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REVIEW OF FOREIGN DEVELOPMENTS

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Financial Developments in Greece

J. Herbert Furth

Despite continuing administrative inefficiency and increasing political unrest, the Greek economy registered some progress in 1946. After two years of crop failures, a good harvest improved the supply of domestic foodstuffs and of exportable produce (tobacco, currants, raisins, figs, and olives). Industrial activity reached 54 per cent of the 1939 average, with mining and metallurgical enterprises resuming operations and the textile industry raising its production from 50 per cent of pre-war in December 1945 to 76 per cent in November 1946. The purchase of American surplus vessels made possible the resurgence of the Greek merchant marine. The newly established Currency Commission[1] was able to check inflation for the first time in six years, with the note circulation, foreign exchange rates, domestic prices, and the government budget showing some symptoms of stabilization. Foreign trade, although still below its pre-war volume, began to develop, the commercial import surplus being approximately covered by the receipts from remittances.

On the other hand, the country remained dependent upon lavish foreign help, extended by UNRRA and the British Government. The task of repairing war damage and reorganizing the country's system of agriculture, industry, and transportation was scarcely begun. Greece was probably the only European

1/ See this Review, February 25, 1946, p. 1.

country outside the Soviet sphere of influence where main railroad lines remained unusable. The lack of public confidence in the country's political and economic stability was reflected in hoarding of commodities, an insatiable demand for gold, and a strong tendency toward capital flight. In order to eliminate the causes of these evils, measures will be needed that reach far beyond the field of economics and finance.

Currency and Banking

Bank note circulation rose between the end of December 1945 and the end of August 1946 from 104 to 496 billion drachmas, remained at approximately that level during the rest of the year, and rose to 542 billion drachmas at the end of January 1947. Since May, the Government has not increased substantially its indebtedness to the Bank of Greece, and such expansion of the note circulation as occurred after that date was due--according to the Bank statements--to the extension of credits to the private economy.

The gold sovereign continued to be regarded as the true standard of value of the economy, but its price in domestic currency remained stable at approximately 135,000 drachmas, or more than three times the cross-rate based upon the official price of gold in the United States (1 gold sovereign = $8.24) and the official exchange rate for the dollar. This stability, however, was maintained only because the Bank of Greece sold gold sovereigns freely to the public at the established rate. In consequence, the Bank lost around 2.1 million sovereigns in the course of the year. In January 1947, the Currency Commission compelled the Bank to stop these sales, with the result that the "free market" rate of the sovereign rose immediately to 145,000 drachmas. The sales thereupon were resumed, at a price of around 140,000 drachmas, leading to further gold losses of the Bank.

The foreign exchange value of the drachma, since January 1946 when it was reduced to one-tenth of its previous level, has remained pegged at the rate of $1 = 5,000 drachmas. Black-market prices of the dollar rose from around 5,500 to 8,200 drachmas in February 1947. Although this premium is moderate according to Eastern European standards, it interferes with the exchange policy of the Government since it induces Greek residents in the United States to avoid official channels in sending remittances to the country and thus to place substantial sums beyond the reach of exchange control.

The domestic price level increased only around 9 per cent between the end of December 1945 and of November 1946, reaching around 12,750 per cent of October 1940. In terms of dollars, the price level was around 320 per cent of pre-war on the basis of the official rate and around 200 per cent of pre-war on the basis of the black-market quotation of the dollar. Wages reportedly rose more rapidly than prices during 1946 but were still at only around 70 per cent of pre-war in terms of purchasing power.

The balance sheet figures of the Bank of Greece for the end of 1945 are not comparable with those of later dates on account of the readjustment of the drachma value in January 1946. In terms of dollars, the balance sheet total of December 31, 1945, was around 23 per cent smaller than that of May 1946, when the Bank resumed the publication of its semi-monthly statements.

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During the remainder of the year, the total did not change substantially. On the assets side, gold and foreign exchange holdings declined while advances to the private economy increased. On the liabilities side, by far the largest item is that of "other" liabilities, representing around 65 per cent of the balance sheet total and including mainly the "profits" from the successive revaluation of the Bank's gold and foreign exchange holdings. Table 1 shows a summary of the Bank's statements for December 31, 1945, and May 31 and December 15, 1946.

