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Foreign Aid and the European Dollar Problem

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Foreign Aid And The European Dollar Problem

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Summary

The economic aid program for Western Europe amounted to nearly \$19 billion between 1948 and 1955. This aid enabled these countries to run a current balance-of-payments deficit and thus import essential goods and services for the reconstruction. It made it possible for them to modernize and expand their war-damaged economies far in excess of their normal foreign exchange receipts, and replenish their war-depleted gold and dollar reserves. During the crucial period of 1948-51, the largest bulk of all U.S. economic aid was poured into Europe and it was utilized mainly for purchases of goods and services. After 1952, when many of these countries achieved a relatively strong external position and their gold and dollar reserves rose rapidly, economic aid declined sharply.

For the purpose of this paper, the countries participating in the European Recovery Program have been classified as "strong," "intermediate" or "weak" as characterized by the speed and degree of recovery in their external positions. In the "strong" group are Belgium-Luxembourg, Germany, Netherlands, Portugal, Sweden and Switzerland; the "intermediate" group includes, Austria, Denmark, Ireland, Italy and Norway, and the "weak" group is composed of, France, Greece, Iceland and Turkey. Since the United Kingdom has alternated between strength and weakness in different periods, it does not fit conveniently into any of these groups. By the end of 1955, the countries in the "strong" and "intermediate" groups were receiving very little or no aid and most of them had achieved sufficiently strong payments positions, including substantial accumulations of gold and dollar reserves, to continue the expansion of their economies to record levels. At the same time, however, the countries in the "weak" group were continuing to receive large amounts of economic aid (Iceland excepted) and had not yet attained a degree of external stability compatible with the scale of their domestic economic activity.

General

During the period 1948-55, Western Europe received nearly \$17 billion in economic grant aid and \$1.7 billion in loans through the U.S. foreign aid program. By the end of 1955, the Western European phase of this program was virtually completed except for relatively small sums allocated to several Southern European countries. <sup>1/</sup> The emphasis of the current foreign aid program has shifted to the underdeveloped countries of Asia and Africa. In recent years U.S. Government expenditures in Western Europe have largely taken

<sup>1/</sup> In the fourth quarter of 1955, economic aid to Italy, Spain, Yugoslavia, Greece and Turkey amounted to about \$300 million at an annual rate.

the form of military expenditures, which--in contrast to economic aid--mean payments for goods and services received rather than simple gifts. 1/

The European Recovery Program, as conceived in 1947, had four main purposes: (a) stimulation of production; (b) achievement and maintenance of internal and financial stability; (c) economic cooperation among participating members; and (d) reduction of the balance of payments deficit, and especially the deficit in dollar transactions. 2/ It is with the last point that this paper will be primarily concerned.

In order to determine the size of the deficit in dollar transactions, sometimes referred to as the "dollar problem," as well as the progress towards its reduction, two measures will be used. The first is to determine the annual change in gold reserves and U.S. dollar holdings less economic grant aid for the respective period. 3/ This measure has the advantage of reflecting not only current and capital account movements with the United States but all other transactions which involve U.S. dollars, for example, dollar payments for Middle East oil.

Implicit in this measure of the "dollar balance" is the supposition that capital movements and the value of imports of goods and services would have remained unchanged in the absence of aid. Although it is highly unlikely that the same amount of goods and services would have been imported in the absence of aid, it must be remembered that the aid program was predicated in the early years upon an import program barely sufficient for the "day-to-day running of the economy. Without these running supplies, life comes to a stop, and the working capital of Europe, far from being increased as it needs to be, will be exhausted." 4/ It thus seems a reasonable assumption that this level of imports was essential for placing the European economy in a state of economic viability even if it could not actually have been maintained in the absence of aid. Under this assumption, the change in gold and dollar holdings

1/ Military expenditures include dollar payments for offshore procurement, purchases of goods and services from foreigners for use of U.S. Government personnel abroad and troop expenditures abroad. This is in contrast to military aid, which is not discussed in this paper, and which represents delivery only of end-item military equipment and supplies to foreign countries.

2/ Committee of European Economic Cooperation, General Report, Volume 1, 1947.

3/ Economic aid as used here includes economic and technical assistance grants, foreign aid loans, agricultural commodities delivered through private agencies, famine relief, direct forces support, Berlin investment fund, civilian supplies, and Greek-Turkish aid. U.S. dollar holdings include both official and private holdings of deposits, short-term securities and after 1949 U.S. Government long-term securities.

4/ C.E.E.C. General Report, Volume 1, 1947.

less economic aid provides a good measure of how the European economy progressed toward a dollar payments equilibrium without endangering internal economic stability at high levels of employment. The assumption that capital movements would have remained unchanged in the absence of aid appears to be the least pessimistic of other assumptions that could be made.

It should be noted that the size of the negative balance on holdings and economic aid does not measure the deficit that would have taken place if the European countries had removed all import controls. Quantitative import controls and other restrictive measures against dollar transactions played an important though diminishing role in the period under consideration, but this role cannot be quantitatively evaluated without the aid of highly questionable hypothetical arguments.

In addition to the change in reserves, a supplementary measure of changes in the dollar payments positions of the O.E.E.C. countries is used in this paper. It is economic grant aid taken as a proportion of merchandise imports from the dollar area. <sup>1/</sup> The frequently abrupt movements in this ratio are not particularly significant in themselves, but they call attention to important changes in items of the dollar balance of payments which may offset movements in aid receipts.

The O.E.E.C. dollar payments forecast for 1948-51

When the Committee of European Economic Cooperation published its General Report in 1947, it envisioned a four-year program of economic recovery requiring a continuing flow of goods and services from the Western hemisphere.<sup>2/</sup> For the recovery period 1948-51, the Committee estimated the current account deficit of the participating countries (including Western Germany) with the United States at a total of \$15.8 billion, the annual figures diminishing from \$5.6 billion in 1948 to \$2.6 billion in 1951. It was anticipated that "given favorable world conditions . . . the deficit after the end of 1951, on these assumptions, would be of dimensions which will be manageable without special aid." It was assumed by the Committee that by this date the O.E.E.C. members would be earning surpluses in non-dollar currencies and that these surpluses could be converted to meet the projected dollar deficit.

<sup>1/</sup> The dollar area as defined by the O.E.E.C. comprises Canada, the United States, Central America, Bolivia, Colombia, Ecuador, Venezuela, Liberia, and the Philippines.

<sup>2/</sup> The Committee of European Economic Cooperation, rather than basing the program on a trade and payments relationship with the United States alone, combined this country with Canada and Latin America because "in general, Canada and Latin America require to be paid for their supplies in United States dollars or the equivalent."

