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Expanded Role of the Export-Import Bank

M.J.P. Roberts

Outstanding loans of the Export-Import Bank in the past have never exceeded $250 million. As of June 15, 1945, loans outstanding were $214 million and commitments to make additional loan funds available were $336 million. The Bank thus had available only $150 million with which to make additional loans. According to the Export-Import bill which has just been passed by Congress, the total amount of loans and guarantees of the Bank which may be outstanding at any one time is increased from $700 million to $3.5 billion. Leo T. Crowley, Foreign Economic Administrator and Chairman of the Board of Trustees of the Bank, in the course of the hearings on the bill, estimated that this increase of $2.8 billion in the Bank's lending authority will suffice to finance United States exports required for reconstruction and development abroad only during the present fiscal year. As a result of this expansion in its loan funds, the Bank will be a major source of dollars in the next twelve months for the specific purpose of financing foreign reconstruction and development. In addition, Mr. Crowley estimated that in the coming year about $1 billion will be made available through UNRRA for shipments of relief supplies and about $4 billion through Lend-Lease to provide war-connected supplies to members of the United Nations.1/

1/ This valuation apparently excludes goods which may be procured through Army and Navy appropriations and transferred under the Lend-Lease program.

In the course of the hearings on the Export-Import Bank bill, Mr. Crowley indicated that the \$2.8 billion would be used principally for European countries.[1] In response to questioning, he stated that "it would be fair to assume that from 700 million dollars to 1 billion dollars would be a reasonable amount to expect /Russia/ to get out of this allocation." Among other European nations, Mr. Crowley mentioned Czechoslovakia, Greece, Yugoslavia, Belgium, Holland, Denmark, Norway, and Poland as countries which will need dollar credits to finance purchases of equipment and materials in the United States. He also said that the Bank is expected to finance portions of the agreements made under Section 3 (c) of the Lend-Lease Act for the delivery of equipment and supplies to France, Belgium, and Holland. By comparison with the large sums needed for reconstruction in Europe, he estimated that only \$100 to \$200 million would be needed in the present fiscal year to finance trade with and development projects in Latin America. He stated that after these requirements had been met, the Bank would not have funds available to provide substantial aid to Great Britain. These estimates may not necessarily be an accurate indication of the distribution of the Bank's loans since Mr. Crowley will be only one member, albeit the chairman, of the Bank's Board of Directors, which will determine what loans the agency will grant.

The reason stressed by administration spokesmen for the necessity of the \$2.8 billion increase in the Bank's lending authority was that a financing agency with adequate funds would be required in the interim between the cessation of Lend-Lease and the commencement of operations of the International Bank for Reconstruction and Development. Mr. Crowley stated that Lend-Lease aid to European countries not active in the war with Japan may cease by the end of this year; Dean Acheson, Assistant Secretary of State, explained that the International Bank may not be prepared to make a large volume of loans and that private capital may not be willing to enter into loans guaranteed by the International Bank or to buy its obligations for a period of perhaps two years after the Bank's organization. Mr. Crowley and Mr. Acheson also testified that the Export-Import Bank would be needed after the International Bank comes into operation to supplement the lending activities of the International Bank in the general field of reconstruction and development projects. Mr. Crowley stated that direct loans to United States exporters would continue to be necessary to finance specific export transactions. However, emphasis was definitely placed upon the need for the Bank in the interim period before the International Bank is ready to operate. This emphasis, together with the fact that lending authority sufficient for only one year was requested, seems to have created the impression among committee members that the Bank's lending program is a short-run program. In the course of the debate on the Bretton Woods enabling legislation, Senator Tobey stated that the Export-Import Bank might eventually be merged with the International Bank, and that it was his hope and understanding that the domestic agency would disappear when the International Bank gets into operation. Senator Barkley suggested that, if the International Bank is able to function by the end of the present fiscal year, the Export-Import Bank would probably not be required to seek additional funds

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1/ The bill authorizes the Bank to make loans to any country by removing the prohibition on loans to governments in default on their obligations to the United States Government on April 13, 1934.

from Congress. These statements seem to imply that there will be little need for loans by the Export-Import Bank after the International Bank is operating.

