Mr. Thorne

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LIBERALIZATION OF THE ECA DOLLAR

Albert O. Hirschman

INTRODUCTORY NOTE

There are two distinct aspects of any proposed liberalization of the ECA dollar. One deals with establishing the maximum possible freedom to spend the ECA dollar wherever and for whatever commodity is deemed desirable by the recipient country or its citizens. The second aspect deals with the freedom to spend or not to spend the ECA dollar, i.e., with the freedom to accumulate ECA aid, directly or indirectly, in the form of monetary reserves.

The following paper by Miss Lichtenberg shows the many ways in which the first freedom is currently hamstrung and, in conclusion, points to the various possible avenues of liberalization.

The second freedom so far has been greatly limited for two reasons: First, since ECA aid is tied to procurement authorizations, it must be spent. This compulsion to spend could be remedied directly by giving the Economic Cooperation Administrator authority to disburse, as free dollars, a portion of ECA funds rather than as dollars tied to procurement authorizations. Secondly, even though ECA aid can be accumulated indirectly, through the non-spending of free dollars earned by European exports, such accumulations could not be considered desirable by the European countries as long as need (defined by balance-of-payments forecasts) remained the criterion for ECA aid. For, under these conditions, an accumulation of reserves necessarily led countries to fear that their aid would be cut since such accumulation could readily be interpreted by ECA as proof of reduced need for aid. In order to appease these fears, it is not necessary, however, that ECA attempt in advance to detail the sums that will accrue over the remaining life of the program to each country, a procedure which would be incompatible with the system of annual appropriations. It would be sufficient for ECA to announce that whatever the total amount of aid that may be voted by Congress, the percentage distribution of the aid among the recipients would be considered as presumptively fixed. This procedure has already been recommended by the OEEC and has been accepted by ECA for the distribution of aid in the next fiscal year subject, of course, to the Administrator's right of final review of allocations. This right, however, is likely to be exercised only in cases of violations by a recipient country of obligations assumed under the Recovery Program or in absolutely clear cases of *force majeure*.

A consistent program of liberalization of the ECA dollar would consist of the following steps (the last of which has already been taken):

1. Lift and ease to the maximum possible extent the current statutory and administrative restrictions on the spending of the ECA dollar under the system of procurement authorizations.

2. Give statutory permission to the Administrator to disburse a certain portion of ECA funds as free dollars.

3. Establish the principle that the percentage breakdown of country allocations is to be considered as fixed subject to ECA's right of final review in specific instances.1/

1/ Adoption by ECA of the third step will in effect permit a country to accumulate dollars without the risk of seeing its aid reduced, but adoption of the second step still remains desirable to ensure maximum flexibility.

While conceptually distinct, these three aspects of any program of liberalization of the ECA dollar must be pursued jointly. It is statistically obvious that the reliability of the balance-of-payments deficits decreases along with the deficits themselves: for, with a given margin of error, affecting gross payments and gross receipts, the resulting margin of error affecting the difference between payments and receipts is the greater the more receipts approximate payments. Economic reasoning also leads us to conclude that progress toward viability increases the uncertainty about both the exact size and the commodity composition of the narrowing deficit. This is due to the progressive elimination of bottlenecks, to the gradual disappearance of "must" programs with the progress of reconstruction and reequipment, to the increasing range of substitution of non-dollar for dollar goods, and to the possibility of spectacular advances of exports as supply problems are solved.

These considerations lead us to doubt that there is as clear and unbridgeable distinction between assistance for balance-of-payments purposes and assistance for the building up of monetary reserves as has commonly been supposed. Once it is recognized that a narrow balance-of-payments deficit is by definition an unstable one, it is clear that any assistance given to finance that deficit can easily remain unused and may therefore in effect become an aid to the stabilization of the country's currency. The assistance made available by the United States during the second phase of the European Recovery Program is still essentially meant to finance balance-of-payments deficits; but there is an increasing chance--and hope--that this assistance may be converted in fact in aid to stabilization. Such assistance is, therefore, a transition to the concept of stabilization credits. It is the nature of such credits that they are given in the fundamental expectation that they will not be spent by the recipients, but that they can nevertheless be converted into balance-of-payments assistance under certain exceptional and unforeseen circumstances.

If it is correct to assume that the European Recovery Program now moves into a phase intermediate between pure balance-of-payments assistance and assistance for stabilization purposes, then it is doubly important that the ECA dollar be "liberalized" by freeing its spending from many of the restrictions surrounding it at present and by allaying all fears that failure to spend it will result in cutbacks in aid.

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RESTRICTIONS ON THE USE OF THE ECA DOLLAR

Caroline Lichtenberg

U. S. foreign economic policy has long been directed to the establishing of conditions for free multilateral trade that will achieve the best utilization of the world's resources. The countries of Western Europe, which account for a major proportion of total world trade, should now be able to move boldly in this direction as a result of their success in achieving high levels of output, in keeping inflationary pressures in check, and in bringing exchange rates into a more realistic pattern. The Economic Cooperation

Administration is currently urging the participating countries to remove trade and exchange controls among themselves and has made liberalization of intra-European trade by 1950 the major target of the European Recovery Program. This emphasis on the problems of exchange gives clear recognition to the fact that the fundamental problem of European recovery has shifted from one of production to one of trade and payments.

With this change in emphasis, the question arises whether ECA's programming procedure, which involves detailed commodity programs, screening of applications for procurement, and so forth, is still an appropriate instrument of ECA policy.

At the beginning of the program, with the accent on production, it was reasonable and necessary for ECA to insist on specific commodity programs in order to make sure that our foreign aid would make the maximum contribution to the investment and production goals of the Western European countries. Detailed estimates of commodity needs of the participating countries also appeared necessary to ensure coordination of their import and investment programs. In part, the programming procedure may be viewed as a reaction to experience with the British loan, whose rapid exhaustion could not readily be accounted for in terms of commodities. At the same time, it was necessary in 1947-48 to guard against depriving the United States of certain commodities which were still in short supply. Last, but not least, it was evident that detailed estimates were required for a successful presentation and justification of the program to Congress. Thus, the programming procedure was adopted essentially to secure the success of the European Recovery Program as originally conceived. At the same time, however, the procedure also lent itself, and ECA was in fact directed by Congress, to maintain markets for certain U. S. exporting interests (notably agriculture and shipping).

Now that conditions have changed, however, it would seem that the programming procedure is becoming obsolete. First, Europe's production problem has been largely solved and there are no longer major commodity shortages in the United States. Second, after two years of "programming," ECA has come to realize the enormous difficulties and drawbacks of any attempts to coordinate import and investment programs through physical planning rather than through the creation of the proper monetary, fiscal, and institutional environment. Third, as recovery progresses, and as competitive sources of supplies and markets are opened, detailed balance-of-payments estimates are becoming less reliable than was the case during the immediate postwar years. This can be attributed to the fact that the elimination of critical needs, the increasing range of substitution of non-dollar for dollar goods, and the possibility of spectacular advances in exports are subjecting such forecasts to more and more uncertainties. Finally, further progress of the participating countries toward self-reliance and eventual independence of U. S. aid might best be achieved at this stage by giving the individual countries an increasingly free hand in disposing of the dollars allocated to them and by giving them the assurance that their allocations will not be reduced if they accumulate reserves as a result of superior export performance.