On the one hand, the forecast of \$15.8 billion current account deficit with the United States for the 1948-51 period of recovery, proved too pessimistic; actually this deficit amounted only to about \$11.0 billion as may be seen in the following table. On the other hand, the assumption of currency convertibility was over-optimistic.

Table 1

The O.E.E.C. Current Account Dollar Deficit with the United States Compared with Expected Deficits  
(In billions of dollars)

	1948	1949	1950	1951	Total 1948-51	1952	1953	1954	1955
Expected <u>a/</u>	-5.6	-4.3	-3.3	-2.6	-15.8	...	...	...	...
Actual <u>b/</u>	-3.8	-3.4	-1.6	-2.2	-11.0	-1.4	-0.6	-1.4	-1.8
(a) Continental O.E.E.C.	-3.5	-2.9	-1.4	-1.4	-9.5	-1.3	-0.5	-1.2	-1.4
(b) Sterling O.E.E.C.	-0.3	-0.4	-0.1	-0.5	-1.5	-0.1	-0.1	-0.2	-0.4

a/ No projections made by the O.E.E.C. beyond 1951.

b/ U.S. balance on goods and services (excluding military expenditures abroad) with balance-of-payments signs reversed.

The purpose of this paper, however, is not to inquire why these forecasts went somewhat astray but rather to inquire how economic aid contributed to reducing these deficits and to improving the dollar exchange positions of the O.E.E.C. countries. Although the current account figures indicate a great improvement in the dollar balance of payments of both the Continental and the Sterling Groups after 1949, there were marked variations in the speed and continuity of recovery of the individual country members. For purposes of this analysis, these countries have been arranged in three groups according to roughly common characteristics in both internal and external economic development. The United Kingdom, which does not fit readily into these groups, is treated separately.

The "strong" members -- This group of countries is composed of seven O.E.E.C. members, Belgium-Luxembourg, Germany, Netherlands, Portugal, Sweden, and Switzerland, which were able to make a rapid and sustained recovery in their balance of payments while achieving or maintaining, by and large, a fully employed economy. 1/ The internal economies of these countries were charac-

1/ Excludes Portugal, which had a fairly high amount of unemployment. The strong Portuguese payments position in the period under review was due largely to a financially stable but underemployed economy; industrial production is estimated to have increased only slightly.

terized by a relatively high degree of internal financial stability. As indicated in Table I in the Appendix, the rise in consumer price indexes between 1948 and 1955 ranged from about 2 per cent in the case of Germany to about one-third in the case of Sweden. These figures may be compared with a rise of about one-third in the same period for the O.E.E.C. countries as a whole. <sup>1/</sup> Most of the price increase in the "strong" countries, however, occurred before 1952 and after that year consumer prices rose only modestly.

Industrial production in Belgium-Luxembourg and Sweden probably rose less rapidly than in most other O.E.E.C. countries between 1948 and 1955. In Germany, however, production virtually tripled and in the Netherlands it rose by about two-thirds. <sup>2/</sup>

Three members of the group, Portugal, Sweden, and Switzerland, remained neutral during the war, and consequently suffered little or no direct war damage; the disturbances in foreign trade and payments relations caused only minor damage to domestic economic activity in Portugal and Switzerland, but were more serious in Sweden. With no problem of reconstruction, these countries were in an economically superior position at the end of the war, and during the period of the European Recovery Program they had little difficulty with their balances of payments compared with most other O.E.E.C. members.

Under the E.R.P., Portugal and Sweden received economic aid but smaller sums than other comparable participating countries. The \$50 million aid program for Portugal was largely in the form of loans. Most of the \$100 million aid to Sweden, about one-fifth of which was in the form of loans, was "conditional" aid for which it extended drawing rights of equivalent value to the other participants; in effect, it was aid to other European countries, not to Sweden. Switzerland received no aid at all.

Germany, of all the countries engaged in the European Recovery Program, made the most striking recovery in its balance of payments between 1948 and 1952. In the first two years of the aid program, the German dollar deficit, as measured by the change in gold and dollar holdings less economic aid, averaged nearly \$1 billion annually and the amount of economic aid was about the same as dollar imports in this period. Yet by 1952, the German dollar deficit was replaced by a dollar surplus of over \$150 million. This remarkable transformation was related among other things to three balance

- <sup>1/</sup> This computation is based upon changes in O.E.E.C. country consumer price indices (1953 = 100) as reported by the O.E.E.C., weighted by private consumption in 1953 as a proportion of total private consumption of these countries (excluding Switzerland and Turkey for which private consumption figures are not available), converted to dollars at 1953 exchange rates.
- <sup>2/</sup> No industrial production figures are available for Portugal and Switzerland. Other evidence indicates that industrial production in Portugal increased only slightly in the period under review, but that Swiss production increased substantially.

of payments factors. First, the current account dollar deficit declined in this period from over \$1 billion to under \$250 million because of a rapid increase in merchandise exports to the dollar area and a decline in dollar imports. Second, the German position with the E.P.U. improved greatly, and in 1952 it earned nearly \$300 million in settlement for surpluses with other members. The growing economic importance of German industrial output to its European partners in this period may be further measured by the increased share of Germany in total intra-E.P.U. exports from 8 to 20 per cent of a total which itself grew 80 per cent. Third, military expenditures of the United States in Germany grew rapidly in this period and amounted to nearly \$200 million in 1952.

After 1952, the German balance of payments grew even stronger. The dollar current account shifted to a modest surplus; military expenditures rose further and Germany continued to earn large amounts of dollars from its E.P.U. partners as payment for surplus transactions. However, much of Germany's economic strength may be attributed to the country's economically advantageous position in the N.A.T.O. defense program: Germany did not have to finance a re-armament program, and thus did not have to divert substantial resources to military purposes as did most other members of the O.E.E.C. <sup>1/</sup>

Between 1948 and 1955, Germany received slightly more than \$3 billion in economic aid, over 90 per cent of it before 1952. During this period, the German gold and dollar holdings increased about \$2.3 billion, 85 per cent of the increase occurring after 1951. Most economic aid financed imports of vital goods and services during the crucial early years of recovery and the dollar reserves only began increasing rapidly after the external position had greatly improved and economic aid had declined to small amounts.