By not stressing the need for loans by the Export-Import Bank after the interim period and by allowing the impression to become current in Congress that the Bank's primary purpose is to make rehabilitation loans during this period, the Bank may find it extremely difficult, when its lending authority is exhausted, to show that it has essential functions. These functions would include the provision of loans which the International Bank may be either unable or unwilling to grant. There are two types of loans in this category. The first type would include loans with maturities of six months to six or eight years granted to United States exporters to finance specific export transactions. Commercial banks have been unwilling in the past to grant such terms on foreign trade transactions, and Export-Import Bank loans of this type have enabled American exporters to compete with foreign suppliers in the Latin American market. There is no indication that private banks will be prepared after the war to enter into this type of business. Such loans will not be made by the International Bank. The second type includes reconstruction, development, or stabilization loans to foreign governments or agencies in cases in which the United States has special political or economic interests. In the past, the Export-Import Bank has granted loans, especially to certain Latin American countries, to further long-range economic and political policies of the United States. There may be requests for loans which the International Bank will not be prepared to grant either because of limited funds or because other countries are unwilling to share the risks on loans the benefits of which will accrue almost entirely to the United States. It would be expedient for the United States to make such loans through the Export-Import Bank. Also, the International Monetary Fund may not be able to provide the dollars needed to meet balance of payments deficits of certain countries and the Export-Import Bank may be willing to do so in some cases. Presumably the Export-Import Bank cannot continue to make loans at a rate of \$3 billion a year after the International Bank is in operation, but there is room for a larger volume of loans by the Bank than before the war.

Currency Exchange in the Netherlands J.H.F.

The Netherlands Government has decreed the withdrawal of all bank notes of 100 guilders, the largest denomination still circulating in the country, and has announced that the same measure will be taken in the near future with regard to all other bank notes and silver certificates (muntbiljetten). The 100 guilder notes must be deposited with a commercial bank before July 14;1/ balances of the resulting accounts will be blocked for the time being, except as the funds may be used for the payment of taxes. The Government has declared that the measure is aimed at disclosure of illicit profits made by collaborationists and war profiteers, and that bona-fide holders will suffer no loss. The Netherlands note circulation increased from 1,154 million guilders on January 1, 1939, to 4,623 million on September 11, 1944 (beginning of the liberation of the country) and 5,507 million on May 15, 1945 (immediately after the completion of liberation); by June 25, the circulation had decreased to 4,998 million. The latest available report on the distribution of the various denominations is for March 31, 1942, when notes of 100 guilders accounted for 763 million out of a total circulation of 2,230 million guilders. At that time, however, there were still in circulation notes of 500 and 1,000 guilders, totaling 533 million. These larger notes were withdrawn by order of the German occupation authorities in March 1943; it may be assumed that the bulk of those notes was exchanged for 100 guilder notes rather than for smaller denominations. It may further be assumed that notes of high denomination have increased no less than in proportion to the total circulation; actually, in times of currency expansion the amount of such notes tends to rise faster than the total. Therefore, the amount of 100 guilder notes now outstanding may be conservatively estimated at about one-third of the total circulation.

The measure taken by the Netherlands Government is obviously patterned after the German decree of 1943. It is less drastic than the action taken by the Belgian Government in October 1944, when 60 per cent of the accounts resulting from the exchange operation were permanently blocked. It is more severe than the French exchange of June 1945, however, in that the French measure resulted in no blocking whatever. The reason officially announced is probably quite valid, but the measure may also be designed to lessen the danger of a "pent-up" inflation, i.e., the danger that notes accumulated during the war may be dishoarded at a time when the supply of goods is still far from normal. The recent currency exchanges in Belgium and France have revealed that about 10 per cent of outstanding notes are not presented for exchange, the owners having reasons to prefer a loss to the disclosure of their holdings. If this experience is repeated in the Netherlands, it may be expected that the outstanding circulation will finally be cut by about 500 million guilders. Even should such a reduction occur, the circulation will be about four times as high as on January 1, 1939. This ratio is about the same as in France, since the exchange, but about one-fourth higher than in Belgium (including "temporarily unavailable" note holdings). Further measures, especially the taxation of war-time profits, will be necessary to eliminate completely the danger of the "pent-up" inflation, and it may be expected that the Government will soon announce an integrated financial program.

(The guilder is valued at about 38 United States cents.)

1/ Holders residing abroad have been granted an extension, reportedly ranging from two to six weeks.

Problems of Italian Fiscal Policy J.H.F.