SUMMARY VIEW OF RESTRICTIONS ON THE USE OF ECA DOLLARS

To enable ECA to screen, and to account in detail for, dollars spent by participating countries:	To ensure the best utilization of the participants' resources, ECA will not finance:	To protect and further United States interests:
(1) The programming procedure in general	(1) Transactions resulting in misallocation of resources among industries (A)	(1) Procurement of commodities in short supply in United States is limited (S)
	(2) Transactions involving higher than competitive prices (S-A)	(2) Special consideration given to certain U. S. interests a. agriculture (S) b. shipping (S) c. oil (A) d. other (S-A)
	(3) Luxury items (A)	(3) Elaborate limitations on offshore procurement (A-S)
	(4) Commodities replaceable by non-dollar substitutes (A)	(4) Special restrictions on transactions involving Eastern Europe (S-A)

Note: S = Statutory
A = Administrative

There is, therefore, a real danger that, with the disappearance of the principal original reasons for its adoption, the programming procedure, if maintained intact, may obstruct European recovery and become a simple vehicle for the protection of various U. S. export industries. Such a development would gravely handicap our efforts to free trade and to stimulate multilateralism.

A review of the specific limitations and restrictions which are now placed on the use of ECA dollars will give some indication of the extent to which the ECA dollar is currently managed, circumscribed, and restricted. It is hoped that this survey will point up the areas in which adjustments can be made if it is desired to "liberalize" the use of ECA dollars along with European trade and payments.

I. ECA program procedure in general

The program procedure is a rather elaborate system of review, control and follow-up over the expenditure of ECA dollars. On the basis of the OEEC annual programs, country allotments are determined by ECA. The participating country then submits applications for procurement authorizations to the Economic Cooperation Administration to cover the commodities and services which it desires to have financed with the dollars it has been allotted. The content of these applications is usually discussed informally with the commodity and country officers of ECA/Washington before formal submission in order to shorten the period between application and authorization. If ECA approves the application, a procurement authorization is issued covering the allowable commodities and services, the delivery period, the approximate quantity to be procured, the source from which the commodities may be obtained, and any special provisions concerning commodity specifications or supplementary documentation. It is by means of this procedure that ECA is able to maintain the control over ECA dollar expenditures which will be described in the following pages.

Any system designed to prevent the misuse of funds and to check actual expenditures necessarily results in inflexibilities which in effect limit the free use of those funds. A restraint of major importance, for example, stems from ECA's general policy of financing only those transactions involving contracts and delivery dates subsequent to the date of issuance of the procurement authorizations. Until a few months ago ECA was liberal in waiving these regulations, particularly with respect to industrial goods, in an effort to minimize the difficulties which such requirements impose on the foreign trader. But in attempting to provide small business with the opportunity to enter into the export market, full compliance with the restrictive provisions of this procedure has recently been enforced.

While these conditions are unnecessary for the small and efficient U. S. exporting firm and are of doubtful usefulness for the small inefficient exporter, they are very often a source of difficulty for the participating countries. In the case of essential commodities for which the participating governments are willing to spend free dollars if necessary and where the government engages in bulk purchases, the problem is not serious since these transactions can be planned sufficiently in advance. But where private traders buy on the basis of supply and demand conditions these requirements definitely interfere with their normal competitive business practice of responding freely and quickly to price changes.

II. Utilization of ECA funds in the best interest of the participating countries

In addition to the general way in which the use of the ECA dollar is circumscribed by the program procedure, a number of specific restrictions prohibit the spending of ECA dollars for certain purposes or direct them into given channels. The first broad category of these restrictions is the result of an attempt by ECA to make sure that available dollars are put to the best uses from the point of view of European recovery. This implies an ECA view that there is a scale of priorities which is partly independent and ought to supersede what would result from the operation of free choice on the part of the participating countries or their citizens.

A. Allocation of resources among industries. - In screening the OEEC annual programs and in issuing procurement authorizations, ECA makes decisions with respect to the desirable direction and extent of industrial development in participating countries; and any disapproval of plans for expansion, for example, can be effected by refusing to finance with ECA funds commodities essential to such products.1/ Two important areas in particular have been subject to this type of limitation on the use of its ECA funds; viz., the iron and steel and the oil refining industries. ECA is convinced that Western Europe's plans for expansion in these two industries envisage surplus capacities in relation to projected consumption and therefore involve misallocation of resources. Since both industries require heavy dollar outlays, ECA sometimes registers its disapproval by refusing to finance certain U. S. equipment items on which these plans depend.

B. Luxury items. - It is ECA policy not to finance luxury items. In September 1949, ECA established a list of fourteen items in this category, including automobiles with a value of $3,000 or more, automobile radios, clothing, jewelry, toys, and household equipment. Unlisted items, however, are not automatically eligible for ECA financing.

C. Prices. - ECA will make payment only for purchases of commodities, whether or not in bulk 2/, which are made at prices that approximate, as nearly as practicable, lowest competitive market prices. In general, therefore, participating countries cannot use their ECA funds to purchase goods at higher than market prices, regardless of what reason they may have for wanting to do so. This has interfered with normal trading relations, and has made itnecessary to engage in considerable research especially in the case of differentiated commodities. If procurement is offshore, it is often difficult to obtain proof from abroad that the price is competitive.

D. Substitutes. - Applications for procurement are reviewed by ECA with an eye to substitutions which would save dollars, and it seems that ECA officials often find it necessary to point out such opportunities to participating countries. Austria, for example, was denied a request for procurement of rice on the grounds that other grains, produced domestically, could be satisfactorily substituted. Substitution in terms of quality is also recommended. Purchases of high-grade coffee from Colombia, for example, are sometimes marked ineligible for ECA financing on the basis of availability of lower grade (and therefore lower-priced) coffee which ECA considers to be a satisfactory substitute, taking into consideration consumer preferences.

1/ Theoretically, a country could buy the goods with its free dollars but in practice it would not be likely to do so since ECA could later retaliate.
2/ The Foreign Assistance Act of 1948 provided that no bulk purchases could be made at prices above those prevailing in the U. S. market. ECA Regulation 1 makes this rule applicable to all purchases since practically all shipments have been considered as "in bulk."

III. Protection of U. S. interests

The second category of limitations on the free use of ECA dollars arises out of ECA's responsibility to protect U. S. interests.

A. Scarcities. - The procurement of certain commodities which were in short supply in 1947-48 at home was limited by the ECA act. For instance, in 1948 purchases of farm machinery were not to exceed $75,000,000, and oil was to be procured from outside the United States wherever practicable. The general policy of not seriously impairing our economic stability while giving ECA assistance makes ECA responsible for husbanding any commodity which may become scarce in the United States.