Belgium-Luxembourg emerged from the war with substantially less damage to its economy than most other O.E.E.C. countries and was perhaps in only a little less strong position than the neutrals, Sweden or Switzerland. In view of its surplus position in intra-European trade, a very high portion of aid during the early years of the European Recovery Program was "conditional," that is, Belgium agreed to extend drawing rights to its European debtors in an amount equivalent to a large part of its dollar deficit. In effect, Belgium was thus able to turn a large part of its European surplus into dollars, while its debtors were able to continue imports of Belgian goods vital to their economies. Gold and dollar holdings were increased in every year except 1954. Economic aid dropped sharply after 1950, and had virtually ceased by 1955. As was the case of Germany, Belgium added most to its reserves after economic aid had begun to taper off.

The Netherlands, which emerged from the war with a badly damaged economy and had an extremely weak external position, improved its dollar position mainly by achieving a surplus with Europe and other non-dollar

<sup>1/</sup> Germany bore some "real" occupation costs in the form of real estate and other facilities requisitioned by the occupying powers, but very few German resources were tied up in this way.

areas. It received substantial amounts of dollars from the E.P.U. in settlement of surpluses (but only after a sharp reversal of its debtor position in the Union in 1951) as well as large dollar sums from other sources, such as from Indonesia and especially for oil from the Netherlands West Indies. Between 1948 and 1955, gold and dollar holdings of the Netherlands rose by nearly \$750 million, 85 per cent of the rise occurring after 1951 despite a sharp drop in the rate of accumulation after 1953. Economic aid, which was equivalent to about 90 per cent of Dutch imports in 1949 and 1950, declined sharply after 1951 and ended in 1954.

The "weak" members -- This group of O.E.E.C. countries is characterized for the most part by inflationary conditions and weak external positions despite continued receipts of substantial amounts of economic aid and/or U.S. military expenditures. To this group can be assigned France, Greece, Iceland, and Turkey.

Inflation was far more evident in this group of countries than in most other O.E.E.C. members. Between 1948 and 1955, the rise in consumer price indexes in these countries ranged from about 35 per cent in Turkey (most of which occurred after 1953) to around 50 in France and Iceland and to 95 in Greece. These figures may be compared with a one-third rise in the weighted consumer price index of the O.E.E.C. countries as a whole during this eight-year period.

Inflationary pressures were exerted differently in each of these countries with respect to strength, timing, and persistence, and the external balances of these countries reflected these factors.

In France, inflation was quite strong in the early years of the European Recovery Program and was especially severe during the Korean boom. It dropped off thereafter and only reappeared toward the end of 1955. The dollar balance as measured by the change in gold and dollar holdings less economic aid behaved correspondingly. There was an extremely large deficit during the first two years of the recovery program; after recovering sharply in 1950, it deteriorated further during the Korean boom and again improved substantially after 1951. In the latter part of 1955, the French external position once again began to worsen as a result of inflationary forces abetted by disturbances in French North Africa.

This fluctuating but generally weak external position, which reflected imbalance not only in the dollar accounts but also in transactions with Europe, did not result in a reduction of French gold and dollar holdings: in fact, these holdings rose in every year except 1949. In most of the early years of the recovery program, the increases were modest but in 1950 and more recently in 1954 and 1955 large sums were added to these holdings, about \$300 million in each of the two earlier years and nearly \$650 million in the latter year. Movements in elements in the balance of payments of France other than economic aid were of great importance in this connection. In 1950, most of the improvement in the French gold and dollar position was due to a sharp improvement in the dollar current account position of the Franc Area; in 1954 and 1955 improvement in the balance with Europe was substantial and gold and dollar losses to the E.P.U. were cut sharply in this period.



However, continued large though generally diminishing aid receipts coupled with rapidly growing U.S. military expenditures in France were primarily responsible in recent years for the country's additions to its reserves. In 1954 and 1955, the combined dollar receipts from these two accounts, nearly \$1 billion in each year, were larger than those during the crisis year of 1949 when the European Recovery Program was in full swing. Most of the economic aid receipts in 1954 and 1955 were actually dollar payments to France for the military expenditures in Indo-China.

Greece, Turkey, and Iceland had weak external positions during most of the period of the European Recovery Program, a reflection of inflationary pressures which varied greatly in each of these countries. Greece and Turkey devoted a very high percentage of their resources to both extensive military programs and economic development, and in both countries the cost-of-living index increased sharply in the period under review. In Greece, it doubled between 1948 and 1955, rising more or less steadily; in Turkey, virtually all the 35 per cent rise occurred after 1953. In Iceland, where the economy is being diversified and modernized, the upward movement in consumer prices occurred mainly during the Korea boom but reappeared in 1955.

The trade deficits of these countries were relatively large; only in Greece have they shown a declining trend. In 1955, this country improved its position greatly in E.P.U. and earned over \$50 million. The Turkish and Icelandic balances with Europe remained weak and both countries paid substantial amounts of dollars for deficits with their trading partners.

Although Greece increased its gold and dollar holdings about seven-fold between 1948 and 1955, this country continued to rely on economic aid and other extraordinary dollar receipts to maintain high levels of economic activity. Turkish gold and dollar holdings declined during this period and the economy of this country relied heavily on economic aid receipts. In Iceland, large expenditures by U.S. forces stationed there maintained a strong dollar payments position for this country.

The "intermediate countries" -- This group of countries, comprising Austria, Denmark, Ireland, Italy, and Norway, is characterized in general by a recovery in the balance of payments of its members, which has been neither as rapid nor as substantial as the recovery of "strong" countries. On the other hand, these countries are no longer in a state of economic imbalance as are the "weak" countries, but are sustaining for the most part a high level of domestic economic activity and at the same time maintaining a stable external position. Although the foreign exchange reserves of the "intermediate" countries have not been built up to such a substantial level as those of the "strong" countries, they nevertheless are probably sufficient to tide these countries over any temporary deterioration in the balance of payments.

Austria, Ireland, and Italy were characterized in the period under review by a standard of living considerably lower than that of their more highly industrialized neighbors; moreover, these countries as well as Denmark had, until the 1955-56 boom, a fairly high degree of registered unemployment, ranging in the average as a proportion of the total labor force

from about 6 per cent in Austria and 8 per cent in Denmark close to 10 per cent in Ireland and Italy. Unemployment in Norway, however, remained at a very low level, averaging only about 2 per cent during the period of the recovery program.

The economies of these countries, excepting Italy, were troubled by a very high degree of inflation from the beginning of the European Recovery Program through the Korea boom. Between 1948 and 1952, the cost-of-living more than doubled in Austria, while in Ireland, Denmark and Norway, it rose about 20, 25 and 30 per cent, respectively. In Italy, however, there was only a comparatively moderate rise of about 15 per cent. Between 1952 and 1955 in most of these countries, there was only a modest rise in the cost of living; in Austria, the index actually declined. In 1955, however, consumer prices moved upward quite sharply in Denmark and to a lesser extent in the other countries in response to booming economic activity. Economic aid to these countries was devoted primarily to extensive programs aimed at utilization of underemployed resources, and with the exception of Denmark, where the over-all balance of payments has been weak since 1954, these countries managed to keep inflationary pressures generated by these programs under control after the end of the Korea boom in 1952.