The liberation of Northern Italy has brightened the general prospects of the Italian economy,[1] but has revealed additional fiscal difficulties. The fascist administration of the Northern provinces contracted a budget deficit of 310 billion lire between September 1943 and April 1945, of which 189 billion was due to contributions to the cost of the German occupation. During the same period, the Government of the liberated Southern areas incurred a deficit of 105 billion lire; to this sum, however, must be added that part of the Allied Military lire issue that will have to be borne by the Italian economy. Total Allied expenditures between July 1943 and the end of April 1945 amounted to 83.3 billion lire; of that amount, 10 billion lire were received through the sale of supplies and similar revenues, and an additional 15 billion have been credited, or will be credited, to the Italian Government as the equivalent of troop pay for the American armed forces. Allied expenditures to be met by Italy, therefore, amount to only 58 billion lire, or about 30 per cent of the cost of the German occupation for the same period.

The Italian public debt, which in August 1943 stood at 406 billion lire (excluding so-called "deferred" obligations), has increased to 850 billion as the result of the deficits of both the free Government of the South and the fascist administration of the North. The current deficit amounts to about 6 billion lire per month in the Southern provinces, in spite of a substantial rise in revenues during the first months of 1945, and probably is about as large in the Northern part of the country. This deficit, however, need not increase the inflationary pressure. The recent issue of government bonds,[2] coinciding with the end of the war in Europe, brought subscriptions of 31.2 billion lire in the liberated provinces, substantially more than had been expected. It may be hoped that a similar drive in the North, scheduled for July, will have even better results. The receipts will enable the Government to finance its expenditures during the coming months without borrowing from the banking system. The Government has also initiated a tax reform; it has raised exemptions and lowered tax rates in the expectation that these concessions will improve tax morale and increase revenues, and has announced the imposition of new taxes on war profits and capital increases as well as the confiscation of fascist property. Finally, the end of hostilities and the liberation of the North is bringing the issue of bank notes under the sole control of the Bank of Italy. Total note circulation on March 31, 1945, amounted to 346 billion lire, of which 61 billion was issued by the Allied Military Government, 180 billion by the Bank of Italy in Rome, and 105 billion by the fascist administration in Bergamo.

The final reorganization of Italian finances will be difficult but far from impossible. A democratic Italy will avoid the waste of military and party expenditures that burdened its economy under fascism. Minister Soleri has pointed out that the public debt, nominally five times as high as in 1940, actually is no larger than before

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1/ See Review of Foreign Developments, June 25, 1945, p. 11.
2/ See Review of Foreign Developments, May 14, 1945, p. 5.

the war since the lira has been devalued in the same proportion as the debt has increased. The fiscal rehabilitation of Italy, as of other nations, will depend upon the restoration of the productivity of its economy as the source of tax revenues, and upon the maintenance of political stability and public confidence as the prerequisite of non-inflationary government credit transactions. In recent months, the value of the lira in terms of gold and foreign exchange and in terms of domestic purchasing power has increased substantially: since the beginning of April 1945, the black market price of gold has decreased from about 10,000 lire to about 7,000 lire in Rome, and about 8,000 lire in Milan, and that of the dollar from 428 lire to 267 lire; the black market price of bread, flour, vegetables, fats, meat, sugar, and salt has dropped substantially, in some instances by more than one-third. These developments may be viewed as symptoms of growing confidence that fiscal rehabilitation can be attained.

(The lira is officially valued at 1 cent.)

Senate Amendments to Bretton Woods A.B.

The Bretton Woods Enabling Legislation as passed by both houses of Congress last week contains all the amendments to the bill proposed by the House Banking and Currency Committee[1/] and also three amendments proposed by the Senate Banking and Currency Committee. Two of the amendments introduced in the Senate are of little, if any, practical importance.

One of the changes is simply to omit the section in the bill as passed by the House which stated that the United States would communicate to the Fund the par value of the dollar as 15-5/21 grains of gold nine-tenths fine. This section was omitted not with any thought that the United States might wish to change the gold value of the dollar, but simply in deference to the silver Senators who disliked the inference that the value of the dollar is fixed only in terms of gold. Under the Fund Agreement, the par value of each country's currency is to be expressed in terms of gold or United States dollars of the weight and fineness on July 1, 1944, so the fact that this section of the bill has been omitted presumably will not affect even the way in which the par value of the dollar is communicated to the Fund.

The second minor change involves Section 13 of the final bill, which directs the United States representatives to propose certain interpretations of the Fund Agreement for general acceptance by the member nations. The Senate added the suggestion that the Fund Agreement should not be interpreted as authorizing the Fund to use its resources to provide facilities for armaments. There is no doubt whatever that foreign countries will agree to this interpretation of the

1/ For a discussion of two of the House amendments, see the Review of Foreign Developments, June 11, 1945.