B. Offshore procurement. - The 1948 act provides that ECA funds may be used to finance procurement from any source, but in view of the historical development of the European Recovery Program, ECA interpreted the spirit of the act to mean that ECA funds were intended mainly to finance dollar deficits with the Western Hemisphere. As a consequence, it was decided to follow the general policy of financing only those offshore purchases which are very urgently needed by the participating country and cannot be purchased except for dollars.

The elaboration of this policy included several restrictions, each with a specific purpose, on the free use of ECA dollars. Procurement in other participating countries and in the sterling area is not financed, since the European Payments Plan was designed to provide for the financing of all participating countries' deficits with one another and with the independent sterling area. As a security measure, ECA tries to limit the expenditure of dollars in Eastern Europe to the bare minimum and requires additional detailed information on any proposed transactions. Participating countries may not use ECA funds to finance goods from Eastern Europe whenever there is a possibility of alternative means of payment; more information about price is necessary than is normally required; specific identification is required where the commodity class is not homogeneous and the relative importance of items within the class varies widely; and a great deal of supplementary information is required regarding each request.

At an early stage of the European Recovery Program, another motive for not financing offshore procurement was to put pressure on certain non-participating countries to extend loans and grants to the ERP countries. For this reason, ECA approved the financing of procurement in Argentina, Brazil, Chile, Cuba, Peru, and Uruguay only after it had been determined that the goods were essential to the participating countries and could not be purchased unless payment was made in dollars. Although hope for inducing these countries to extend some assistance to Western Europe has by now been abandoned, the restrictive policy in offshore procurement has been largely maintained.

An indirect limitation stems from ECA's policy of applying the official rates of exchange to offshore procurement transactions. This procedure raises, in effect, the price of foreign goods to the participating country, since the suppliers' currency could often be purchased at a discount with free dollars. It results therefore in a curtailment of offshore procurement which would not occur under normal trading conditions.

C. Special interests. - The Economic Cooperation Act (Foreign Assistance Act) has led ECA to protect certain special U. S. interests, notably, agriculture, shipping, and oil. This gives rise to a whole series of fundamental problems, including the reconciliation of this policy, first, with our attempts to promote the use of non-dollar sources of supply as a means of reducing the dollar gap, and second, with our policy of establishing a system of international trade governed by price.

1. Agricultural surpluses. - One of the most important limitations on the use of ECA dollars stems from the statutory provisions concerning ECA and agricultural surpluses in the United States. The Economic Cooperation Act provides that participating countries using ECA grant funds for purchases of agricultural commodities which are declared to be in excess of U. S. domestic needs must procure such commodities exclusively in the United States. Furthermore, classes and types within the surplus commodity group must be procured in the same proportion as these types bear to the total surplus of the commodity. The determination of whether a commodity is in excess of U. S. domestic needs is made by the Secretary of Agriculture at the time that ECA receives an application from a participating country to procure that particular commodity offshore.1/

In addition to requiring procurement of surplus commodities in the United States, under the terms of Section 112(e) of the 1948 Act, if such commodities are held by the Commodity Credit Corporation, through the price support program, the Administrator of ECA is required not only to deny offshore procurement but also to see that such commodities are purchased only from CCC stocks. (Most agricultural commodities are now in surplus so that little offshore procurement of these items is currently permitted.) Domestic flour interests were also protected by a statutory provision specifying the minimum proportion of flour as a per cent of total flour and wheat allocated which must be procured under the program.2/

In addition to making sure that these mandatory provisions are carried out, ECA's interpretation of these provisions leads to other restrictions. For example, ECA tries to make sure that European consumers take a fair share of the lower grades of surplus agricultural commodities in order to protect the Commodity Credit Corporation from being overstocked with these grades at the end of the season. This is done by incorporating in the

1/ This particular provision was the cause of a very difficult problem for the United Kingdom which Canada, the United States, and the United Kingdom finally settled at the tripartite talks this fall. In 1946 the United Kingdom contracted with Canada to take a specified amount of wheat at a stated price every year for four years. By the time the 1949-50 ECA program was ready for approval, wheat had been declared surplus and, at the same time, U. K. gold and dollar reserves were suffering a serious decline. The United Kingdom was therefore very anxious to keep its contract with Canada, especially in view of the fact that Canadian wheat at contract prices was considerably cheaper than U. S. wheat. A compromise was reached whereby ECA would finance $175 million worth of Canadian wheat in return for which Canada would consider lifting barriers against importing U. S. fruits and vegetables and the United Kingdom would take part of our surplus apple crop and $30 million of wheat and flour.

2/ In the 1948 Act the percentage was set at 25; it was reduced to 12½ in the 1949 amendment.

procurement authorization a special provision to the effect that not less than a certain percentage of the purchase authorized must be applied to specified low grades.

2. Shipping. - In the Foreign Assistance Act of 1948 it was provided that at least 50 per cent of gross tonnage procured in the United States be transported on U. S. flag vessels to the extent such are available at market rates. Rather than eliminate this provision as requested by the ECA, the Congress tightened it in 1949 by requiring the 50 per cent of gross tonnage to be separately computed for dry bulk carriers, dry cargo liners, and tanker services 1/ and by redefining market rates as those prevailing for U. S. vessels. ECA policy with respect to financing ocean transportation charges is based on the general principle of ECA aid that ECA dollars be used only to purchase dollar goods and services. Thus ECA will finance all ocean transportation charges on cargoes whether or not financed by ECA, which are carried on U. S. flag ships and similar charges on ECA-financed cargoes carried by non-U. S. flag vessels if payment is customarily made in dollars.

3. Oil. - Policy with respect to oil has changed since the Act was passed in 1948. Due to the concern that oil was in short supply, Congress made provision in 1948 that oil must be procured offshore wherever possible. Now, however, that there is danger of a surplus, ECA is faced with a difficult problem. On the one hand, participating countries are encouraged to substitute soft-currency sources of supply for hard-currency sources wherever possible. Some participating countries propose to do this in the petroleum field by building their own refineries. If this is done, however, it is estimated that world production would exceed world consumption, and the net result of such European expansion from the U. S. point of view would therefore be a surplus of dollar oil. Thus, for economic reasons, as well as for political and strategic ones, ECA has, in some instances, adopted a more restrictive policy by withholding procurement authorizations for dollar materials and equipment necessary for the building of refineries.

4. Strategic items. - As a security measure, it is mandatory upon ECA to refuse financing of commodities which go into the production of other commodities which will eventually be sent to Eastern Europe and which would be refused export licenses if Eastern European countries wanted to buy them in the United States.

5. Other. - Finally, Congress has provided that ECA funds cannot be used to advertise foreign products or to finance any travel expenses incurred by foreign nations. While restrictions against foreign promotion efforts are directly contrary to our policy of encouraging imports from the participating countries, they seemed necessary as a means of allaying some of the fears held by certain U. S. competitive industries.

1/ This amounts to a tightening of the 1948 provision because U. S. vessels already carried more than half of the petroleum imported by the European countries. An attempt was also made by the shipping interests to secure application of the 50 per cent clause on a country-by-country basis, but they failed to win this point because of the extreme effects of such a clause for countries dependent on the earnings of their merchant marine, such as Norway.

