the ruling of international trade. The arguments which, in our opinion, should enable us to show our opposition to this index of valuation, are the following:

- (a) that there are no data available as to the national income which are either efficient or sufficient, as already stated;
- (b) that the methods for the preparation of the national income, both from the standpoint of statistics as also from an economic point of view, differ very much from one country to another, which renders the results obtainable to difficult for comparative purposes from one nation to another;
- (c) that the national income, from the point of view of international comparison, requires the reduction thereof to a common currency, for instance, the dollar, all of which bears out the problem of the availability of rates of exchange of the other currencies as against the dollar, and that such rates be real and not arbitrary, untrue or capricious, as is the case with the rates of exchange which, in most cases, now prevail.

/This evidence

This evidence the fact that even though no other deficiencies should exist, the national income cannot be considered as an outstanding comparative factor of the nations from an internationally commercial point of view since it is impossible to show the respective national income in a common denominator, for instance, the dollar;

(d) because, even though this were possible, the final outcome is that the very nature of the national income renders the figures thereof as non-convertible to a common currency.

This is due to the fact that the national income is formed, in a minimum degree, by international securities, but in its major part is constituted by well-acknowledged domestic securities, without their having any connection whatsoever with international markets. All of which means that an income of 100 dollars "per-capita" in the United States does not afford the same purchasing power and, therefore, do not represent the same actual income as 100 dollars would afford in any other country of the world. Should these arguments not suffice, the fact may also be added that inasmuch as the preferential scales of consumers show some variation from one country to another by reason of the different ways, climates, tastes, etc., it is evident that it is not possible in any given case for an equal monetary income "per-capita" to be considered as the same actual income "per-capita". And, of course, it follows that it is only the actual income of a country that would be of value for comparative purposes of an international nature. The incomparableness of the figures covering the national income evidences the unsuitability of this index for the international purposes thus pursued.

It is not proper to contend that this problem of the conversion of the monetary income into actual income is liable to be solved through the correction of the monetary income by means of adequate general price indexes. The error would prevail, since the index of prices is nothing else but a measure of the fluctuation of prices of an aggregate of commodities within a time basis which has been arbitrarily reputed as equal by all countries. For example, the most common price index at the present time is that whereby all computations are based in the average of 1935-39, which actually means that it is arbitrarily being surmized that, at the moment, all countries had an equal purchasing power for equal portions of their national income, such income being considered from a monetary standpoint. Inasmuch as this is absolutely against the actual facts, such argument is of no avail.

223. Economic Criticism on the Index of Total Foreign Trade

We have thus noted that the figures taken into account in the various procedures now existing insofar as determining the right to vote is concerned, have been based upon the aggregate of the exports and imports of each country.

Sufficient stress should be laid from a general point of view on the fact that this procedure works to the detriment of such countries as necessarily maintain, - by reason of their economic structure and balance of payments, a positively strong status of their commercial balance. Every country with a well-balance commerce, id est, those with exports and imports alike or very similar in their aggregate value, upon taking the joint index of both types of international commerce for measuring the importance of the country, visualize almost a duplication of the position which such countries would have had should there be considered a single one of these factors, that is, either the foreign trade or the import trade. However, those countries having a commercial balance regularly unlevelled, whether in a positive or negative sense, when summing up their exports and imports do never get to duplicate their simple position in any manner whatsoever. Let us assume, as a typical example, two countries: (A) and (B) with equal exports, to wit: exports for a value of 100, and let us also assume that country (A) imports 95 by reason of its economic structure, whilst country (B) imports 70. It is fully evident that if the index taken as a means for measuring the importance of each country were the exportations alone, then both countries would have an equal position; however, if the standard used is that of the addition, we would find ourselves before the fact that whilst country (A) reaches a weight equal to 195 points, country (B) only reaches a weight equal to 170 points. Factors concerning the economic structure of the countries would thus be exerting a notable influence in the weight that would be brought to bear by each country in the adoption of resolutions on international trade.

This seems unadvisable from a general point of view, since it would imply as much as granting importance to factors of the general economic structure of the countries to ponder on the number of votes which each of them shall be entitled to have in adopting decisions concerning international trade. Thus we would ignore the general principle that only commercial criterions should prevail for determining the measure of importance of each country in an organization dealing with international commerce.