Fund's authority. The interpretation that the Fund's resources are to be used only for current monetary stabilization operations to afford temporary assistance to members, by itself, logically rules out use of the Fund for relief, reconstruction, or armaments in any case. There remains, of course, the difficulty that any assistance given by the Fund to a country which is making any purchases abroad for relief, reconstruction, or armament purposes might be said to be an indirect use of the Fund's resources for such purposes.

The third change introduced in the Senate is the addition to the bill of a policy statement concerning the removal of obstacles to trade. First, there is the declaration that United States policy is to encourage further agreements among nations to reduce obstacles to trade and "otherwise facilitate" the expansion and balanced growth of international trade. Such a statement is a step in the right direction, but it probably does not imply that any specific reduction of United States tariffs, for example, is likely to be much easier than it has ever been. Second, there is a statement directing the National Advisory Council, established in the bill, and the United States representatives on the Fund and Bank to review carefully the progress which has been made in reaching agreement on the reduction of obstacles to trade when considering the foreign lending policies of the United States and of the Fund and Bank. This statement reflects Congressional interest in using our financial assistance as a bargaining weapon. There is certainly some justification for pressing foreign countries to relax trade restrictions as a condition of large United States loans. However, it would be unfortunate if this statement of policy should lead to refusal of loans to individual countries which are in such balance of payments difficulties that they cannot possibly eliminate trade barriers to any large extent without substantial financial assistance. In the case of dollar loans by the Export-Import Bank, or under the auspices of the World Bank, the United States retains either complete control or a veto power over the allocation of dollars to foreign countries. In the case of the Fund, the United States can influence decisions on supplying dollars or other currencies only through its rather substantial voting power and its general influence in the deliberations of the management.

Notes on World Gold Production

Mary Maroney

The world would appear to have far less need of new gold production in the post-war period than it had before the crisis of the 1930's. Since 1929, central gold reserves have grown from 10 billion dollars to 35 billion, and these reserves are likely to be supplemented soon by the 9 billion dollar resources of the International Monetary Fund. Furthermore, if the various international economic arrangements that are now being developed have a large measure of success, international transactions should prove to be better balanced in the years ahead than they were before these organizations were in existence. The need for gold to meet large international deficits will be less. In view of this situation, it seems probable that any future pressure from the gold interests to raise the price of gold will not meet a sympathetic reception. In fact, there is a possibility that ultimately international action to curb the steady flow of gold from the mines into monetary use may be taken.

Nothing seems more certain, however, than that producers are not currently measuring the future of gold in such pessimistic terms. Officially and unofficially, the mines are being given encouragement to get back into production. On June 7, Canada lifted restrictions on shaft sinking and other development. On July 1, the War Production Board permitted the resumption of gold mining in the United States. On June 9, the British Treasury announced an increase in its buying price for gold from the sterling area as a consequence of lower shipping costs incurred by the Treasury now that the European war is over. Most encouraging of all, perhaps, was the testimony of the Under Secretary of the Treasury, Dr. Harry White, on the Bretton Woods monetary proposals before the House Banking and Currency Committee. Mr. White laid great stress on the role of gold in alleviating any possible dollar shortage which the International Monetary Fund might experience as the result of strong foreign demand for United States goods. He referred in this connection not only to present foreign gold reserves but also to new gold production to an estimated amount of 9 billion dollars in the next six years. Thus, it would appear that the Treasury has considered the prospect of annual foreign gold production somewhat in excess of the 37 million fine ounces produced in the record mining year of 1940.

The industry needed no bolstering of its already strong confidence in the opportunities of the post-war period. It appraised Bretton Woods as an assurance of the reestablishment of the gold standard on a basis which would facilitate return to pre-war production and, even more importantly, would permit an extension of output through new discovery and development. The prospect of rising costs, as represented by present price and wage levels, has been a cloud on the horizon, but some operators have not been prepared to rule out the possibility of offsetting windfalls in the form of increased selling prices. For example, apropos the proposal made in the United States some months ago that the price of gold be raised as an alternative to a reduction in the reserve requirements for Federal Reserve Banks, the following comment appeared in a Johannesburg market report: "The denial by Mr. Morgenthau that the United States is contemplating an increase in the price of gold is meeting with interest here and it is remembered that similar denials in the past have usually been followed by price increases sooner or later."