Table 1
Summary of Bank of Greece Statements of Dec. 31, 1945, May 31, 1946, and Dec. 15, 1946
(In billions of drachmas)

	Dec. 31, 1945	May 31, 1946	Dec. 15, 1946
Assets			
Gold and foreign exchange (net)	119	1,126	838
Advances to Government	85	513	559
Other advances	29	215	609
Other assets	11	37	64
Total	244	1,891	2,070
Liabilities			
Note circulation	104	389	496
Government deposits	23	136	64
Other deposits	10	40	136
Other liabilities	106	1,325	1,373
Capital and reserves	1	1	1
Total	244	1,891	2,070

Deposits with the six leading commercial banks and the Postal Savings Fund reached 114 billion drachmas in October 1946. This figure was less than non-Government deposits with the Bank of Greece and less than one-fourth of the note circulation. At the end of 1938, the deposits with the six leading commercial banks and the Postal Savings Fund (around 21 billion pre-war drachmas, in terms of dollars equal to around 840 billion drachmas of 1947) were around seven times as large as non-Government deposits with the Bank of Greece and almost three times as large as the note circulation. This relation indicates the catastrophic influence of war and post-war inflation on commercial and savings banking.

Public Finance

The budget for the fiscal year 1946-47 ending March 31, 1947, provides for revenues of 1,401 million drachmas and expenditures of 1,577 million, leaving a deficit of only 176 million. Among the revenues, 460 million were to be derived from the sale of imported relief goods, but the same amount is listed among the expenditures as "costs connected with imports", i.e., costs of distributing UNRRA shipments and perhaps of subsidizing additional imports. Only 100 million is earmarked for reconstruction expenditures.

According to a Government announcement, the first six months of the fiscal year witnessed revenues of 606 million drachmas and expenditures of 796 million, making for a deficit of 190 million. No further breakdown was published. If these figures are correct, they would indicate a tremendous improvement over previous years when revenues covered only a small fraction of total outlay and the Government had to depend upon borrowing for the bulk of its expenditures.

Actually, however, the significance of these figures is somewhat questionable. It is true that the Currency Commission has prevented the Government from borrowing from the Central Bank, and since the Government probably has no other sources of loans, it was forced to adjust its outlay to its revenues. A large part of these revenues, however, was represented by non-recurring items. In view of the high domestic price level, the Government probably has been able to sell its relief imports at the equivalent of their full dollar value, which for six months would yield around 315 billion drachmas. The profits from the sale of gold sovereigns at three times their parity rate during that period accounted for an additional 45 billion. These two items alone represent almost 60 per cent of total income, leaving only 246 billion of recurring receipts. On the other hand, the outlay figure presumably excludes military expenditures financed by foreign grants and credits. The exact amount of these expenditures is not known, but they probably were not smaller than the official estimate of the British Military Mission for 1947 (400 billion drachmas per year).1/ Total expenditures in the first half of the fiscal year thus probably were around one billion drachmas, of which no more than one-fourth may be assumed to be non-recurring "cost connected with imports". The amount of recurring revenue thus is unlikely to cover much more than one-third of recurring expenditures. While this estimate obviously is extremely vague, it tends to show that the available fragmentary information does not warrant optimistic views of the Greek budget situation.

International Finance

In 1946, Greece received substantial relief shipments, collected revenues from exports, remittances, shipping, investments, and British military expenditures, and utilized foreign credits. Greece received UNRRA shipments of 126 million dollars and private relief shipments estimated at 7 million dollars. Exports are estimated at 36 million dollars on the basis of the import statistics of the United States, the United Kingdom, and Egypt, which were the country's main customers. Remittances reached around 42 million dollars, estimated on the basis of actual figures for the first eleven months, the amount being about equally divided between dollars and sterling. Shipping receipts were estimated by UNRRA at 6 million dollars. Revenue from foreign investment, which yielded 7 million dollars in 1939, was estimated at more than 1 million dollars for 1945, and probably was not less than 2 million dollars in 1946. Claims for British military expenditures--which the Bank of Greece includes in its foreign exchange holdings--accrued at a monthly average rate of 3 billion drachmas (0.6 million dollars) during the last eight months of the year; if that rate is applied to the whole year, the total would be the equivalent of around 7 million dollars. The sum of all current receipts thus is estimated at 93 million dollars.