But it is that we also understand that there is another argument suggesting the advisability of not considering as an index the aggregate figure of imports and exports. Such argument is as follows: inasmuch as the statistical valuation of exports is usually f.o.b. and the imports are

/computed

computed on a c.i.f. basis, there is an evident discrepancy between both figures which, in some way, hampers the addition thereof. Thus, it would be necessary to either exclude freight and insurance from the import trade or, else, it would be necessary to add up freight and insurance to the export trade. From a national aspect, the statistical valuation on the f.o.g. basis for exports and c.i.f. for imports is correct, since it reflects the "economic moment" of the arrival or departure of the merchandise to or from the country, as the case may be. However, from an international point of view, for purposes of both imports and exports, a uniform similar criterion should be adopted, to wit: that concerning the arrival of the goods at the market of destination, or that regarding the departure of the goods from their producing countries. However, the statistics on international commerce now available are not prepared in the said manner.

### 3. SELECTION OF INDEXES OF COMMERCIAL VALUATION

#### 31. Analysis on the Simple Index (Not Double) of the Absolute Value of the Foreign Trade

Due note having been taken of the statements herein before made both insofar as regard the statistical criticism of said indexes, as also regarding the economic criticism of said indexes we must deem it advisable to set forth now which are the indexes which, in our judgment, ought to serve as standard for determining the position or specific weight of each country within the combine formed by all nations composing the International Trade Organization.

We have already stated that, in principle, we had decided to substitute the general economic criterion which have been inspiring each and every one of the various formulae which have been outlined to serve as a basis for determining the relative position of the countries belonging to the International Trade Organization, by a criterion to be specifically of an international trade nature.

In line with the foregoing, we consider that there are a number of indexes which should serve as a basis for ascertaining the said specific weight of the countries within the International Trade Organization. Amongst others to be reviewed hereunder, the index which, in our opinion, is of the greatest importance is, undoubtedly, that represented, either by the total value of the exports of a country or else by the total value of the imports of a country. In our judgment, every country, as it is logically implied, should make use of such a figure as, pursuant to its commercial balance, shows a higher amount.

/This index



This index takes into account the absolute magnitude of the countries - which is really fair - but always from an international trade viewpoint. It is only logical that in a valuation of the kind under contemplation, the amount of thousands of million dollars of the export trade of the United States, for instance, should weigh very much more than the few million dollars represented by the foreign trade of Paraguay or of any other small country. As far as we are concerned, therefore, there is no doubt whatsoever that this index is the first and most important which should be considered in the solution of our problem. Thereby, the position of the large countries is duly acknowledged since they are the ones who have the highest absolute values of exports or imports, as the case may be.

This index, from an economic point of view, does not suffer from fundamental defects insofar as the international comparison is concerned, since the values of an international trade are always the values of a world-wide or semi-world-wide market that, on the assumption of normal exchange rates, they should and ought to be shown as a world currency such as the dollar. The only streak of doubt prevailing, as regards this index, is the present lack of normal rates of foreign exchange. This constitutes at the present time a general problem involving all comparison of international monetary values, since the fact should not be ignored that we are living in a period of tremendous monetary abnormalcy. In our opinion, there is no other way to obviate this problem but to retrovert from the present time in order to adopt the figures pertaining to those pre-War years when, it is conceded, there prevailed a certain degree of exchange normalcy. This solution should constitute the basis for the calculation of the present index until such time as a world monetary normalcy is finally achieved, at which time, through the said medium the exchange rates of some currency as against others may answer the actual economic requirements involved.

### 32. Analysis of the Index of Relative Value of Foreign Trade

If in the case of the preceding index we have taken into account the absolute importance of international commerce, thus admitting therein the interests of the large countries who find their functions within the world trade more fully represented, it is only logical that we should now pass on to make description of an index which takes into consideration the relative magnitude of the countries from the said standpoint of international trade. That is, from the standpoint of what such international trade represents for the very life of each nation. In our opinion, this index is, as regards small countries, the homologous of what the previous one represents to the large countries, and should be considered in a general way as a second index in category within a general valuation of indexes demonstrative of the importance which every nation has in the international trade.

/From a

From a statistical point of view, this index may be measured by means of two different procedures: (a) the procedure of percentage of exports vis-a-vis the national income; and (b) the procedure of the "per capita" of exports or of imports.