These countries, Austria excepted in 1953-54, tended to have weak external balances within the E.P.U. In the case of Italy and Norway, however, these weak positions were quite consistent with an over-all equilibrium, the deficits with Europe being offset by surpluses in dollar transactions. The Italian deficits in E.P.U. in large part probably reflect the fact that in spite of the high degree of Italy's trade liberalization--99 per cent--with its European partners, some of them retain fairly tight restrictions against agricultural products, which make up a very important part of Italian intra-European exports. The improvement in the international position of these countries resulted in part from greatly increased dollar exports--exports were nearly four times as high as in 1948 in Austria, twice as high in Denmark, Italy and Norway, and about five times as high in Ireland. However, Italian and Danish dollar imports were reduced greatly. The improvement in the dollar positions of these countries was particularly noticeable after 1952; in 1954 and 1955, both Italy and Norway earned surpluses. The Norwegian dollar position was also helped by substantial earnings from shipping.

At the end of 1955, economic aid as a source of dollars played a significant role only in the case of Italy. Ireland received no aid after 1951, Denmark none after 1954, while Austria and Norway received amounts of less than \$10 million in 1955. In that year, countries still receiving economic aid financed only a fraction of their dollar imports, compared with over 100 per cent for Austria, two-thirds for Italy, about three-quarters for Ireland and Denmark and about one-third for Norway at the beginning of the program.

U.S. military expenditures in recent years became quite substantial for all those countries except Ireland. In Italy, they have amounted to over \$100 million annually since 1953, and in Austria dollar receipts from occupation forces were important up to the end of the occupation in 1955.

The United Kingdom -- From 1948 through 1955, the United Kingdom increased its gold reserves and dollar holdings--which reflect not only the external position of this country but the rest of the Sterling Area as well-- by a little over \$400 million, while it received about \$3-3/4 billion in economic aid. The economic aid program thus was related to only a modest rise in the dollar exchange position of the United Kingdom and the Sterling Area as a whole. The major contribution of the aid program was to enable this country to survive external balance-of-payments crises (they were particularly bad in 1948-49 and 1951-52), while investing substantial sums in the non-European parts of the Sterling Area, without having to resort to drastic reductions in levels of income and employment.

The dollar reserve position of the United Kingdom fluctuated sharply during the period of the European Recovery Program, partly as a result of abrupt shifts in the United Kingdom's current account balance with the dollar area. The fluctuations in this balance were in contrast to the generally steady improvement in the dollar current account positions of most of the "strong" and "intermediate" countries and even of some of the "weak" ones. A good part of the dollar payments crises of 1948-49, 1951-52, and 1955 may be attributed to a rapid deterioration of the trade account of both the United Kingdom and the rest of the Sterling Area with the dollar area, primarily resulting from substantial increases in imports. Exports of the United Kingdom to the dollar area, on the other hand, expanded with only modest setbacks in 1949 and 1954, and in 1955 were nearly two-thirds higher than in 1948, a performance that compares quite favorably with that of other O.E.E.C. countries. The abruptly increased demand for dollar imports in 1951-52 and 1955 may be associated with simultaneous movements of internal inflationary pressures.

As important as shifts in the dollar current account position of the United Kingdom and the rest of the Sterling Area were the sudden changes in the payments position of this area with other non-dollar areas. Abrupt shifts in E.P.U. gold and dollar transfers and in the residual balance-of-payments item, "other dollar transactions," <sup>1/</sup> (see Table II in the Appendix) contributed greatly to the strength or weakness of the Sterling Area's dollar position, more frequently than not moving in the same direction as the dollar current account. In other words, the sudden movements in the Sterling Area's external position for the most part were due to a swift deterioration or improvement in its balance of payments with the rest of the world as a whole rather than with any particular region.

<sup>1/</sup> In Table II in the Appendix, the residual item, "other dollar transactions" contains capital movements as well as current transactions other than those delineated in the table. Since this item corresponds in part to "errors and omissions," little importance should be attached the absolute size of the figure, although movements in the figures indicate alternations of deterioration and improvement in the dollar balance of payments of the respective countries.

A very substantial part of the movements in the United Kingdom balances with the E.P.U. and other non-dollar areas can be attributed to parallel shifts in the balance of payments of the members of the Outer Sterling Area.<sup>1/</sup> For example, the shift from a large dollar deficit in 1949 to an even larger surplus in 1950 can be related to the surpluses earned by the Outer Sterling Area during the Korea boom. Similarly, the deterioration of the "dollar balance" in the following year was in large part due to the deficits on current account of the Outer Sterling Area with the dollar and E.P.U. areas. In 1955, this whiplash movement reoccurred but to a far lesser degree than during the previous inflationary period and the deterioration of the United Kingdom balance of payments was a relatively more important factor affecting the decline in the Sterling Area's gold and dollar reserves than movements in the dollar position of the Outer Sterling Area.

Movements in economic aid receipts played a significant role in these British dollar payments crises, moving most of the time as a counter-balance to the sudden shifts in the balance of payments. In 1949, for example, economic aid jumped about \$400 million or more than 50 per cent over the figure in the preceding year, and these increased dollar receipts enabled the United Kingdom to reduce drains on its gold and dollar holdings in 1949 to virtually zero. In 1951, on the other hand, economic aid was sharply reduced by about \$500 million--in view of the U.K. economic gains in the preceding year--throwing an additional strain on the severe British payments situation. In 1952, these receipts were again increased--in view of the poor results of 1951--helping to alleviate considerably the British external dollar position. In contrast, U.S. military expenditures rose continuously from 1950, and after 1953 these expenditures exceeded economic aid by a substantial amount, totaling about \$300 million in 1955.

#### General comments and conclusions

The European Recovery Program enabled the O.E.E.C. countries to run a current balance-of-payments deficit in the reconstruction period, instead of having to cut imports of goods and services by seriously curtailing domestic economic activity. During the period 1948-51, when these deficits were largest, approximately \$13.5 billion in economic aid was poured into O.E.E.C. Europe, plus a little more than \$1 billion in U.S. military expenditures. Most of these sums were utilized for imports of essential goods and services and only a small portion of aid found its way into gold and dollar holdings, which rose by \$2 billion.