1/ See UNRRA, "Foreign Trade in Greece" (Operational Paper No. 14), December 1946, p. 35.

In addition, Greece received during the year a British stabilization credit of 10 million pounds sterling, which, however, figures on both sides of the balance sheet of the Bank of Greece and therefore is not to be considered as a receipt, and the following credits from the United States: Export-Import Bank 25 million dollars, of which around 3 million dollars were utilized during the year; Foreign Liquidation Commissioner (army surplus) 45 million dollars, of which reportedly around 20 million dollars was utilized during the year; and Maritime Commission 45 million dollars, of which around 9 million dollars was utilized during the year.1/ The sum of all credits utilized during the year amounted to 32 million dollars; total receipts of foreign exchange (revenues plus utilized credits) thus reached 125 million dollars.

Imports (other than relief and Government shipments) amounted according to Greek statistics to the equivalent of 45 million dollars during the first nine months of the year. If they continued during the last quarter at the average rate of the third quarter, the total would be around 75 million dollars. In view of the shortcomings of Greek statistics, an UNRRA estimate of 80 million dollars may be regarded as more reliable. Government expenditures abroad (including non-trade items, but presumably excluding ships and armaments) were estimated by UNRRA at 8 million dollars. The utilized part of the Maritime Commission credit (9 million dollars) was spent for the purchase of surplus vessels. The utilized part of the Foreign Liquidation Commissioner's credit and the equivalent of the British military expenditures, totaling 27 million dollars, presumably were used for purchasing armaments. Total payments thus amounted to an estimated 124 million dollars.

One may assume that these estimates are not unduly hazardous. They are, however, obviously incomplete. A comparison of total payments (124 million dollars) with total receipts (125 million dollars) would suggest that there was no perceptible change in Greek net holdings of gold and foreign exchange. This conclusion, however, is at variance with the report of the Bank of Greece on changes in its holdings. According to the Bank's published statements, its net holdings of gold and foreign exchange diminished between the end of 1945 and December 15, 1946, by around 71 million dollars. Around 19 million dollars of that decrease resulted from the sale of gold sovereigns to the Greek public. The residual of more than 50 million dollars thus remains unexplained. Part of that sum may have been spent for additional armaments; the bulk, however, probably represents flight of capital.

On this basis, a tentative estimate of the Greek balance of payments in 1946 is shown in Table 2 on the following page. The figures shown for armament purchases and capital flight are meant only to indicate roughly the possible magnitude of the amounts in question. Greece probably received additional armaments out of the lend-lease commitments outstanding at the end of the war as well as from the British forces.2/

1/ The Federal Reserve Bank of New York granted the Bank of Greece a 10 million dollar loan against gold. The utilization of this loan, however, is shown below in the diminution of the Bank's net holdings of gold and foreign exchange.

2/ See New York Times, March 21, 1947, p. 10.

Table 2
Tentative Estimate of Greek Balance of Payments, 1946
(In millions of dollars)

Receipts		Payments			
UNRRA	126	Imports: UNRRA	126		
Private relief	7	Private relief	7		
Exports	36	Commercial	80	213	
Remittances	42	Services		8	
Shipping	6	Ship purchases		9	
Dividends and interest	2	Armaments		30	
British military expenditures	7	Capital flight		50	
Utilized credits	32				
Decline in foreign ~~advances~~ exchanges	52				
	310				310

The present foreign exchange situation of the Bank of Greece appears to be even less satisfactory than its published statements would indicate. The Bank of Greece notified the International Monetary Fund as early as October 31, 1946, that its gold and foreign exchange resources were reduced to 107 million dollars.1/ The difference between that amount and the sum of 167 million dollars reported as net holdings in the Bank's published statements may be explained by assuming that around 60 million dollars were committed for future imports. The balance of 107 million dollars consists largely of sterling (the bulk of it presumably resulting from claims for British military expenditures), which were "frozen" in the Currency Stabilization account kept with the Bank of England. Freely available resources of gold and foreign exchange thus have reached a very low level.