As regards the first index there still prevail many of the deficiencies which were incorporated by us, in due course, to the data on the national income. However, it is obvious that, in this index, two of the main defects are excluded, which we attribute to the index of national income, since it is not possible to make comparison of absolute figures which, by reason of their nature, are incomparable, nor is it necessary to convert the national income of each country into a common currency. The percentage being a relative figure, it may be obtained by establishing the relation between the total value of the exports or the imports of each country with the total value of the national income shown in the very currency of the nation.

Therefore, this index eliminates the problems of comparison which formerly existed in connection with the income, even though the insufficiency and deficiency of statistics on income may continue establishing a deadline to the former and to the practical use thereof.

We are interested, however, insofar as countries of little development is concerned, to stress the fact that this index is perhaps the one affording greater importance, hence it would be only too logical that, notwithstanding the deficiencies of the national income, a special emphasis be herein laid on the defense thereof.

Even on the assumption that the preceding index was not computable by reason of the defects and limitations already pointed out, it may be possible to measure the importance of the relative value of the international trade of each country by means of the index of the value of the exports or imports of each country shown per unit of production, that is, the "per capita" of inhabitants. This index is evidently the simplest of all. International commercial statistics as also the statistics of population, notwithstanding their defects, are perhaps the best ones available in an international sense. However, as regards this "per capita" trade index, there still remains the problem of the selection of the rate of exchange of some currencies with another, which inconvenience would be averted with the use of the aforementioned index.

Furthermore, this index as compared with the foregoing one shows a serious inconvenience which would diminish to a great extent the importance to be conceded to countries with a low income, since it favours in a special manner the countries of greater "per capita" income as against those of less "per capita" income.

/Let us take

Let us take, for example, two countries entirely imaginary, even though the case may suggest a close similarity with the United States of America and Cuba. Let us assume, therefore, that the said countries show the following economic picture:

COUNTRY	(1) Exportation	(2) Population	(3) National Income	"Per capita" Exportation	"Per Capita" Income (3:2)	% of (1:3)
A	\$ 500 mil.	5 mil.	\$1,500 mil.	\$100	\$300	33
B	15,000 mil.	150 mil.	150,000 mil.	100	1,000	10

From the above given figures, it may be readily noted how country (A) on the assumption of having an export percentage, as compared with the national income, three times as much as that of country (B), would nevertheless have an equal "per capita" exportation value. Thereby, we understand, full evidence is established of the advantage which the preceding index affords to countries not having a very high standard of living, as against the index now being reviewed.

### 33. Index of Geographic Concentration of the Import and Export Trades

The third index which we deem advisable to suggest for purposes of determining the right to vote within the International Trade Organization to be created, is that concerning the degree of concentration which, as regards the various markets or principal sources of national supply, are experienced both by the export as well as the import trade of a country. This index we may just as well call "index of geographic concentration of foreign trade", whether of exports or imports, as the case may be.

It stands out very clearly that this index, by reason of its own nature, offers certain complexity of computation, but even so, we deem it our duty to set forth before the members of the delegation that, in our judgment, it is the third in general importance, which commitment, as above stated, is our personal criterion.

The index under review, we understand should be taken into consideration since it serves to demonstrate how vital is for a country its peculiar form of international trade from a geographical point of view or as regards the various markets. Every measure on the international trade is, with no doubt whatsoever, more significant and deciding to a country having a high geographic concentration of its international trade than to another one who, to the contrary, maintains a high geographic dispersion of its export and import trade. The country in the former case, has almost no possibility, alternative or countervailing means in the face of any contingency or of a lasting change, whilst the latter, always finds, or at least finds it more easily, their relieving means of change and countervailing measures.

/Hence it

Hence it follows that due consideration should be given to this structural reason of international commerce for determining the specific weight of a country in so far as it refers to the voting policy within the International Trade Organization.

Considering the general characteristics of the economic facts under review, we propose that the index of geographic concentration of international commerce be taken into account as one of those which are to serve the purpose of making the valuation of the specific weight which every country bears within the organization of said international commerce.

From a statistical point of view, the standard which should serve to measure the amount of geographic concentration both as regards the export and the import trade would be the index set forth on pages 98 and following of the work entitled "National Power and the Structure of Foreign Trade", by Albert O. Hirschman (University of California, 1945). "The concentration of the trade of a nation - says Hirschman - depends upon the number of the countries with whom it deals and the distribution more or less unbalanced of its commercial traffic amongst the countries". Further on, Mr. Hirschman, himself, give us the formula for the computation of the index under review: "the imports (or exports) of a country from (or to) other countries, may be indicated as a percentage of its total importations or exportations. The index is calculated on the basis of the addition of the squares of these percentages and through the extraction of the square root of the sums thereof."