Conclusion

The list of restrictions on the use of ECA dollars is an impressive one. In the introduction it was suggested that the time may have come for a considerable liberalization of the ECA dollar. What can be done in this direction?

The boldest step would clearly be an outright abandonment of the procurement authorization system. The system could be replaced by a system of unconditional allocation of funds by ECA to individual countries together with general supervision, follow-up and, in the case of capital projects, end-use control by ECA. This would require, of course, a far-reaching change in legislation. Should it be impossible to effect this general change, consideration ought to be given to a number of specific changes of a legislative and administrative nature whose combined effect would be to give the OEEC countries greater discretion in the choice of the commodities to be purchased and of their sources of procurement.

In the first place, ECA's offshore procurement policy might be liberalized considerably. Secondly, the administrative restrictions on the use of ECA dollars originally dictated by paternalistic concern over the proper use of ECA dollars by participating countries could be withdrawn. Thirdly, procurement authorizations could be issued to cover broader ranges of commodities and for longer periods of time so that substitutions with respect to the kind and the timing of the recipient countries' imports can be readily effected.

There are indications already that pressure will be exerted at the 1950 session of Congress to have future ECA appropriations earmarked for specific kinds of U. S. products. This pressure is increased by the prospect of surpluses in many lines of products, especially a number of agricultural commodities. It is, therefore, especially important that the U. S. objectives in the field of international trade and finance be outlined as clearly as possible if it is desired that the disbursement of ECA funds be made on a basis consistent with these objectives.

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U. S. Foreign Trade in the Postwar Period

Samuel I. Katz and
Gretchen H. Fowler

The progress toward greater balance in international trading relations, which was reached in the course of 1948, but was halted in the first half of 1949, is likely to be resumed as a result of the recent world-wide currency adjustments. 1/ With the recovery of production, particularly in Western Europe, the stage had already been set by the end of 1948 for increased international export competition and for further shifts in foreign purchases from the United States to more habitual sources of supply. 2/ Despite greater availability of world supplies, however, exchange controls and the existence of a seller's market in most classes of goods prevented a return to effective price competition. As a result, soft-currency prices of a number of important export products, at prevailing rates of exchange, were higher than competitive American goods. This price divergence became more marked during 1949 as American prices receded from postwar peaks while non-dollar prices continued to rise or to stabilize at a later date. However, the general devaluation of major currencies in mid-September instantaneously improved the competitive position of non-dollar goods, though to varying degrees. Improved non-dollar supplies and reduced prices are expected to accelerate the movement toward a more permanent postwar pattern of world trade. This shift will be important to the United States since a return to a more normal trade pattern raises the prospect of greater readjustments in American trade. A review of postwar American trade trends, therefore, is an indispensable prerequisite to any analysis of the impact of devaluation on our foreign trade. The 15 quarters beginning with 1946 and ending with the third quarter of 1949 form a convenient and important period for such a background study.

U. S. Exports

Following the end of hostilities, American exports rose rapidly to an all-time high in 1947. Due mainly to the speedy reconversion of American industry and to record levels of farm output, the rapid expansion in exports shown in Part A of the chart on page 3 reflects the abnormal concentration of supplies available for export in the United States. The chart data, however, overstate the change between 1946 and 1947 since Army Civilian Supply Program

1/ See L. N. Dembitz and A. O. Hirschman, "Movement Toward Balance in International Transactions of the United States", Federal Reserve Bulletin, May, 1949, p. 480.

2/ The abnormal character of world trade since the end of the war is indicated by the fact that during 1946 and 1947 the United States provided about 30 per cent of world exports as compared with 14 per cent in 1938 and nearly 16 per cent in 1928. A considerable movement in the direction of a more normal pattern took place during 1948 when American exports accounted for 22 per cent of world exports; this decline was due to a $6.0 billion increase in total world exports and a $2.7 billion decrease in U. S. exports.

shipments are included in the 1947 figures. In 1946, civilian supplies were shipped abroad by the U. S. armed forces and distributed by them to needy civilians. The maritime and coal strikes in the United States late in 1946 and the beginning of shipments under the UNRRA Program explain the jump in the quarterly movement of exports during the first quarter of 1947.

The export peak was reached in the second quarter of 1947 but after that a pronounced downward export trend was apparent. It has been neither precipitous nor continuous, but reflects the continuing world need for American supplies as well as the cushioning effect of aid made available under the European Recovery and other programs. In the third quarter of 1949, however, exports fell to the lowest level since 1946. Although partly seasonal, this sharp decline in in the final pre-devaluation quarter is significant since devaluation is expected to push American exports further in the downward direction.

U. S. Imports

Imports did not expand as rapidly as exports and the postwar peak was not reached until the last quarter of 1948. Since about half our imports come from sources outside the Western Hemisphere, the delayed expansion in imports can be attributed in part to supply difficulties in Asia and Europe. Nonetheless, Part A of the chart shows an impressive upward trend in imports to the spring of 1949, but this trend turned sharply downward in the second and third quarters of 1949.

During the early part of the period under study, imports rose faster than gross national product and, by 1948, there was some indication that imports might regain their prewar position with relation to gross national product. For example, imports in 1948 were 2.71 per cent of gross national product. The relationship for the 5 prewar years, 1934-38, averaged 2.81 per cent, as shown in Table I; but this trend was reversed during 1949 when imports for the three quarters averaged only 2.54 per cent. 1/

The failure of imports to reach and maintain a level consistent with the prewar relationship to gross national product disappointed observers who had noted that the gap between actual imports and projected imports was being steadily narrowed. At the same time, some of the conclusions drawn from the 1949 import decline, especially by European observers, seem unjustifiably pessimistic. There are grounds for suggesting that imports are not as marginal to the American economy as the 1949 experience might suggest and that the American readjustment was only in part responsible for the striking reduction. Working in the same direction were two factors which exerted a powerful impact upon actual imports: (1) the speculative response of traders to devaluation rumors, including the uncertainty created by the rumors themselves, and (2) diverging non-dollar and dollar price trends which accentuated the degree of overvaluation of Western European currencies.

1/ Had 1948 imports returned to the prewar average, the value would have been $7.4 billion compared with actual imports of $7.1 billion. Similarly, 1949 imports at the prewar average would have been at an annual rate of $7.2 billion compared with actual imports of $6.5 billion for the January - September period.