1/ See United Nations Economic and Social Council, "Needs of the Devastated Countries" (Interim Report, L/288), February 26, 1947, p. 57.

Foreign Trade Controls in Mexico

Harry Gillis

The foreign trade policy of Mexico traditionally has been one of minimum trade restrictions. In accordance with this policy, tariffs were applied for purposes of revenue only. Beginning with the late 'thirties, however, tariffs gradually assumed a secondary function as an instrument of foreign trade control through a series of tariff adjustments. At the same time, trade control was made even more effective by the adoption of a system of direct restrictions.

The war years, and even the post-war years, have seen a growth in both the extent and degree of these control measures. Although there have been transitory periods of partial relaxation or suspension of the controls, the over-all picture is one of increased restriction, for both exports and imports, through the measures described below.

Export Tariffs

The present export tariff system has been in effect since September 1, 1939. It provides specific rates of duty ("impuestos") on approximately 225 commodities out of more than 1,200 items listed in the export schedule. These duties may be changed by Congress or by Executive decree. In addition to the foregoing, an "aforo" export tax is levied on all commodities unless specifically exempted. The "aforo" is a uniform tax of 12 per cent, applied to official valuations which are reviewed monthly by an interdepartmental Committee on Appraisals and Subsidies to Foreign Commerce. This committee has authority to alter the valuations.

The control of exports by means of the tariff structure has been effected by modification of the specific rates of duty (i.e., the "impuestos") and by revisions of the "aforo" valuations. Both methods were clearly employed for this purpose after February 1944. At this time, duties and taxes were increased, especially on articles of prime necessity, in order to conserve domestic supplies and to prevent undue increases in price. Further control has been afforded by a system whereby the Government grants rebates or exemptions on the payment of export levies, provided the exporters or producers fulfill certain conditions.

Export Permits

In addition, there is a direct control of exports by means of official permits. Even before the war, Mexico resorted to occasional and temporary restrictions of various industrial materials and consumer goods of prime necessity (e.g., staple foodstuffs). However, the first extensive list of exports subject to prior authorization was published in December 1941, and frequent additions have since been made. These permits are obtained from the Ministry of Finance or, when the commodities are subject to international treaty, from the Ministry of National Economy.

Import Tariffs

The present import tariff structure, in effect since 1930, is of the single-column, specific-duty type. As mentioned previously, the outstanding purpose of the import duties has been, and still is, to provide revenue. During the 'thirties, however, they began to be used as an instrument for the protection of specific economic groups (e.g., agriculture and newly established industries). A protectionist upward revision of customs duties was drafted in 1943 but was never put into effect because of international war-time shortages and fear of possible retaliation. In December 1944, however, substantially increased duties were applied to imports of specified industrial materials (e.g., iron and steel manufactures, chemical products, etc.). Since then, in order to stimulate industries the development of which Mexico wishes to encourage, duties have been raised on some commodities to protect the domestic product from foreign competition, and have been lowered on others to facilitate the importation of needed raw materials.

Import Permits

Direct control of imports did not appear in Mexico until 1937. During that year, the Ministry of National Economy was authorized to regulate by prior permit the entry into Mexico of silk and rayon products in order to stabilize

the domestic industry. In addition, in June 1937, producers of commodities deemed by the Ministry of National Economy "to be of fundamental importance" were authorized to organize associations which would have the power to control imports in order to protect the domestic price structure. To date, however, these powers apparently have not been exercised.

On May 12, 1944, the Ministry of Finance was authorized to prohibit or regulate, through an Imports Coordination Committee, the importation of any or all commodities. However, the continued shortages rendered the Committee inoperative, and it was abolished on August 7, 1945, at which time its few permit-issuing functions were transferred to the Department of Foreign Trade of the Ministry of Finance. Nevertheless, this Committee in many respects served as a precedent for the control system described below.

Organization of Foreign Trade Control Commission

The President of Mexico, on July 2, 1946, formed a National Economic Council composed of four separate commissions: (1) General, (2) Industry, (3) Agriculture, and (4) Transportation and Commerce. The National Economic Council, by an edict of July 29, 1946, created within this last commission a sub-group entitled the Foreign Trade Control Commission.