The gold-mining industry is, of course, thoroughly speculative and thoroughly imbued with optimism. However, it seems reasonable to question whether its ability to ignore the technical factors in the outlook may not be due in some measure to the appearance of confusion which government policy on a world scale has presented during the war years. In the initial stages of the war, the maintenance of a large gold output throughout the British Empire seemed of paramount importance as a means of obtaining the necessary dollar exchange to finance war imports. By the end of 1940, however, the exhaustion of the United Kingdom's reserves and the increasing magnitude of the war supply program had demonstrated the futility of continued reliance on traditional methods of finance. Thereupon the industry ceased to receive **special** encouragement not only because other financing methods were adopted but also because the pressure on supplies and manpower warranted their diversion to the production of goods of strategic importance. Although agreement on positive restriction of gold output was long delayed, the entrance of the United States into the war was a decisive influence; equipment and supplies for gold-mining activity became increasingly scarce and by 1942 production had begun to decline generally. The statistical record of production in recent years is given in Table I.

Although production declined in all the principal producing countries, the character and extent of curtailment varied among them. The severest restriction was imposed by the United States in the War Production Order L-208 of October 8, 1942, which ordered the closing of all "non-essential" mines, i.e., gold mines, which were not primarily base metal producers, exceptions being made only for very small lode and placer properties. No new ore could be broken out and ore above ground could be worked only for a period of six months (provided, moreover, that the operation did not consume substantial amounts of critical materials and would employ only men who were ineligible for military service and not needed in strategic mining operations elsewhere). The details of 1943 and 1944 production show that with the exception of Utah, in which State 92 per cent of the production in 1943 was a by-product from base metal mines, all producing districts registered marked repercussions (Table II). The gain to the United States war effort seems to have consisted chiefly in the saving of supplies. The 1942 Report of the United States Bureau of Mines stated that "if the order (L-208) had come in 1941 over 250 lode mines and possibly 700 placer mines in the United States and Alaska, operations employing over 20,000 men, would have been affected. By October 1942, however, so many of these men had joined the armed forces or had gone into the numerous war industries that the number employed was very greatly reduced; of those remaining many for various reasons were unsuited to be transferred to other mining camps or were needed to maintain equipment or properties during the closing period."

The lifting of the ban on gold mining announced by the War Production Board for July 1 is not expected to result in an immediate increase in domestic output. Operators point out that "essential" mining still has priority as regards manpower and machinery. They indicate, however, that in spite of these handicaps the revocation of the order gives them an opportunity to prepare the mines and thus to speed resumption of full scale operations when young miners return from military service and older miners are released from their wartime jobs.

In Canada, which is normally a larger producer than the United States, the curtailment since 1941 has been about 45 per cent in production and about 50 per cent in employment. This is not by any means the equivalent of the United States curtailment but it is large considering the importance of the mines to the Northern Ontario districts where they are almost the sole activity. As is natural in a community which has long considered gold mining as a major producing and investment interest, Canada evidenced considerable reluctance to embark on a restrictive policy. The integration of United States and Canadian war controls throughout the whole field of production, however, made a reduction on both supply and labor accounts inevitable. The mines were assigned low priorities in manpower and materials. In addition, they lost a considerable force to the military services. Evidence of the severity of the labor shortage is to be found not only in the declining gold recovery from the quartz mines but also in that from the base metal mines, which have been unable to maintain their early wartime peaks of production, notwithstanding increasing demand for their product. (Table III)

The relaxation announced by the Ottawa government on June 7 is that of an order of June 1942 which forbade the opening of new mines and limited monthly tonnage of mines then open to the average milled in the first four months of 1941. The revocation of the order was accompanied by a warning that "mine labor is still subject to strict control by the National Selective Service and it may be many months before machinery becomes available." It is felt in some quarters that new properties will be the spearheads of the renewed activity. The search for strategic minerals during the war years uncovered some important gold strikes which have provided a foundation for a booming market in gold shares in recent years. The established mines, on the other hand, are seen as likely to hold back on the resumption of activity in anticipation of more favorable tax rates which will help to balance out higher operating costs. The industry has yet to regain its favored pre-war position in Dominion taxation but has some reason to expect a tax revision as soon as the government can see its way clear. The much rumored return of the Canadian dollar to parity as yet seems to have made no impression on the investment interest in gold mines. Such a change in the exchange rate would reduce the value of gold in Canadian funds from the current rate of 38.50 to 35 dollars an ounce.