Appendix "D" of this Report contains the corresponding chart with the indexes of geographic concentration of the export and import trade of 45 countries.

34. Index of the Internal Structure of the International Commerce of Each Country.

Another index of special interest, would be that of the structure or integration of the export and import trade of every country. We understand that the international trade, depending upon the internal structure showed by imports and exports, serves the purpose of expressing - in a certain way - the measure of the economic development of each nation, the nature of its economy and, consequently, the degree of movability of the productive factors within the country.

The percentage which the "non-manufactured" commodities represent in the exportation of each country over the total value of exports, is indicative to us of the measure in which a country is still pending development and, consequently, the scarce movability of productive factors existing therein. The percentage of imports of "manufactured" articles over the total imports by the country, is at the same time representing the measure in which the

/domestic demand

domestic demand is dependent upon the foreign production for meeting the consumption of higher quality items required as a result of the culture and standard of living of civilized countries.

If it is to be considered that the indexes already reviewed by us, that is, if it should be taken into account that the percentages of the exportation of "non-manufactured" commodities, as compared to the total exportation, as also the percentages of imports of "manufactured" goods as compared to total imports, represent to a certain extent, within the scope of the international trade the measure of movability of the productive factors within the country involved, it seems to us quite evident that all such countries as may have a greater percentage of "non-manufactured" articles in their exports, and a higher percentage of the importation of "manufactured" items, are those having a lesser economic development and, therefore, possess a lesser movability of the productive factors from the point of view of the numerous probable uses or applications of the latter, and, consequently, are dependent, to a greater extent, on international trade. This means, that in the face of any change or contingency of any nature as regards international commerce, the capacity for adjustment to the new situation, on the part of the countries having high percentages in the exportation of "non-manufactured" goods and in the importation of "manufactured" items is much below the capacity of adjustment of highly developed countries, id est, those having a small percentage or at least a lesser percentage of exports of "non-manufactured" commodities and also a lower or minimum percentage of importation of manufactured articles.

From the above statements it stands out quite evident that any measure dealing with international trade has a great bearing on any of the countries whose status is that of the former case; any measure of this nature affecting the countries placed in the latter position may be better endured. This suggests the necessity of assigning a greater specific weight to countries of small development than to those fully developed, in so far as it concerns the decisions which, from this point of view, may be adopted by the International Trade Organization to be created.

The index which would statistically measure the said position is, as already stated, either that of the percentage representing that part of the total exports pertaining to the value of exports of "non-manufactured" articles, or the percentage covering the importation of manufactured goods over the total imports, or both. This double index bears the advantage of its easy computation because of the fact that the statistics on international trade prove to be most efficient and numerous than any other to be found within the scope of the world. Likewise, it affords the advantage of not creating any problem in making comparison in absolute terms, and, moreover, it averts the inconvenience which at the present time is somewhat without solution, of expressing all national monetary values through a single currency, for instance, the dollar. The problem of instability of exchange  
/now prevailing

now prevailing and the ascertaining of the rates of exchange of currencies among themselves, would therefore be entirely averted in the index now under consideration.

35. Index of Merchant Fleets.

And, finally, we consider that it is advisable for us to point out the index relating to the national merchant fleets as amongst such indexes which deserve due consideration from the point of view of international trade and for purposes of pondering on matters of vote as will be required within the International Trade Organization to be created. It is evident that international trade is carried on mostly by means of vessels. Hence there is no doubt whatsoever in the fact that the commercial importance of every country is not only measurable, from an international point of view, in proportion to the import or export trade being made, but that it should also be measured by considering the available means of transportation enjoyed by each country for carrying on its own international trade or the international commerce of the other countries. It is for these reasons that it becomes advisable to take into account as one of the indexes - which, as a matter of fact is one of least importance among those already given - as representative of international trade, the index covering the tonnage of national merchant fleets.

As regards this index, the position of small countries with little development is very unfavorable. Take for instance the position of Cuba. But as we understand that the standard to be adopted should contain indexes containing both fully developed countries as also those of little development, it is necessary and advisable to include this index, even though in the least degree, within the general standard to be proposed by Cuba. The adversity for Cuba is evident as regards thereto, but the inclusion thereof would serve as a token of the good faith of Cuba in proposing a standard providing an index which is so detrimental to it.