Between 1952 and 1955, when most of these countries had recovered a fairly strong external position, the O.E.E.C. countries received about \$4.3 billion in economic aid from the United States, plus about \$5 billion in the form of U.S. military expenditures. During this period, the combined gold reserves and dollar holdings of these countries rose by approximately \$5.5 billion, but there was a considerable amount of diversity in the movements country by country.

In 1952, the "strong" countries (Belgium-Luxembourg, Germany, Netherlands, Portugal, Sweden, and Switzerland), and in later years the "intermediate" countries (Austria, Denmark, Ireland, Italy, and Norway)

<sup>1/</sup> Non-European Sterling Area.

reached and by and large maintained a dollar surplus as measured by the accumulation of gold and dollar holdings less economic aid. The "weak" countries (France, Greece, Iceland and Turkey), on the other hand, continued to have a dollar deficit with only a few exceptions between 1948 and 1955. The United Kingdom only occasionally earned large surpluses, its dollar deficit remaining quite large for most of this period.

For individual countries, there was generally no positive correlation between the amount of aid received in any given year and the accumulation of gold and dollar reserves in that period. There were only few exceptions to the rule: French holdings in 1954 rose substantially, reflecting in considerable part increased aid receipts. On the other hand, sharply reduced aid receipts of the United Kingdom in 1951 contributed to a great extent to drains on British gold and dollar holdings in that year. On the whole, however, economic aid rose during the periods of heavy pressure on dollar reserves and tended to fall as dollar holdings began to rise in response to a strengthened balance of payments.

Table 2

Economic Aid and Changes in Gold  
Reserves and Dollar Holdings  
(In millions of dollars)

Countries by groups	1948-51		1952-55		1948-55	
	Change in gold and dol- lar holdings	Economic aid	Change in gold and dol- lar holdings	Economic aid	Change in gold and dol- lar holdings	Economic aid
<u>"Strong" countries</u>						
Belgium-Luxembourg	110	550	300	36	410	586
Germany	344	2,743	1,948	274	2,292	3,019
Netherlands	116	879	616	125	732	1,004
Portugal	-41	37	269	15	228	52
Sweden	60	110	204	3	264	113
Switzerland	178	--	376	--	554	--
<u>"Weak" countries</u>						
France	321	2,557	1,023	1,521	1,344	4,078
Greece	-1	941	136	337	135	1,278
Iceland	0	21	1	14	1	35
Turkey	-43	285	-12	236	-55	521
<u>"Intermediate" countries</u>						
Austria	103	659	225	161	328	810
Denmark	-10	260	17	20	7	280
Ireland	1	147	-1	0	0	147
Italy	428	1,364	488	535	916	1,899
Norway	19	220	23	51	42	271
<u>United Kingdom</u>	499	2,745	-73	1,018	426	3,763

It appears from Table 2, with the exception of the United Kingdom and Greece, that those countries which received very large amounts of aid between 1948 and 1955 also added very large amounts of dollars to their gold and dollar holdings. It would be erroneous, however, to conclude that large amounts of aid were in effect added to the holdings of these countries. Time played a decisive role in this relationship between the size of these additions and the amount of aid received. For example, in the cases of Germany, Netherlands, and Italy, it can be seen most clearly that these countries added only relatively small sums to their holdings before 1952, when economic aid was greatest, but added very large sums when aid dropped off very sharply. This relationship applies, but perhaps not as clearly, to most other countries. It may be concluded that greatly strengthened external positions, despite much lower aid receipts, enabled most of these countries to add substantial and in some cases very large amounts to their dollar holdings after 1951.

It can also be noted that after 1951, all of the "strong" countries added far greater sums to their dollar holdings than they received in aid. All other countries which received aid in this period, except Austria, added less to their holdings than they received in aid. It may be concluded that after 1951 there was still an element of weakness, to a greater or lesser degree, in the external positions of other countries than those in the "strong" group.

By the end of 1955, economic aid virtually had ceased for the "strong" and "intermediate" countries, but dollar receipts in the form of U.S. military expenditures in these countries continued to rise, becoming for many of these countries a major source of dollars. The "weak" countries, on the other hand, were receiving considerable sums of economic aid (Iceland excepted) as well as large amounts of dollars from military expenditures. France and Greece, however, had built up a substantial dollar reserve position, which would most likely allow them to tide over any temporary disequilibria in their balances-of-payments. The reserve positions of the other two "weak" members, Iceland and Turkey, were still in a precarious state.

It is apparent that by 1955, the aid program by and large did achieve the goal set for it in 1948; that of making the dollar payments deficit supportable without special aid. By the end of 1955, the dollar deficit was manageable for most O.E.E.C. countries, but it had taken four years more than was anticipated in 1948 to achieve this result, and convertibility, hopefully expected for 1952, still has not been fully attained.

Table I

The Change in Consumer Price Indexes  
of O.E.E.C. Countries, 1948-55  
(In per cent)

	1948-52	1952-55	1948-55
<u>"Strong" countries</u>			
Belgium	5	2	7
Luxembourg	21	1	22
Germany	2	0	2
Netherlands	23 <u>a/</u>	6	31 <u>a/</u>
Portugal	1	2	3
Sweden	27	6	35
Switzerland	5	1	6
<u>"Weak" countries</u>			
France	45 <u>a/</u>	0	45 <u>a/</u>
Greece	46	33	94
Iceland	42 <u>b/</u>	4	48 <u>b/</u>
Turkey	9	24	35
<u>"Intermediate" countries</u>			
Austria	117	-1	114
Denmark	23	5	30
Ireland	20	7	29
Italy	14	8	23
Norway	29	7	38
<u>United Kingdom</u>	26	9	38
<u>Total O.E.E.C. c/</u>	28	4	33

a/ From 1949.

b/ From 1950.

c/ This computed index is based upon changes in the O.E.E.C. consumer price indexes in the periods indicated for each country as reported by the O.E.E.C., weighted by private consumption of each country in 1953 as a proportion of total private consumption of these countries (excluding Switzerland and Turkey for which private consumption figures are not available), converted to dollars at 1953 exchange rates.