Concerning Russian production, nothing has been available for many years except estimates of output made by individuals and institutions who have tried to follow the confused reports which have appeared in the Russian press. The estimates shown in Table I assume that the withdrawal of manpower and the lack of supplies during the war has been serious.

The occupation of the Philippines has taken something over a million ounces annually out of total world gold production since 1941; prospects are that the Commonwealth may place increased emphasis on gold production in the post-war period. A recent report from the Philippines is to the effect that leaders of the Government would like to see the economy changed so that more rice could be grown for domestic consumption and the simultaneous decline in sugar exports compensated for by an increase in gold exports. Since the equipment of the gold mines was destroyed by the Japanese, gold production will probably not be resumed immediately.

The South African industry, the world's largest gold producer, reported 1944 production at 12.3 million ounces. This is 14.7 per cent below 1941 production, the largest in the nation's history. It is interesting to note that the mines did not escape the general labor shortage even though they use natives ordinarily recruited into the mining compounds practically fresh from the kraals. Large numbers of these joined the Armed Forces as auxiliaries and others went into the war industries of the country. As a result, the Witwatersrand native labor complement at the end of 1944 was about 24 per cent, roughly 90,000 men, less than the peak figure of 367,000 reached in 1942. Shortage of supplies was also a great handicap. Notwithstanding an attempt to produce goods locally, the scarcity of imports has been keenly felt and according to one report "the shortage of steel has become as chronic as the shortage of manpower." Mining methods have had to be revised and advance development work shelved with the result that visible ore reserves in working mines have shown a considerable decline. In view of the difficulties faced, the production record testifies to the efficiency of operations.

Because the industry bulks so large in South African national life, and is such an important investment field, more detail is available on it than is available for the gold mining industry elsewhere. (Table IV) These data show that working costs to the end of 1944 on a per ounce basis have increased just about as much as the advance in the price of gold due to sterling depreciation. With wartime taxation very much higher, profits remaining for dividends have declined substantially from the pre-war level. Some low-grade mines in fact considered closing down. To continue them in operation, the Government rebated to them from the "gold realization fund"1/ a sum sufficient to meet the cost of a wage increase given native labor in 1944. The rebating arrangement ended

1/ Although the Bank of England pays the London price for gold delivered in Durban or Capetown, the Union Government retains "realization charges", roughly the equivalent of insurance and shipping charges to London in normal times.

with the British Treasury's recent announcement that it will increase the price paid for gold from the sterling area by 4 shillings 3 pence to 172 shillings 3 pence ($33.94 to $34.79) in recognition of lower shipping and insurance rates following the end of the European war. This will mean a new high price for the Union's output and the general position of the industry should consequently improve. The low-grade mines, however, claim that they will still not break even. The industry wants from the Union Government a revision of taxation which now takes about 70 per cent of working profits.

Two recent developments affecting the life of the mines may be mentioned. One is the study of ultra-deep mining--some of the large mines are now down past 8,000 feet and mining at 10,000 or more feet is being studied. This is a particularly interesting possibility because of the discovery of very promising ore indications at these levels on the West Rand. A commission appointed to study the problem has recently made what is considered a mildly encouraging report, recommending that the subject be pursued further with the establishment of a research institute for practical experimental work with new mining methods and suggesting also that the expense be charged off to operating costs (hence escaping taxation). Another development intimately connected with the first is the discovery of evidence of the extension of some of the Witwatersrand gold bearing reefs into the Orange Free State. This province has not previously been a gold producer but close drilling has now established the existence at variable levels of some of the Rand reefs. No difficulty has been experienced in attracting investment interest in the new field and as soon as the end of the war releases equipment, it is expected to be given a more thorough trial. The West Rand field has also been the subject of renewed interest since the discovery of exceedingly rich ore at the Blyvooruitzicht property which has been characterized by the local mining press as "one of the most remarkable mines ever discovered."

TABLE I.