4. FINAL PROVISIONS

In view of the foregoing and as a summary thereof, we hereby propose:

First

That in the case of Cuba it should adopt the so-called criterion of international trade, as against the general economic concept which has thus far been the basis for the selection of indexes to determine on the right to vote within the International Trade Organization.

Second

That the following indexes be considered as the ones which should form part of the above mentioned international trade criterion: a) the index of exports and imports expressed as an absolute value in a single currency; b) the one dealing with the percentage of exports in relation to the respective national incomes; c) that one showing the "per capita" of the export and import trade; d) the one of the percentage of exports or imports of "non-manufactured" or "manufactured" goods, as the case

/may be;

may be; e) that concerning the percentage of geographic concentration of the international trade of each nation; and f) the one regarding the tonnage of the respect merchant marine fleets. We are of the opinion that Cuba should struggle towards having the indexes set forth above duly considered in this same sequence of importance, and such procedure to hold true even in cases when the measure for pondering on the right to vote for each of such countries is held in abeyance awaiting for the decision to be adopted by the Commission referred to in the preceding paragraph; and,

Third

That a "petit-comite" of work be organized for purposes of incorporating into such indexes as may be selected by the Delegation as preferable, the results of the "experience" borne out therefrom thus making the proper computations concerning the various discussions whether they be direct or implied.

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This is all what the undersigned Adviser wishes to submit in order to comply with the task entrusted him as regards the problem of reporting to the Cuban Delegation on the economic indexes which should serve as a basis for establishing the criterion sustained by it in so far as the matter of the vote is concerned.

Before closing, however, we wish to convey hereby our natural lack of full satisfaction towards the contents of this Report which, even though it could and should have been drawn up in a better fashion, such a goal has not been fully met; due in part, and as major cause, to the personal limitations of the writer and, also, though for sheer lack of time.

(sgd.) Julian Alienes y Urosa.

## APPENDIX "A"

POPULATION OF THE WORLD IN THE YEARS 1938 AND 1946 AS PER THE "MONTHLY BULLETIN OF STATISTICS. - STATISTICAL OFFICE OF THE UNITED NATIONS",  
ISSUE NUMBER 10 OCTOBER 1947

(Shown in units of thousands of persons)

<u>COUNTRIES</u>	<u>YEAR 1938</u>	<u>YEAR 1946</u>
Argentina	12,957	15,832
Australia	6,893	7,449
Austria	6,760	7,009
Belgium	8,387	8,389
Bolivia	3,294	3,788
Brazil	39,410	46,726
Bulgaria	6,244	6,993
Canada	11,152	12,307
Ceylon	5,810	6,700
Chile	4,635	5,479
China	-----	455,592
Colombia	8,702	10,318
Costa Rica	623	772
Cuba	4,228	5,052
Cyprus	377	462
Czechoslovakia	14,603	13,091
Denmark	3,777	4,101
Dominican Republic	1,637	2,089
Ecuador	2,865	3,340
Egypt	16,297	18,833
Finland	3,671	3,877
France	41,100	40,000
Germany	68,425	65,911
Greece	7,109	7,450
Guatemala	3,044	3,575
Honduras	-----	1,220
Hungary	9,060	9,309
Iceland	118	132
India	282,341	310,625
Ireland	2,937	2,953
Italy	43,771	45,646
Japan	72,223	73,114
Korea	22,634	19,369
Mexico	19,071	22,776
Holland	8,680	9,417
New Zealand	1,607	1,761
Nicaragua	955	1,109
Norway	2,914	3,105
Palestine	1,435	1,912
Panama	536	632
Paraguay	955	1,200
Peru	5,990	6,971
Philippines	15,814	19,067
Poland	34,849	23,930
Portugal	7,506	8,223
Roumania	19,750	16,472



APPENDIX "A"

(Continued)

<u>COUNTRIES</u>	<u>YEAR 1938</u>	<u>YEAR 1946</u>
Salvador	1,704	1,997
South Africa	2,081	2,363
Spain	25,493	27,246
Sweden	6,297	6,719
Switzerland	4,192	4,466
United Kingdom	47,485	47,175
United States	129,825	141,229
Uruguay	2,108	2,281
Venezuela	3,431	4,300