UNITED STATES TRADE IN THE POST-WAR PERIOD
BY QUARTERS

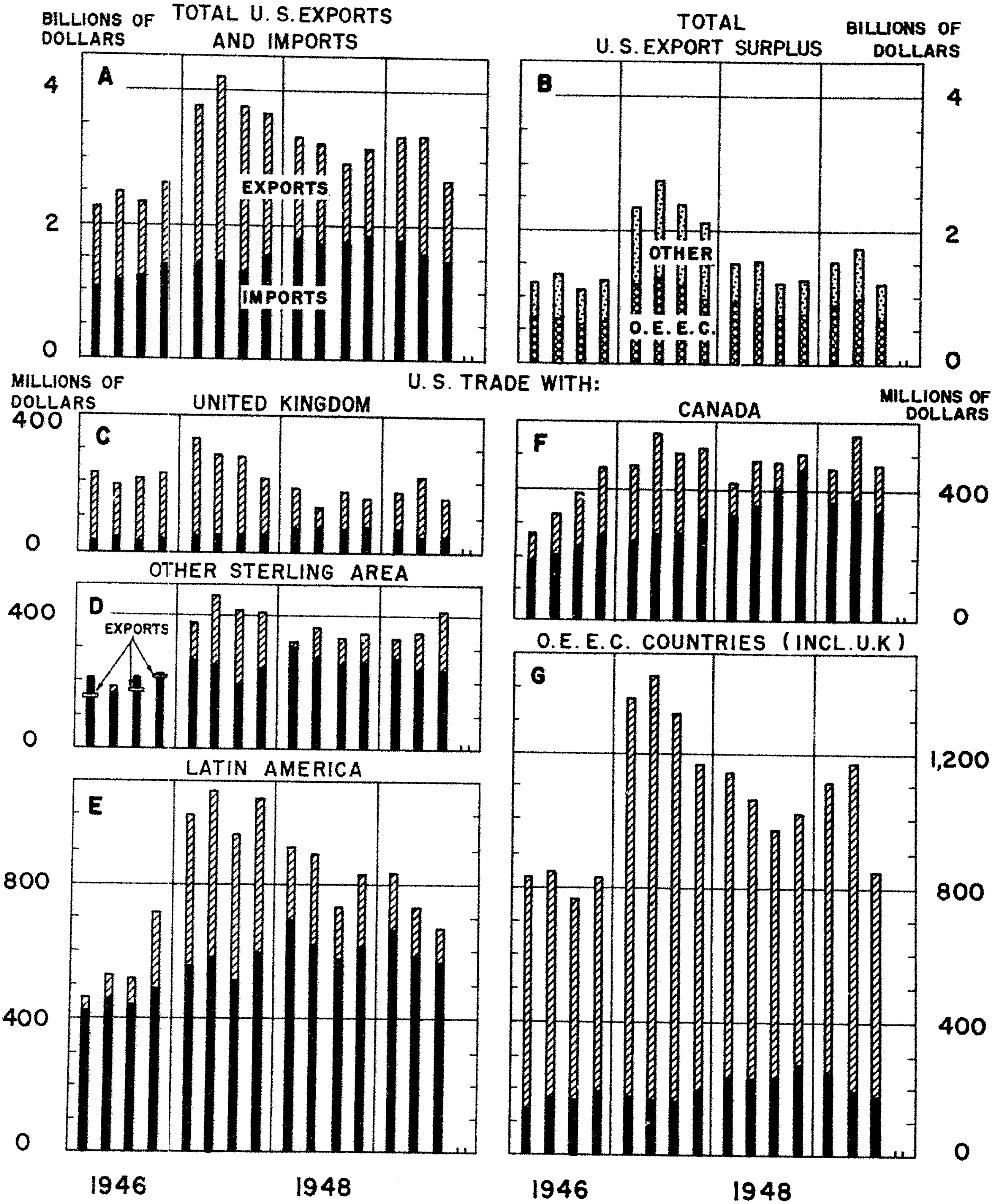

Table I

U. S. Imports
(As per cent of gross national product)

Period Annual	Percent	Period	Percent	
1925	4.80	1936	2.94	
1926	4.80	1937	3.42	
1927	4.60	1938	2.31	
1928	4.37	Average 1934-38	2.81	
1929	4.43	1946	2.31	
Average 1925-29	4.60	1947	2.43	
1934	2.55	1948	2.71	
1935	2.84	1949	2.54	
Quarterly a/	I	II	III	IV
1946	2.20	2.29	2.23	2.50
1947	2.48	2.48	2.28	2.49
1948	2.88	2.61	2.60	2.77
1949	2.72	2.47	2.31	

a/ Unadjusted quarterly imports have been related to seasonally adjusted gross national products and this distortion should be borne in mind in analyzing the data.

Almost all the decline in imports during the second and third quarters of 1949 is found in the industrial materials categories, as shown in Table II. Total imports dropped only 5.4 per cent between the second quarters of 1948 and 1949 but the decline in semi-manufactures was 13.5 per cent and in crude materials about 10.9 per cent. Similarly, imports as a whole dropped by 14.5 per cent between the third quarters of those two years, semi-manufactures by 27.5 per cent and crude materials by 21.5 per cent.

Table II

Selected Comparisons
(Second and third quarters 1948 and 1949)

	Second Quarter			Third Quarter		
	1948	1949	Percent Change	1948	1949	Percent Change
	(Billions of dollars)			(Billions of dollars)		
National Income	224.9	223.4	-.7	230.4	a/221.0	-4.1
Gross National Product	261.6	259.6	-.8	266.5	256.3	-3.8
	Index	Index		Index	Index	
Fed.Res.Prod.Index	190.7	174.0	-8.8	189.7	168.0	-11.4
	(Millions of dollars)			(Millions of dollars)		
Total Imports:	1,682.3	1,590.7	-5.4	1,753.9	1,500.1	-14.5
Crude Materials	506.5	451.2	-10.9	542.8	426.1	-21.5
Crude Foodstuffs	287.3	304.4	+6.0	270.9	287.5	+6.1
Mfd. Foodstuffs	180.4	198.2	+9.9	199.1	194.4	-2.4
Semi-manufactures	384.8	332.9	-13.5	418.7	303.4	-27.5
Finished Manufactures	323.4	304.0	-6.0	322.3	288.7	-10.4

a/ Preliminary estimate.

The major adjustment within the American economy was concentrated in the inventory area. The reversal in 1949 of the heavy postwar inventory accumulation took the form of reduced factory output and employment with accompanying declines in carloadings and mining; these adjustments took place at a time when consumer income and final demand were maintained at only slightly reduced levels. Had the American recession been induced by sharp reductions in expenditures for construction and capital equipment rather than in the sector of business (non-farm) inventories, imports might not have been affected as quickly.

Export Surplus

Part B of the chart shows quarterly figures for the U. S. export surplus. The surplus reached high levels in 1947, the second-quarter peak being $2.7 billion or nearly double actual imports in those three months. There was a sharp drop by the first quarter of 1948 but thereafter there was no sustained downward trend, since exports rose and imports declined in the first half of 1949. By the third quarter, the surplus had been reduced to the 1946 level.

Although the ERP countries have received more than two-thirds of U. S. aid they account for a smaller proportion of the export surplus. In 1947, it amounted to only about 48 per cent but the proportion rose to 58 per cent in 1948 and declined slightly to about 57 per cent during the three quarters of 1949. This resulted from the fact that other areas, and particularly the Western Hemisphere countries, were able to bring their trade with the United States into better balance through increased exports and reduced purchases of American products. In part, the reduction in foreign exchange reserves during 1947 led to the use of controls which reduced purchases from this country; but there is a significant contrast between the expansion of U. S. imports from Canada and Latin America and the limited increase in those from Western Europe.