Table II

The Dollar Accounts of Western European Countries  
(In millions of dollars)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955 p/
<u>"Strong" countries</u>								
<u>Belgium-Luxembourg</u>								
Increase in gold reserve and dollar holdings	41	74	-52	47	134	66	-58	158
Minus: economic aid	56	253	191	50	21	8	6	1
Equals dollar balance:	-15	-179	-243	-3	113	58	-64	157
E.P.U. gold and dollar transfers	--	--	0	249	-73	-12	345	a/ 145
Dollar current account	a/-246	a/-273	-187	-274	-233	-11	a/-137	-120
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	46	33	60
Other dollar transactions	231	94	-56	22	419	35	-305	72
<u>Germany</u>								
Increase in gold reserve and dollar holdings	89	-30	73	212	257	534	774	383
Minus: economic aid	925	952	484	382	93	74	76	31
Equals dollar balance:	-836	-982	-411	-170	164	460	698	352
E.P.U. gold and dollar transfers	--	--	-140	0	279	222	393	328
Dollar current account	-1,061	-757	-338	-477	-238	42	70	b/-174
U.S. military expenditures	n.a.	43	50	87	199	239	227	270
Other dollar transactions	225	-268	17	220	-76	-43	8	-72
<u>Netherlands</u>								
Increase in gold reserve and dollar holdings	-75	84	143	-36	293	238	61	24
Minus: economic aid	135	319	276	149	88	22	15	0
Equals dollar balance:	-210	-235	-133	-185	205	216	46	24
E.P.U. gold and dollar transfers	--	--	-2	0	115	37	58	74
Dollar current account	-315	-78	-100	-205	-127	-50	-271	-287
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	37	34	39
Other dollar transactions	105	-157	-31	20	217	192	225	198

p/ Preliminary.  
n.a. Not available.



Table II  
(Continued)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955 <u>p/</u>
<u>"Strong" countries</u>								
<u>Portugal</u>								
Increase in gold reserve and dollar holdings	-81	-57	23	74	43	95	91	40
Minus: economic aid	0	0	18	19	8	2	4	1
Equals dollar balance:	-81	-57	5	55	35	93	87	39
E.P.U. gold and dollar transfers	--	--	11	29	-16	-5	-2	-37
Dollar current account <u>c/</u>	-70	-42	-12	4	4	39	31	<u>d/</u> 30
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	2	4	5
Other dollar transactions	-81	-57	-6	26	47	57	54	41
<u>Sweden</u>								
Increase in gold reserve and dollar holdings	-34	30	45	19	51	60	71	22
Minus: economic aid	1	38	44	27	3	0	0	0
Equals dollar balance:	-35	-8	1	-8	48	60	71	22
E.P.U. gold and dollar transfers	--	--	0	60	22	3	-24	11
Dollar current account	7	-29	-13	-50	-40	1	-17	<u>e/</u> -87
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	1	3	2
Other dollar transactions	-35	21	14	-18	66	56	112	90
<u>Switzerland</u>								
Increase in gold reserve and dollar holdings	97	132	14	-65	83	75	49	169
Minus: economic aid	0	0	0	0	0	0	0	0
Equals dollar balance:	97	132	14	-65	83	75	49	169
E.P.U. gold and dollar transfers	--	--	-13	59	22	65	102	-1
Dollar current account <u>f/</u>	-116	-79	-25	-99	-65	25	56	n.a.
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	39	9	14
Other dollar transactions	213	211	52	-25	126	-54	-118	156

p/ Preliminary.  
n.a. Not available.

Table II  
(Continued)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955 p
<u>"Weak" countries</u>								
<u>France</u>								
Increase in gold reserve and dollar holdings	21	-50	294	56	68	32	282	641
Minus: economic aid	748	850	509	450	328	325	462	406
Equals dollar balance:	-727	-900	-215	-394	-260	-293	-180	235
E.P.U. gold and dollar transfers	--	--	54	-70	-285	-219	-110	-23
Dollar current account (Franc area)	-953	-735	-304	-560	-339	-251	-273	-75
U.S. military expenditures	n.a.	n.a.	n.a.	35	206	408	519	548
Other dollar transactions	226	-165	35	201	158	-231	-316	-290
<u>Greece</u>								
Increase in gold reserve and dollar holdings	-23	9	0	13	8	55	12	61
Minus: economic aid	337	245	152	207	137	80	56	64
Equals dollar balance:	-360	-236	-152	-194	-129	-25	-44	-3
E.P.U. gold and dollar transfers	--	--	0	0	0	-1	-54	53
Dollar current account	-382	-234	-157	-144	57	-12	-22	-83
U.S. military expenditures	n.a.	n.a.	n.a.	3	4	3	15	24
Other dollar transactions	285	139	-21	-12	155	-4	-79	29
<u>Iceland</u>								
Increase in gold reserve and dollar holdings	-3	2	-1	2	0	4	1	-4
Minus: economic aid	2	5	5	9	6	6	1	1
Equals dollar balance:	-5	-3	-6	-7	-6	-2	0	-5
E.P.U. gold and dollar transfers	--	--	0	0	0	-1	-3	-3
Dollar current account	-9	-4	-3	-2	-3	-14	-7	-9 <sup>a/</sup>
U.S. military expenditures	n.a.	n.a.	n.a.	1	4	15	18	14
Other dollar transactions	4	1	-3	-6	-7	-2	-8	-7

p/ Preliminary.  
n.a. Not available.

Table II  
(Continued)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955 <sup>p/</sup>
<u>"Weak" countries</u>								
<u>Turkey</u>								
Increase in gold reserve and dollar holdings	-28	-16	0	1	-14	6	-5	1
Minus: economic aid	73	83	67	62	67	49	55	65
Equals dollar balance:	-101	-99	-67	-16	-81	-43	-60	-64
E.P.U. gold and dollar transfers	--	--	0	-24	-90	-15	-61	-41
Dollar current account <sup>g/</sup>	-31	-41	-32	13	10	18	-14	-62
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	10	17	28
Other dollar transactions	-70	-58	-35	-50	-1	-56	-2	11
<u>"Intermediate" countries</u>								
<u>Austria</u>								
Increase in gold reserve and dollar holdings	52	30	18	3	36	97	95	-3
Minus: economic aid	183	202	113	161	95	40	18	8
Equals dollar balance:	-131	-172	-95	-158	-59	57	77	-11
E.P.U. gold and dollar transfers	--	--	0	-18	19	39	21	-36
Dollar current account	-227	-177	-110	-120	-97	-28	-15	-52
U.S. military expenditures	18	16	14	22	32	27	26	24
Other dollar transactions	78	-11	1	-42	-13	19	45	53
<u>Denmark</u>								
Increase in gold reserve and dollar holdings	-8	-7	5	0	25	28	-24	-12
Minus: economic aid	35	108	55	62	10	9	1	--
Equals dollar balance:	-43	-115	-50	-62	15	19	-25	-12
E.P.U. gold and dollar transfers	--	--	0	0	0	-16	-65	-33
Dollar current account	-76	-105	-54	-77	-40	20	32	<sup>d/</sup> 20
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	25	25	30
Other dollar transactions	33	-10	4	15	55	-10	-33	-29

<sup>p/</sup> Preliminary.  
<sup>n.a.</sup> Not available.