The policy of the Control Commission is determined by the Department of Foreign Trade of the Ministry of Finance and is administered directly by the Minister of Finance, who acts as presiding officer. The Commission, in turn, has specific commodity committees of five persons each, the members of which include representatives of the Ministries of Finance, of Agriculture and Development, and of National Economy, the National Chamber of Manufacturing Industries, the National Confederation of the Chambers of Commerce, workers' organizations, and banking and mining interests. The Ministry of Finance must have a representative who shall act as chairman on each commodity committee, but it is not intended that all of the other organizations should be so represented.

Objectives of the Commission

The Council's edict creating the Control Commission listed the general objectives of the Commission as follows: (1) the economic improvement of the different social classes of the population, (2) the integration of the Mexican economy with the economies of other countries when reciprocal benefit is implied, (3) the development of national productivity with consideration of the interests of consumers, producers, and other groups concerned, and (4) the protection of the foreign trade balance by restricting luxury imports whenever necessary. The Control Commission as it is organized furnishes a more adequate system of controlling both the quantity and quality of exports and imports. This system represents an endeavor of the Mexican Government to meet a two-fold situation in which large imports of non-essential items were placing a drain upon international reserves and in which goods needed at home for consumption or for industrial development were being exported.

Method of Committee Control

As of September 11, 1946, there were only five export commodity committees: (1) beer, (2) chewing gum, (3) cotton textiles, (4) cotton fiber, and (5) medicinals; and there were but two import commodity committees:

(1) hides, and (2) iron and steel. Additional import committees, however, were being planned for chemicals, fats and oils, and wheat.

The respective commodity committees are empowered: (1) to recommend quotas for export products, (2) to distribute said quotas among exporters, (3) to allot the import quotas fixed by the Mexican control authorities as well as to distribute the export quotas which other countries may assign to Mexico, and (4) to issue export and import permits to the applicant persons or firms. In any case, final approval and action rests with the Department of Foreign Trade of the Ministry of Finance. Individual traders of commodities for which a committee has been established must apply to the appropriate committee for export or import permits. For all other goods which require export or import permits, applications must be addressed, as in the past, to the Department of Foreign Trade. Slight service fees for approved permits are levied in the case of some commodities.

Concluding Comments

The organization of the Foreign Trade Control Commission makes possible an extremely elastic control policy. Through simple administrative procedure, the volume of any or all exports and imports may be altered or even completely prohibited. Furthermore these administrative changes may be made effective in a matter of days and with no notice other than publication in the Diario Oficial.

It may be interesting to note that the Minister of Finance as presiding officer, with a personally delegated representative acting as chairman of each commodity committee, is able to exert a tremendous influence on both the policy and the commodity level. Any action or procedure contrary to the will of the Minister is repeatedly subject to direct or indirect veto.

At the present time, with international demand far outstripping supply, there has been an increase in the number of items subject to export permit. There are also many items subject to import permits, but temporary exemptions have repeatedly been granted for the majority of these commodities. As of February 1947, only 84 items were actually subject to import restriction (e.g., wool, mutton, certain semi-manufactured metal products and specific types of cotton goods).

In conclusion, it may be stated that the most publicized purposes of the Commission are not reflected in the actual functioning of the commodity committees. The import committees, supposedly created primarily to restrict the volume of non-essential imports, actually appear to have as their main purpose the protection of domestic industries; while the committees which are supposed to prevent the export of critical items actually appear to be more interested in stimulating the exportation of certain non-critical products of industries which Mexico is trying to develop.

Causes and Consequences of Swedish Import Restrictions — Robert W. Bean

On March 15, Sweden joined the ranks of countries which found it necessary to bring order into their balances of payments by restricting imports. This action probably leaves Portugal the distinction of being the only country in Europe which does not limit its imports by direct quantitative control. Indeed, the practice is now so common that it may come as a surprise to some that Sweden has exercised no such control in the past. Why, if she succeeded so long in avoiding import restrictions, should they be necessary now? What will be the consequences for the rest of Europe, which needs Swedish exchange, and for United States exports?