Prospective adjustments in foreign trade

As 1952 approaches, the prospective reduction in extraordinary U. S. financial assistance will require a marked reduction in our export surplus. In view of the projected reduction, does the experience during the 15 quarters under review throw any light on the direction of the adjustment which might be expected?

The limited expansion in postwar imports suggests that, under present conditions, the major dollar portion of such an adjustment might be expected to affect American export trade. Special factors may help to explain the severity of the mid-1949 import decline; but, considering the period as a whole, the postwar import performance can hardly be considered promising. The 1950 tariff reductions, simplified customs procedures and other measures growing out of the Tripartite Conference in September and the efforts being made to expand Western European shipments represent possible positive remedial steps. Much more important, at least potentially, the recent devaluations should remove a major obstacle to expanding trade by terminating an important uncertainly and by lowering the dollar prices of foreign goods. However, these steps may well do little more than restore the value of imports within the next year or two to their 1948 position, since factors such as the existence of a seller's market is most classes of good and the need to rebuild industrial pipelines of materials, which were favorable to imports in 1948, have disappeared.

The recent import experience confirms the crucial importance of the level of American business activity to the maintenance of a high level of imports. 1/ But prospects that goods imports will become an important factor in bringing our foreign trade into better balance do not appear to be favorable, even if the American economy continues at a high level. Should imports be restored to their prewar position in the economy, the major adjustment would still have to fall upon our export trade. In the light of the pre-devaluation experience, a substantial improvement would be required rapidly to reach even this modest goal.

The pre-devaluation experience throws some light on the regional nature of the trade adjustment to be expected. The Western European countries constitute the main group with which a large export surplus persists. The size of their trade gap and their less favorable performance in expanding sales to this country confirm the common assumption that direct bilateral balancing of their trade is out of the question. Hence, a return to the prewar trade pattern in which Europe was able to capture dollars in third markets seems the alternative to a drastic curb on their purchases in this country. If this occurs, the reduction in American exports would take the form of fewer exports to third countries rather than to Europe.

Devaluation should facilitate the restoration of this multilateral pattern since prices of many European products have been reduced in terms of third currencies. In fact, heavier European shipments to third markets may well prove to be the major impact of devaluation upon the pattern of world trade.

It will be difficult, however, to restore one cornerstone of the prewar multilateral trade pattern. Before the war, dollars provided by the United State to finance our import surplus with certain areas could be earned by Europe and used to finance Europe's import surplus with the United States. These import surpluses have disappeared in the postwar period. For example, the United States import surplus with Latin America, the Sterling Area countries and four major Far Eastern countries averaged about $158 million in the 1934-38 period. (See Table VII). In 1947, the United States export surplus with these countries amounted to almost $3,500 million and, despite sharp cuts in United States exports, were running at an annual rate of over $1,500 million in the three quarters of 1949. Surpluses of this magnitude are so great that a very large-scale substitution of European goods for American products would be required to restore a United States import surplus in this trade. Displacement of American goods will not be easily brought about, especially in those goods categories required for developmental programs. Consequently, prospects that

1/ Inasmuch as the decline in imports was due mainly to inventory readjustment, the stabilization of the American económy at levels below the postwar peak need not be inconsistent with a reexpansion of imports.

third countries may find their hard currency position eased through availability of cheapened European goods appear much more favorable in the near future than are the prospects that Europe will actually be able to obtain dollars through exports to third countries.

Even if devaluation may not be expected to solve Western Europe's dollar difficulties immediately, nonetheless it should reduce the imbalance in world trade. Analysis of data for individual countries reveals that a great many have already been able - often by means of import and exchange controls - substantially to reduce their dollar trade deficit, and some had by 1949 even returned to their prewar status of net dollar earners. In the near future, the appearance of more normal export supplies from Japan and Germany, together with more favorable European prices, may materially alter the pre-devaluation flow of commodity trade.

The Sterling Area

Our trade with the United Kingdom is shown in Part C of the chart. The reduction in U. S. exports since 1947 has been striking; this reflects the shifting of British purchases from the United States to non-dollar sources. In 1948, for example, the United States supplied only 8.9 per cent of British imports compared with 16.6 per cent in 1947 and 12.8 per cent in 1938. Further shifting, however, is likely to prove difficult. Britain's sales to this country expanded promisingly to the end of 1948, but the trade fell sharply in mid-1949 as seller's markets in automobiles, farm machinery and scrap disappeare

Quarterly American trade with other sterling area countries is found in Part D of the chart. During 1946, the United States has an important surplus, but a large deficit emerged the following year as our exports began to move in volume. The combination of rising American imports and curtailed exports sharply reduced the U. S. surplus in 1948, but a large gap reappeared in 1949. especially in the third quarter, when both these trends were reversed.

Table III has been prepared to give some area breakdown of the sterling area figures. The South African deficit during 1947 and 1948 was sharply cut during 1949 as South Africa's exchange and import controls, reimposed in late 1948, curtailed purchases of U. S. goods. Before the war, a large portion of South Africa's gold production was transferred to Britain to pay for British goods and, in turn, financed roughly one-fourth of Britain's dollar needs but the large 1947 and 1948 deficits required the direct shipment of current gold output to this country.

The remaining sterling area countries include the colonial areas and the large commonwealth countries. Before the war, the colonies provided a large supply of dollars from raw material shipments to this country. In fact, these earnings were equal to almost half Britain's direct trade gap. Since the war this surplus has been slight.

Table III

U. S. Export Surplus with Sterling Area
(quarterly or quarterly average in
millions of dollars)

Quarterly basis	Rest of Sterling Area: 6 Commonwealth countries a/	South africa	Other Sterling Area	Total	United Kingdom
1934-38	- .3	14.2	- 33.3	- 19.4	76.1
1946	-35.6	19.3	- 6.7	- 23.0	174.8
1947	84.8	75.5	13.8	174.1	224.6
1948	-5.4	89.2	- 18.5	65.3	87.9
1949:					
I	34.5	38.4	- 20.9	52.0	107.0
II	37.5	67.1	3.9	108.5	172.2
III	25.3	31.1	20.8	77.3	103.8

a/ India, Pakistan, Ceylon, Australia, New Zealand and Southern Rhodesia.

The change in the dollar position of 6 major commonwealth countries has been substantial. Before the war, these countries had an approximate balance in their American trade. Substantial dollar earnings were achieved in 1946 but a large deficit emerged during 1947. With our exports reduced by controls from $1,245 million in 1947 to $766 million in 1948, the trade returned to balance in 1948; but a U. S. export surplus reappeared during 1949.