WORLD GOLD PRODUCTION
(In millions of ounces)

	1940	1941	1942	1943	p/ 1944
Sterling Area	19.2	19.3	18.1	16.0	15.0
Union of South Africa	14.0	14.4	14.1	12.8	12.3
Western Australia	1.2	1.1	.8	.5	.5
Southern Rhodesia	.8	.8	.8	.7	.6
Gold Coast	.9	.9	.8	.6	.5
British India	.3	.3	.3	.3	.2
Other (estimate)1/	2.0	1.8	1.3	1.1	.9
Canada	5.3	5.3	4.8	3.7	2.9
United States	4.9	4.8	3.6	1.4	1.0
Latin America	3.0	2.9	2.7	2.4	2.4
Mexico	.9	.8	.8	.6	.7
Colombia	.6	.7	.6	.6	.6
Chile	.4	.3	.2	.2	.2
Nicaragua	.2	.2	.2	.2	.2
Other (estimate)	.9	.9	.9	.8	.7
Europe, excluding U.S.S.R. (estimate)	.6	.5	.5	.5	.5
Asia (excluding British India)	3.6	3.9	2.3	.8	.6
Philippine Islands	1.1	1.1	.2	--	--
Other (estimate)	2.5	2.8	2.1	.8	.6
All other	.5	.3	.3	.2	--
Total	37.1	37.0	32.3	25.2	22.4
U.S.S.R. (estimate)	4.8	4.3	3.8	3.3	2.8
Grand Total	41.9	41.3	36.1	28.3	25.2

p/ Preliminary.
1/ Includes Belgian Congo, which until October 1944 was a member of the sterling area.

TABLE II.

UNITED STATES GOLD PRODUCTION
(Thousands of ounces)

State or Territory	1941	1942	1943	1944
California	1,432	894	149	115
Alaska	696	503	110	51
South Dakota	612	535	114	11
Colorada	388	290	149	111
Nevada	378	300	141	116
Utah	373	391	382	354
Arizona	317	255	174	128
Montana	253	157	61	49
Idaho	151	99	30	22
Oregon	96	51	2	1
Washington	83	74	69	50
Other	53	34	13	14
Total	4,832	3,583	1,395	1,022

TABLE III.

CANADIAN GOLD PRODUCTION

	1940	1941	1942	1943	p/ 1944
Amount produced (thousands of ounces)					
From auriferous quartz and placer deposits	4,504	4,522	4,023	3,082	2,436
From base metal mines	563	572	595	569	449
From other	244	251	223		
Total	5,311	5,345	4,841	3,651	2,885
Average employment	32,245	33,348	26,501	1/ 18,843	16,738

p/ Preliminary.
1/ Firms employing 15 or more persons.

TABLE IV.

SOUTH AFRICAN GOLD MINING DATA

	1938	1939	1940	1941	1942	1943	1944
Average market price of gold per ounce in London (shillings)	142.6	154.3	168.0	168.0	168.0	168.0	1/ 168.0
Tons of ore milled (000 tons)	54,275	58,340	64,515	67,255	66,980	59,953	58,504
Grade per ton (dwt.)	4.320	4.234	4.196	4.127	4.053	4.097	4.039
Yield (000 ounces)	12,161	12,819	14,038	14,386	14,121	12,800	12,277
Working costs per ounce (shillings)	*	99.7	98.5	102.5	104.3	106.9	112.9
Government revenue from gold mining, fiscal year ended March 30 next following (000 Ł) 2/	12,930	17,018	26,741	27,329	27,703	23,686	18,500
Dividends (000 Ł)	17,262	19,903	21,061	19,401	17,48[illegible]	15,323	13,618
payable outside Union	60%	57%	53%	53%	3/ 46%	44%	*
Salaries and Wages (000 Ł) 4/	25,896	27,055	29,518	30,911	31,241	29,493	*
Average number of employees 4/							
Whites	33,655	35,686	35,667	35,178	34,026	31,954	*
Natives	292,345	297,532	328,773	344,770	333,087	284,182	*
Total	326,000	333,218	364,440	379,948	367,113	316,136	*

* Not available.

1/ Price for gold produced in sterling area raised to 172-1/4 shillings per ounce effective January 1, 1945.

2/ Includes Government share of profits made by the leased mines, normal income tax and a special contribution imposed on gold mines in 1940. The rate of this special contribution was raised from 9 to 11 per cent in 1940, to 16 per cent in 1941, to 20 per cent in 1942, and to 22-1/2 per cent in 1943.

3/ Rates for July-December.

4/ Large Witwatersrand mines. In 1944, the Witwatersrand group accounted for 97-1/2 per cent of the gold produced in the Union.

(The South African and United Kingdom pound are used interchangeably and for practical purposes there is little difference between the two rates. A convenient mid-point is 1 Ł equals 400 U.S. cents.)