APPENDIX "B"

ESTIMATES ON THE NATIONAL INCOME IN THE YEARS 1938 AND 1946 AS REGARDS  
SOME COUNTRIES, PURSUANT TO THE SEPTEMBER 1947 ISSUE OF THE "MONTHLY  
BULLETIN OF STATISTICS. - STATISTICAL OFFICE OF THE UNITED NATIONS"

COUNTRIES	NATIONAL CURRENCY (in units of millions of)	YEAR 1938	YEAR 1946
Argentina	Pesos	8,857	-----
Australia	Pounds Sterling (A)	803	1,265
Belgium	Francs	65,200	190,000
Bulgaria	Leva (1,000 millions)	-----	334.0
Canada	Dollars	3,940	9,212
Czechoslovakia	Crowns (1,000 millions)	56.6	148.8
Denmark	Kroners	5,861	-----
Dominican Republic	Dollars	-----	180.35
France	Francs (1,000 millions)	348	295
Ireland	Pounds	154.4	-----
Mexico	Pesos	5,223	-----
Holland	Guldens	4,989	7,985
New Zealand	Pounds (N.Z.)	185.8	-----
Norway	Kroners	4,359	7,622
South Africa	Pounds (S.A.)	364.8	-----
Sweden	Kronors	11,277	19,264
Switzerland	Francs	8,202	-----
United Kingdom	Pounds	4,671	7,274
United States	Dollars	67,375	178,204

APPENDIX "C"

CHART COVERING THE "NON-INDUSTRIAL" EXPORTS AND THE "INDUSTRIAL" IMPORTS  
(Shown in the % over the total and the respective trade)

(Facts taken from Document III/1 as compiled by the  
"Preliminary International Trade Meeting" of London)

COUNTRIES	% over the total national imports as represented by the imports of "manufactured items".			% over the total national exports as represented by the exports of "non-manufactured" goods.		
	1925	1929	1935	1925	1929	1935
Argelia	----	67.4	61.8	----	91.8	96.0
Belgian Congo	75.1	68.5	74.1	98.9	94.4	88.7
Egypt	55.3	58.0	58.1	97.0	96.3	96.2
Union of South Africa	77.6	78.2	84.1	97.2	91.9	93.0
Canada	51.8	59.2	51.6	73.3	71.9	71.4
United States	21.9	26.1	21.7	64.7	54.4	56.4
Argentina	69.1	68.8	71.1	<del>96.6</del>	97.3	95.2
Bolivia	66.8	67.2	64.3	99.6	99.8	98.5
Brazil	59.6	59.6	59.7	99.8	99.6	99.5
Chile	70.6	73.6	69.8	95.7	95.8	98.6
Colombia	----	79.1	86.6	----	99.0	99.6
Costa Rica	64.8	66.9	71.4	99.3	99.2	97.4
Cuba	45.8	52.7	57.3	95.5	95.7	95.9
Dominican Republic	----	57.4	71.0	----	98.3	97.3
Ecuador	71.8	----	----	93.6	87.5	87.1
Guatemala	67.0	74.6	74.0	99.4	99.3	99.1
Honduras	65.0	67.3	67.3	97.9	99.4	99.7
Mexico	70.8	72.4	----	99.4	99.2	----
Panama	61.2	59.7	----	100.0	99.9	----
Peru	66.7	64.4	69.8	99.7	99.8	99.3
El Salvador	80.7	69.6	76.9	99.7	99.9	98.6
Venezuela	75.7	77.7	86.7	98.3	99.2	99.5
China	49.2	49.6	51.2	82.7	85.0	79.2
Manchuria	----	62.8	68.0	----	96.8	96.1
India	77.3	72.5	74.0	78.6	74.9	75.1
Netherlands Indies	70.8	68.9	72.6	98.4	97.7	96.8
Iran	58.9	62.7	66.9	85.8	89.3	93.3
Japan (1)	18.6	21.0	14.1	49.6	47.2	30.9
Japan (2)	21.3	24.0	----	51.8	50.6	----
Korea	----	58.5	63.4	----	87.8	83.8
British Malaya	28.1	32.7	29.9	93.2	92.6	94.8
Siam	69.2	69.6	70.4	96.2	95.7	97.6
Albania	57.8	50.4	55.4	99.5	99.8	100.0
Germany	16.1	16.8	13.5	24.7	25.5	19.9
Austria	33.0	39.7	32.0	24.4	25.7	31.0
Belgium	22.0	27.1	27.0	<del>44.2</del>	40.6	49.2
Bulgaria	68.8	67.6	62.0	97.5	92.1	96.5
Denmark	35.9	40.0	42.3	88.9	87.9	87.8
Spain	43.2	48.3	48.4	71.2	77.5	82.7

(1) Including trade with Korea and Formosa.