The shift in the U. S. trade of the other sterling countries from a prewar U. S. import surplus to an export surplus in 1947 and 1949 has meant that they have not provided gold and dollars to the Area's central reserves but have drawn upon them to finance their own deficits. This shift has been facilitated by the fact that several of them were able to draw upon wartime accumulated sterling balances to finance their United Kingdom trade deficit and, further, to convert portions of their sterling holdings into dollars. As a result, the large commonwealth and colonial dollar trade deficits during 1947 and 1949 contributed to the sterling exchange crises during those two years. These countries have, however, come to rely upon American products more than before the war and the extent to which they will return to European sources of supply after the recent devaluation is uncertain.

Canada

The spectacular rise in U. S. imports from Canada to a peak in the fourth quarter of 1948 is shown in Part F of the chart. Although rising prices were important, the expanded imports represent a major effort on the part of Canada to shift export trade from the sterling area to the United States. As a result, Canada supplied 21.8 per cent of U. S. imports in 1948, compared with 18.0 per cent in 1946 and a prewar average of 13.9 per cent in the five years, 1934-38. Nonetheless, import controls played a major role in bringing about the improved trade balance. Following the 10 per cent appreciation of the Canadian dollar on July 5, 1946, U. S. exports rose sharply from an annual rate of $1.1 billion for the January - June period to a $1.7 billion rate for the August - December period. Shipments continued to expand and by the fall of 1947 Canadian reserves had fallen from $1,624 million on June30, 1946 to $615 million on September 30, 1947 and to $502 million on December 30, 1947. To halt this disastrous drain Canada introduced a stringent import control scheme on November 17, 1947 which was directed mainly against U. S. goods. The resultant curtailment in imports during 1948, together with the higher 1948 exports, brought the trade imbalance with the United States to a record low in the fourth quarter of 1948. During this period, Canadian reserves recovered nicely. The gap widened during 1949 following reduced American imports from Canada and this development contributed to Canada's decision to devalue its dollar by 10 per cent on September 19, 1949.

Looking at the pre-devaluation period as a whole, expanding Canadian shipments to the United States signified an important reorientation of Canada's foreign trade. Illustrative of this adjustment is the fact that Canada accounted for only 6.5 per cent of the U. S. export surplus in 1948 compared to 11.6 per cent in 1946 and an average of 20.2 per cent in the 5 years, 1934-38. Without import controls, of course, the gap would have been much wider.

The ERP Countries

The magnitude of our export surplus with the 17 ERP countries, shown in Part G of the chart, is less striking than their unfavorable experience in expanding sales to this country. Some recovery progress is found through 1948, as shown in Table IV, but shipments were severely reduced during mid-1949. For example, these countries supplied about 11.8 per cent of U. S. imports during mid-1949, compared with the postwar peak of 14.7 per cent in the fourth quarter of 1948 and the quarterly average of 24.5 per cent during 1938. In value terms, mid-1949 imports had reverted to the low 1947 level. The fact that the reductions were distributed among the major Western European countries points to the general nature of the mid-1949 declines.

Compared with our imports from these countries, the U. S. export surplus has been quite substantial in the postwar period. In fact, U. S. imports from the 17 nations amounted to only 23 per cent of exports in 1948, compared with the prewar average of about 54 per cent in the 3 years, 1936-38. The proportion fell below 20 per cent during 1949.

Table IV

U. S.: Imports from 17 ERP Countries
(Quarterly, in millions of dollars)

	--- Quarterly Average				-----------	Quarterly -- 1949		
	1938	1946	1947	1948	1949	I	II	III
Imports from 17 ERP countries	120	170	174	244	205	250	191	175
Total U.S. imports	490	1,227	1,433	1,778	1,622	1,789	1,601	1,477
Per cent	24.5	13.8	12.2	13.7	12.6	14.0	11.9	11.8
By country:								
U. K.	30	39	51	73	55	68	44	52
Belg. & Lux.	10	19	15	25	24	37	19	17
France	14	16	12	18	15	18	13	14
Italy	10	17	11	24	17	20	15	17
Netherlands	8	6	7	11	15	12	15	16
Sweden	11	12	23	23	13	12	11	14
Switzerland	6	25	21	26	22	24	21	21
Turkey	5	17	14	13	14	14	20	7
Germany	16	1	2	8	11	15	12	7
Other countries	10	19	19	24	20	29	20	11

Table V has been prepared to show the ratio of U. S. imports to our exports for individual ERP countries. The countries have been ranked according to the proportion of U. S. imports to exports in 1947; data for 1948 and 1949 and for the prewar period are found in adjoining columns. The general improvement during 1948 should be noted : among the fourteen countries in the three groups below 30 per cent in 1947, nine had moved into a higher ranking in 1948. The progress was not continued during 1949. In fact, only one country, the Netherlands, advanced to a higher category. Comparison of the 1949 proportion with the prewar percentage shows a very large postwar deterioration for every country, except the United Kingdom, and provides a thumbnail measure of the further recovery the European nations must achieve to approach their prewar position in dollar trade.

Table V

U. S. Imports as per cent of U. S. Exports
to ERP countries
(in per cent)

Country	Average 1936 - 38	1947	1948	1949 a/
Less than 10 per cent				
Austria	175.0	4.1	6.0	6.5
Denmark	24.4	6.7	11.2	4.9
France	45.6	5.8	12.4	11.1
Germany	70.5	1.1	3.6	5.3
Ireland	8.4	3.0	7.3	2.0
Italy	66.8	8.8	22.0	13.6
Netherlands	55.3	6.9	14.0	20.3
10 - 20 per cent				
Belgium-Lux.	76.1	11.0	32.1	30.7
Greece	214.0	10.0	8.2	11.2
Norway	105.1	15.0	40.0	32.2
U. K.	34.8	18.6	45.4	30.0
20 - 30 per cent				
Iceland	825.0	20.3	39.5	24.2
Portugal	56.8	22.4	26.2	22.1
Sweden	88.5	23.3	77.4	56.8
Over 30 per cent				
Switzerland	253.0	42.9	61.7	59.2
Turkey	136.2	70.0	49.2	57.6
All OEEC countries	53.7	13.2	23.3	19.7

a/ Nine months

The 1948 improvement, it should be further noted, was chiefly the result of a 20 per cent reduction in American exports. Sharply reduced U. S. imports, however, were important in the retrogression during 1949.

These countries as a group represent the hard core of imbalance of U. S. and of world trade. Major efforts following devaluation may lead to heavier sales in this country, but these nations are not expected to be able to return in the near future to the prewar position of paying for the larger portion of their American purchases with direct shipments to this country.

Latin America

The postwar period saw Latin America emerge as the principal supplier of the U. S. market. Part E of the chart shows the major increase in U. S. imports from this area, which reached a peak in the first quarter of 1948 and were maintained at very high levels through the third quarter of 1949. In the prewar period, 1934-38, Latin America supplied 23 per cent of all U. S. imports, compared with 37 per cent in 1949. Part of this increase, however, is due to the higher prices paid for Latin American products.