Table II  
(Continued)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955 p/
<u>"Intermediate" countries</u>								
<u>Ireland</u>								
Increase in gold reserve and dollar holdings	-9	9	-1	2	-3	1	0	1
Minus: economic aid	0	67	56	24	0	0	0	0
Equals dollar balance:	-9	-58	-57	-22	-3	1	0	1
E.P.U. gold and dollar transfers h/	--	--						
Dollar current account	36	-58	-57	-78	-47	-32	-8	-2
U.S. military expenditures	0	0	0	0	0	1 i/	i/	
Other dollar transactions	27	0	0	56	44	32	8	3
<u>Italy and Trieste</u>								
Increase in gold reserve and dollar holdings	223	124	16	65	20	156	114	198
Minus: economic aid	356	430	276	302	211	145	113	66
Equals dollar balance:	-133	-306	-260	-237	-191	11	1	132
E.P.U. gold and dollar transfers	--	--	0	98	-45	-82	-160	-128
Dollar current account	-418	-445	-239	-323	-301	-6	66 a/	60
U.S. military expenditures	n.a.	n.a.	n.a.	n.a.	n.a.	103	174	171
Other dollar transactions	285	139	-21	-12	155	-4	-79	29
<u>Norway</u>								
Increase in gold reserve and dollar holdings	2	-10	10	17	16	6	-22	23
Minus: economic aid	29	66	76	49	23	10	15	3
Equals dollar balance:	-27	-76	-66	-32	-7	-4	-37	20
E.P.U. gold and dollar transfers	--	--	0	0	0	-27	-47	-30
Dollar current account	-95	-101	-56	-94	-92	-67 j/	5 a/	10
U.S. military expenditures	n.a.	n.a.	n.a.	1	5	8	15	20
Other dollar transactions	68	25	-10	61	80	82	-10	20

p/ Preliminary.  
n.a. Not available.

Table II  
(Continued)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955 p/
<u>United Kingdom</u>								
Increase in gold reserve and dollar holdings	-195	-227	1,662	-741	-434	727	165	-531
Minus: economic aid	718	1,108	705	214	473	301	163	81
Equals dollar balance:	-913	-881	957	-955	-907	426	2	-612
E.P.U. gold and dollar transfers	--	--	36	-208	-143	187	-184	-230
Dollar current account (U.S. only)	-306	-374	-97	-480	-104	-27	-214	-345
U.S. military expenditures	59	42	31	67	122	210	329	361
Other dollar transactions	-666	-549	987	-334	-782	56	71	-340
<u>Continental O.E.E.C. countries</u>								
Increase in gold reserve and dollar holdings	276	313	589	406	1,020	1,448	1,440	1,705
Minus: economic aid	2,877	3,545	2,261	1,920	1,082	764	821	645
Equals dollar balance:	-2,601	-3,232	-1,672	-1,514	-62	684	619	1,060
E.P.U. gold and dollar transfers	--	--	-90	384	-53	-11	396	281
Dollar current account k/	-3,483	-2,914	-1,421	-1,720	-1,312	-525	-1,153	-1,409
U.S. military expenditures k/	239	260	133	244	612	945	1,108	1,258
Other dollar transactions	643	-578	-294	-422	691	275	268	930
<u>Sterling O.E.E.C. countries</u>								
Increase in gold reserve and dollar holdings	-207	-216	1,660	-737	-437	732	166	-534
Minus: economic aid	719	1,180	766	247	479	307	164	82
Equals dollar balance:	-926	-1,396	894	-984	-916	425	2	-616
E.P.U. gold and dollar transfers	--	--	36	-208	-143	186	-187	-233
Dollar current account	-347	-437	-137	-525	-135	-67	-240	-390
U.S. military expenditures	59	45	35	69	127	226	347	375
Other dollar transactions	-638	-1,004	960	-320	-765	80	82	-368

p/ Preliminary.  
n.a. Not available.

Table II  
(Continued)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955 <sup>p</sup>
<u>Total O.E.E.C. countries</u>								
Increase in gold reserve and dollar holdings	68	97	2,249	-331	583	2,180	1,606	1,171
Minus: economic aid	3,596	4,725	3,027	2,167	1,561	1,071	985	727
Equals dollar balance:	-3,527	-4,628	-778	-2,498	-978	1,109	621	444
E.P.U. gold and dollar transfers	--	--	-54	176	-196	175	209	48
Dollar current account <sup>k/</sup>	-3,830	-3,351	-1,558	-2,245	-1,447	-592	-1,393	-1,799
U.S. military expenditures <sup>k/</sup>	298	305	168	313	739	1,171	1,455	1,633
Other dollar transactions	5	-1,582	666	-742	-74	355	350	562

Footnotes

- <sup>a/</sup> Figures for 1948 and 1949 are taken from the O.E.E.C. Third Annual Report, June 1951; the figures for 1954 and 1955 are based on data presented in the Bulletin d'Information et de Documentation of the Belgian National Bank for June 1956. The dollar current account after 1949 also includes transactions in Swiss francs.
- <sup>b/</sup> The balance on goods and services as reported in the Monthly Report of the Bank Deutsche Laender, June 1956, has been adjusted to exclude U.S. military expenditures and has been converted to dollars.
- <sup>c/</sup> Figures for 1948-51 are taken from the O.E.E.C. Third and Fourth Annual Report, June 1951 and December 1952.
- <sup>d/</sup> The current account for 1955 has been estimated on the basis of data presented in the Seventh Report of the O.E.E.C., February 1956.
- <sup>e/</sup> An estimate based on information reported in the International Monetary Fund, International Financial News Survey, March 23, 1956.
- <sup>f/</sup> For the period 1948-53, only trade balances with the United States are available.
- <sup>g/</sup> Current account figures for 1948-51 are taken from the Third and Fourth Annual Reports of the O.E.E.C. From 1952-55, the figures are trade balances with the dollar area as reported in the O.E.E.C. Statistical Bulletin, Series 1, Foreign Trade by Areas.
- <sup>h/</sup> Included in United Kingdom, E.P.U. gold and dollar transfers.
- <sup>i/</sup> Less than \$0.5 million.
- <sup>j/</sup> The 1954 current account figure is from the Seventh Report of the O.E.E.C. and has been adjusted to exclude U.S. military expenditures.
- <sup>k/</sup> Including Finland, Spain and Yugoslavia after 1951.