The immediate causes of the new action are evident enough in Sweden's trade and foreign exchange figures. From a peak of 769 million dollars at the end of July 1946, the Riksbank's holdings of gold and foreign exchange fell to 510 million at the end of January 1947, a decline of more than one-third during a period of six months. The Riksbank was immediately confronted with a problem with respect to cover for its note issue. By December 14, 1946, the right of note issue exceeded the note circulation by only 19 million dollars, compared with an increase of 23 million dollars in note circulation during the preceding week. The Bank escaped from this situation by exchanging certain assets due from the Government for other types of Government debt which were legally eligible as secondary note cover, thereby restoring the unexercised right of note issue to 102 million dollars. By the end of January 1947, this figure had dwindled again to 46 million, despite a decline in the note circulation. This internal problem of finding ways to meet the Riksbank's legal reserve requirement was far less important, however, than the problem of commanding sufficient gold and foreign exchange resources to make necessary international payments. It was clear that the rate at which these resources had recently been consumed could be sustained only a few months.

Table I
Sweden: Import Surplus and International Reserves
(In millions of dollars)

	Import surplus	Riksbank's net gold and foreign exchange holdings	
		End of month	Net change
1946			
February	6	664	-7
March	14	670	+6
April	21	717	+47
May	15	718	+1
June	15	734	+16
July	16	769	+35
	87		+98
August	27	758	-11
September	17	744	-14
October	24	710	-34
November	35	660	-50
December	26	561	-99
1947			
January	41	510	-51
	170		-259

Why has the Swedish balance of payments developed so unfavorably? It is apparent from the figures that the turning point came in July or August, i.e., immediately following revaluation of the krona on July 13. Is it correct to suppose that the subsequent loss of 259 million dollars in gold and foreign exchange resulted largely from the effect of revaluation on Sweden's balance of trade and other current transactions? This was very evidently not the case. In the six months ending July 31, Sweden had an import surplus of 87 million dollars and simultaneously added 98 million dollars to the Riksbank's net holdings of gold and foreign exchange. In the half-year following, an import surplus of only about double this magnitude coincided with the loss of 259 million dollars in gold and foreign exchange. A substantial portion of the loss, then, represented capital movements. A large inflow of capital took place during the months leading up to revaluation, inspired by rumors that such action was being considered, and did itself hasten the revaluation. This same speculative capital left Sweden after the revaluation was accomplished. If we abstract from this speculative movement by measuring the change during the entire twelve-month period ending January 31, 1947, the net loss amounted to 161 million dollars, rather than 259 million. As we might expect (because the earnings from her merchant fleet and foreign investments normally enable Sweden to afford an import surplus), the net loss of 161 million for the twelve-month period was less than the amount of the import surplus, 257 million dollars.

This smaller figure might not be so alarming were it not for the fact that the loss in international reserves occurred at an increasing rate month-by-month through the end of 1946, and the import surplus tended also to increase month-by-month. Can any substantial part of the loss of 99 million dollars in gold and foreign exchange during December be attributed to a withdrawal of speculative capital left in Sweden since before the revaluation? More likely, new speculative movements were afoot, started by rumors that the revaluation was to be reversed. Many of these transfers undoubtedly took the form of advance purchase of import exchange or withholding of export exchange from the Riksbank. Exchange control, aimed at curbing speculative transfers, might reasonably have been introduced as one means of protecting the Riksbank's reserves. In addition to the new speculative movement, however, it would appear that the current import surplus had become greater than could be supported by income from shipping and other sources (average monthly shipping revenues during 1946 probably did not exceed 5 million dollars).

The amount of the "excessive" import surplus, i.e., the amount not normally covered by income from shipping and investments, cannot easily be determined. Making a generous allowance of 5 million dollars monthly for income from investments and tourists, in addition to the 5 million from shipping, a monthly import surplus of 10 million dollars currently could be sustained without depletion of the country's international reserves (disregarding the effects of capital movements). On the basis of this assumption, what we may call "excessive" imports during the twelve months ending January 31, 1947, amounted to about 135 million dollars or 15 per cent of total imports during this period. For January 1947, "excessive" imports were at an annual rate of 370 million dollars, representing almost one-third of total imports. A severe cut in imports is called for, then, even assuming that the capital outflow will be curtailed, unless exports can be increased to close the gap.1/

1/ The situation will be aggravated by the fact that Sweden has obligated herself to pay over to the Allies 77 million dollars against German assets in Sweden.