(2) Excluding trade with Korea and Formosa.

APPENDIX "C"

(Continued)

COUNTRIES	% over the total national imports as represented by the imports of "manufactured items".			% over the total national exports as represented by the exports of "non-manufactured" goods.		
	1925	1929	1935	1925	1929	1935
Estonia	39.6	42.9	58.3	59.1	68.8	77.1
Finland	46.1	48.0	42.1	----	----	----
France	12.8	17.6	17.7	29.9	33.6	38.7
Greece	31.6	37.3	41.3	96.6	98.0	97.2
Hungary	57.9	48.1	37.1	83.5	79.6	70.1
Ireland	41.6	45.1	53.6	91.4	91.1	95.4
Iceland	51.7	60.5	59.9	99.9	99.7	99.8
Italy	22.4	26.8	23.9	51.7	45.9	52.0
Letonia	47.5	42.2	52.7	85.9	67.0	79.5
Lithuania	53.8	54.5	59.2	93.1	93.1	93.5
Norway	42.4	51.4	53.0	75.9	77.6	79.3
Netherlands	34.3	41.1	46.6	65.4	63.2	67.4
Poland	44.1	45.8	38.6	77.7	80.4	77.0
Portugal	34.3	38.5	41.0	87.2	88.1	83.0
Rumania	----	80.5	79.5	----	97.8	98.8
United Kingdom	18.4	21.2	16.0	22.3	22.8	25.8
Sweden	40.1	43.8	48.1	60.2	59.3	55.6
Switzerland	38.7	43.8	44.8	19.2	19.9	19.1
Czechoslovakia	23.0	31.6	28.0	37.7	28.3	27.4
Turkey	----	72.1	83.3	----	88.9	97.0
U.R.S.S.	35.9	37.7	43.5	94.9	89.6	81.0
Yugoslavia	71.1	71.4	69.0	90.8	91.3	94.4
Australia	76.3	73.8	73.8	98.2	97.2	96.0
New Zealand	73.0	75.0	77.0	98.8	98.8	99.3

APPENDIX "D"

CHART ON THE GEOGRAPHIC CONCENTRATION OF FOREIGN TRADE

YEAR 1938

COUNTRIES	% OF GEOGRAPHIC CONCENTRATION	
	OF IMPORTS	OF EXPORTS
Bulgaria	54.0	60.3
Hungary	44.5	48.2
Rumania	42.1	33.2
Yugoslavia	43.6	45.5
Greece	36.5	45.3
Turkey	50.6	47.6
Holland	30.3	32.2
Belgium	27.1	28.8
Czechoslovakia	26.0	26.6
Switzerland	32.8	26.9
Poland	30.3	33.2
Norway	34.5	35.9
Sweden	35.7	33.9
Denmark	44.1	59.4
Esthonia	38.5	47.4
Latvia	44.8	55.0
Lituania	48.9	41.5
Finland	34.9	48.9
Portugal	30.6	31.3
Albania	41.2	70.2
United Kingdom	21.8	19.6
Ireland	52.5	92.7
Canada	65.3	53.5
Ceylon	35.5	55.4
India	38.5	37.8
British Malaya	38.3	37.0
Australia	46.2	56.3
New Zealand	52.8	84.0
Egypt	29.9	38.1
Nigeria	67.1	68.3
Union of South Africa	47.8	75.9
Argentina	30.6	37.6
Bolivia	37.3	66.5
Brazil	39.0	41.8
Chile	40.6	----
Colombia	55.8	61.5
Ecuador	44.3	44.0
Peru	42.2	37.7
Uruguay	29.1	38.3
Cuba	71.3	77.3
Mexico	61.1	68.7
Netherlands Indies	34.1	32.4
Philippines	69.4	78.0

(Data taken from the book entitled "National Power and the Structure of Foreign Trade", by Albert O. Hirschman. - University of California Press. - 1945.)