The abnormal U. S. exports to this area in 1947 caused the trade imbalance to reach very high levels. Late that year, and in 1948, most of these countries instituted stringent import controls directed against U. S. consumer goods. These controls have been even more effective than indicated in the chart. Table VI shows the U. S. trade balances with individual Latin American countries since the end of the war. In 1947 the total imbalance was $1.8 billion, and most important trading countries in this area contributed to it. The imbalance in 1949 was at an annual rate of only $600 million. Venezuela and Mexico were the two principal debtors, with an annual rate of $500 million. The other important countries, with the exception of Argentina had returned to their prewar status with favorable balances in their U. S. trade.

Petroleum companies supply the dollars necessary to support the Venezuelan import surplus vis-a-vis the United States. Mexico has cut back its U. S. imports to some extent below the 1947 level, but more important Mexican exports to the United States have not been expanding during this entire period. Argentine exports to the United States in 1949 are less than half the level reached in 1946. Very stringent import controls, however, have cut Argentine imports from the United States to very low levels, which has reduced the trade deficit with the United States far below the 1947 level. Brazil and Columbia have both managed to reduce U. S. imports and to raise their exports to the United States, thus achieving a favorable balance in their U. S. trade for 1948 and 1949. The Sugar Act of 1948 reduced Cuban exports to this country below purchases but a favorable balance was restored in 1949.

Table VI

U. S. Excess of Exports 1/
with the Principal Latin American Countries
(In millions of dollars)

	Argentina	Brazil	Chile	Colombia	Cuba	Mexico	Netherlands Antilles	Venezuela
Quarterly averages:								
1946	-.3	-12.9	-1.7	-2.8	-12.8	68.0	-3.0	23.0
1947	131.4	49.4	.7	3.2	-4.4	95.6	-1.5	63.3
1948	49.7	-4.1	-18.4	-10.0	16.6	68.4	-9.2	60.9
1949	11.2	-12.1	-6.3	-12.8	-13.4	54.8	-5.5	70.8
Quarterly totals:								
1948-I	78.9	26.8	-28.1	-3.1	16.1	54.8	-13.6	49.1
II	70.3	-9.9	-24.9	13.6	19.3	80.6	-7.2	67.8
III	15.3	-2.7	-19.5	-19.5	-15.4	69.2	-9.1	65.7
IV	34.3	-30.4	-1.2	-30.7	46.3	69.0	-7.0	60.9
1949-I	7.2	19.1	-19.2	-7.6	-3.8	57.1	-6.6	79.7
II	5.0	-14.2	-5.7	-.6	-23.1	57.3	-5.1	77.5
III	21.4	-41.1	6.0	-30.4	-13.2	50.2	-4.7	55.4

1/ A minus sign indicates an excess of imports.

Other Areas

The four major non-sterling Far Eastern countries 1/ have not recovered their prewar position as important suppliers to the U. S. market. They provided an average of 17.6 per cent of imports in the 5 years, 1934-38; in 1946 they supplied 5.3 per cent and by 1949 had recovered to 8.0 per cent. Because of heavier U. S. exports to this area, a postwar dollar trade deficit has replaced a prewar U. S. import surplus. Communist domination of China will, no doubt, reduce American exports to that country. Further, the Philippines have recently tightened controls against U. S. exports. On the import side, Indonesia, which was a major prewar supplier to the American market, has been able to make but little progress in regaining her former position. Prospects for a rapid restoration of shipments to the United States are improved, however, by the recent political stabilization in these islands.

1/ China, Indonesia, Japan and the Philippines.

U. S. trade with Eastern Europe was maintained at a high level in 1946 by aid shipments under UNRRA and U. S. relief programs. But this trade has been brought to a very low level as the Communist hold on these countries has been intensified. Recently, in fact, the United States has had a small import surplus.

Comparison with prewar

This review has concentrated upon postwar developments in American foreign trade. In view of the interest in the prewar background, however, Table VII is provided to facilitate comparison in total trade and by major areas between the pre and postwar period. The first three columns show the actual value of exports, imports and the U. S. export surplus. Columns four to six show the per cent of total U. S. exports, imports and trade surplus accounted for by each area for the 1934-38 period and each of the four postwar years.

Table VII-United States Foreign Trade with Major Areas

	Exports	Imports	Excess of exports	Distribution of exports	Distribution of imports	Distribution of surplus
	(In millions of dollars)			(Percent)		
All countries						
1934-38	2663.1	2233.8	429.3	100.0	100.0	100.0
1946	9739.5	4908.9	4830.6	100.0	100.0	100.0
1947	15340.2	5733.4	9606.8	100.0	100.0	100.0
1948	12650.5	7123.9	5526.6	100.0	100.0	100.0
1949 a/	12484.8	6492.8	5992.0	100.0	100.0	100.0
United Kingdom						
1934-38	462.7	158.4	304.3	17.4	7.1	70.9
1946	855.7	156.4	699.3	8.8	3.2	14.5
1947	1103.4	205.0	898.4	7.2	3.6	9.4
1948	644.1	289.5	354.6	5.1	4.1	6.4
1949 a/	729.1	218.5	510.5	5.8	3.4	8.5
Rest of Sterling Area b/						
1934-38	244.8	322.2	-77.4	9.2	14.4	-18.0
1946	728.2	820.4	-92.2	7.5	16.7	-1.9
1947	1658.5	962.2	696.3	10.8	16.8	7.2
1948	1359.0	1095.6	263.4	10.7	15.4	4.8
1949 a/	1242.4	925.3	317.1	10.0	14.3	5.3
Canada						
1934-38	397.4	310.5	86.9	14.9	13.9	20.2
1946	1441.8	882.6	559.2	14.8	18.0	11.6
1947	2072.9	1095.1	977.8	13.5	19.1	10.2
1948	1914.0	1553.6	360.4	15.1	21.8	6.5
1949 a/	2003.6	1439.9	563.7	16.0	22.2	9.4
E.R.P. Countries						
1934-38	1035.3	552.0	483.3	38.9	24.7	112.6
1946	3278.4	678.9	2599.5	33.7	13.8	53.8
1947	5292.3	696.6	4595.7	34.5	12.1	47.8
1948	4182.9	975.7	3207.2	33.1	13.7	58.0
1949 a/	4172.4	820.4	3352.0	33.4	12.6	55.9
Latin America						
1934-38	469.8	518.4	-48.6	17.6	23.2	-11.3
1946	2220.8	1826.8	394.0	22.8	37.2	8.2
1947	4068.6	2252.9	1815.7	26.5	39.3	18.9
1948	3358.2	2500.6	857.6	26.5	35.1	15.5
1949 a/	2980.0	2402.8	577.2	23.9	37.0	9.6
China, Indonesia, Japan & the Philippines						
1934-38	360.7	392.3	-31.6	13.5	17.6	-7.4
1946	938.2	258.9	679.3	9.6	5.3	14.1
1947	1319.5	346.6	972.9	8.6	6.0	10.1
1948	1124.1	495.6	628.5	8.9	7.0	11.4
1949 a/	1151.6	520.8	630.8	9.2	8.0	10.5

a/ Annual rate based on 9 months data.
b/ As reported by the Bureau of the Census, but excluding the United Kingdom.