Table II  
(Continued)

Note

With the exception of the changes in gold reserves and dollar holdings, the data for 1955 are preliminary in most cases. Military expenditures in Denmark include such expenditures in Greenland. Military expenditures in France in 1955 included \$44 million of unallocated European expenditures on the basis that this sum was in all likelihood spent in that country.

Sources

The changes in gold reserves and dollar holdings are based upon published figures in the Federal Reserve Bulletin and include U.S. Government bonds and notes after 1949. Economic aid figures are obtained from Foreign Grants and Credits of the United States Government published by the U.S. Department of Commerce. The E.P.U. gold and dollar transfers are based upon cumulative settlement figures in the International Monetary Fund, International Financial Statistics. Unless otherwise noted, the dollar current account of the Continental European countries and Ireland and Iceland, are the balances on goods and services of the respective countries with the United States and Canada or some configuration of the dollar area, as indicated in the regional tables of the International Monetary Fund, Balance of Payments Yearbook, Volumes 3-7 for the period 1948-55. These figures have been adjusted to exclude U.S. military expenditures, which appear separately in the table. The country data for U.S. military expenditures for the period 1948-52 are from the International Monetary Fund Yearbook, while for 1953-55 these figures were obtained from the Balance of Payments Division of the U.S. Department of Commerce. For the United Kingdom and for the totals of the Continental and Sterling O.E.E.C countries, the balance on goods and services with the United States, and U.S. military expenditures are published U.S. Department of Commerce balance of payments data.

Table III

Relation of O.E.E.C. Imports to Economic Aid \*  
(In per cent)

Countries and areas	1948	1949	1950	1951	1952	1953	1954	1955
<u>"Strong" countries</u>								
Belgium-Luxembourg	13	61	46	9	4	1	2	0
Germany	97	105	95	46	11	11	9	3
Netherlands	32	87	91	39	22	7	3	0
Portugal	0	0	34	32	14	5	13	2
Sweden	0	30	35	12	1	0	0	0
<u>"Weak" countries</u>								
France	99	120	108	65	50	67	95	70
Greece	181	134	103	162	159	160	106	76
Iceland	10	45	63	113	50	27	7	6
Turkey	111	112	91	122	140	78	75	59
<u>"Intermediate" countries</u>								
Austria	963	99	82	106	73	45	25	7
Denmark	30	77	69	54	11	18	2	0
Ireland	0	83	67	22	0	0	0	0
Italy and Trieste	57	74	70	55	36	37	33	14
Norway	20	49	73	32	15	8	11	2
<u>United Kingdom</u>	39	60	52	10	23	17	9	3
<u>Continental O.E.E.C. countries</u>								
	71	90	81	49	28	27	26	15
<u>Sterling O.E.E.C. countries</u>								
	37	61	53	11	23	16	9	3
<u>Total O.E.E.C. countries</u>								
	60	81	71	35	26	23	20	11

\* Excluding Switzerland which received no economic aid during this period.

Note

The dollar area as defined by the O.E.E.C. comprises Canada, the United States, Central America, Bolivia, Columbia, Ecuador, Venezuela, Liberia, and the Philippines. Imports are merchandise imports valued c.i.f. as reported in the O.E.E.C. Statistical Bulletins, Series 1, Foreign Trade by Areas. For definition of economic aid see footnote 2, page 2 of this paper.



Table IV

Merchandise Trade of O.E.E.C. Members with the Dollar Area  
(In millions of dollars)

	1948	1949	1950	1951	1952	1953	1954	1955
<u>Austria</u>								
Exports	12	12	23	35	34	41	39	46
Imports	19	205	137	152	131	88	71	109
<u>Belgium-Luxembourg</u>								
Exports	147	148	204	310	278	324	287	343
Imports	423	412	411	563	523	378	387	432
<u>Denmark</u>								
Exports	43	27	25	37	52	72	91	95
Imports	117	140	80	115	87	49	66	105
<u>France</u>								
Exports	95	94	176	338	235	293	289	329
Imports	757	711	472	693	650	487	484	576
<u>Germany</u>								
Exports	33	69	180	377	401	488	614	756
Imports	950	908	507	823	854	654	834	1,207
<u>Greece</u>								
Exports	17	22	15	14	15	16	15	24
Imports	186	183	147	128	86	50	53	84
<u>Italy and Trieste</u>								
Exports	129	76	128	165	194	204	201	250
Imports	621	579	394	553	590	389	341	468
<u>Netherlands</u>								
Exports	43	54	82	149	183	237	234	247
Imports	424	365	303	387	395	335	473	614
<u>Norway</u>								
Exports	38	33	46	74	64	71	68	75
Imports	142	135	104	154	150	131	141	162
<u>Portugal</u>								
Exports	23	20	30	41	41	43	33	37
Imports	117	85	53	60	58	38	32	44
<u>Sweden</u>								
Exports	114	86	99	133	128	150	130	142
Imports	235	127	126	223	227	178	195	282

Table IV  
(Continued)

	1948	1949	1950	1951	1952	1953	1954	1955
<u>Switzerland</u>								
Exports	157	150	173	195	230	272	226	233
Imports	279	237	223	292	277	226	243	269
<u>Turkey</u>								
Exports	45	45	46	70	59	80	59	49
Imports	66	74	74	51	48	63	73	111
<u>Continental O.E.E.C. countries</u>								
Exports	895	836	1,228	1,938	1,915	2,292	2,286	2,626
Imports	4,336	4,160	3,031	4,193	4,076	3,067	3,393	4,463
<u>United Kingdom</u>								
Exports	715	636	836	966	1,034	1,102	1,051	1,169
Imports	1,864	1,844	1,345	2,168	2,013	1,771	1,735	2,359
<u>Ireland</u>								
Exports	2	2	4	10	10	8	8	10
Imports	63	81	83	108	92	72	48	73
<u>Iceland</u>								
Exports	4	2	4	8	10	7	9	6
Imports	20	11	8	8	12	20	15	18
<u>Sterling O.E.E.C. countries</u>								
Exports	721	641	844	985	1,054	1,117	1,068	1,185
Imports	1,948	1,937	1,436	2,285	2,117	1,862	1,798	2,450
<u>Total O.E.E.C. countries</u>								
Exports	1,616	1,476	2,072	2,922	2,969	3,409	3,353	3,811
Imports	6,283	6,096	4,467	6,478	6,193	4,929	5,190	6,913

Note

The dollar area as defined by the O.E.E.C. comprises Canada, the United States, Central America, Bolivia, Colombia, Ecuador, Venezuela, Liberia, and the Philippines. Exports are merchandise valued f.o.b. and imports are merchandise valued c.i.f. as reported in the O.E.E.C. Statistical Bulletins, Series 1, Foreign Trade by Areas.