It appears quite unlikely that revaluation brought on these excessive imports, or that a retreat along the same path would be the proper solution. United States prices, and probably world prices of most commodities as well, have increased since last July by more than the amount of the Swedish revaluation. It is probable that had revaluation not occurred, the still greater rise in krona prices of foreign goods would have reduced imports both by discouraging buyers and by operation of the Swedish price control system, which did keep out imports of goods that would have to sell at prices above the Swedish ceilings. The effect of revaluation thus was to reduce the braking effect of the rise in world prices on the volume of Sweden's imports. But there is little reason to believe that revaluation caused the volume of imports to rise above their pre-revaluation level. Nor can it be said that revaluation contributed to the growth of the import surplus by discouraging exports, for the volume and value of Sweden's exports were increased during the second half of 1946 over the preceding six months. Rather, the growth of the import surplus appears to be traceable chiefly to the greater availability of certain goods for import. To a considerable extent, these have been non-essential consumer goods. Devaluation of the krona, together with rigid enforcement of price control, might now have the effect of reducing imports, but there appear to be good grounds for applying a selective, rather than a blanket, reduction.

Table II
Value and Volume of Sweden's Foreign Trade in 1946

	Value (In millions of dollars)		Volume Index (January 1946 = 100)	
	Imports	Exports	Imports	Exports
January	52	47	100	100
February	45	39	86	82
March	54	40	103	83
April	64	43	124	89
May	71	56	139	116
June	67	53	131	107
July	78	62	139	115
August	81	54	134	95
September	82	65	136	116
October	91	66	148	118
November	96	61	156	108
December	92	66	150	117

The Swedish Government claims that during the first nine months of 1946, imports of non-essential consumer goods represented 21 per cent of total imports, compared with a ratio of only 14 per cent in 1938. Both the value and volume of such imports are stated to have increased in absolute figures over 1938. It is further stated that imports of luxury goods continued to increase considerably during the months following September last. On the other hand, imports of coal and needed raw materials continue to be insufficient. It has therefore been decided to restrict very severely imports of such things as tobacco, coffee, wines and spirits, furs and fine textiles, and automobiles. Rationing of coffee, tea, and cocoa--discontinued at the end of the war--will be reinstated. In addition, an effort will be made to increase the value of exports, partly by enlarging the volume, and very possibly also by raising the price of exported woodpulp. According to press reports, it is hoped that these

measures will result in restricting total imports during 1947 to some 790 million dollars (compared with 873 million in 1946), and in increasing exports from 655 million dollars in 1946 to at least 710 million this year.

How important for the rest of the world will this reduction in Sweden's imports be? A total cut of some 85 million dollars in the Swedish market does not, by itself, appear particularly alarming, but it comes at a time when a number of other countries which have followed liberal import policies are having to retrench. Belgium, which last summer greatly expanded the list of import commodities not requiring license, has now found it necessary to restore many items to the list, and it is anticipated that Belgian imports in 1947 will be held to a level somewhat below that of 1946. Denmark likewise has had to strengthen import restrictions, and the 1947 program calls for total imports of 145 million dollars less than in 1946.

The cut will be concentrated on particular commodities and thereby on particular countries. Thus, of Sweden's total automobile imports in October 1946, amounting to 3.8 million dollars, 2.1 million dollars worth came from the United States (representing possibly 6 per cent of this country's automobile exports in that month). Fruit imports in October totaled 3.9 million dollars, of which 1 million came from the United States (perhaps 12 per cent of our fruit exports). Sweden's imports of coffee, tea, and cocoa in the same month were valued at 2.1 million dollars, of which 1.4 million came from Brazil. Practically all of Sweden's tobacco imports, totaling nearly 1 million dollars in October, came from the United States (and represented perhaps 3 per cent of our tobacco exports). Thus, the Western Hemisphere will experience a heavy share in the reduction.

European countries may be protected to some extent by their bilateral trade agreements with Sweden, providing for the exchange of certain categories of goods. A number of countries depend fairly heavily on their exports of non-essential consumer goods to help balance their trade with Sweden. Denmark, for example, in October 1946 sold goods to Sweden valued at 3.4 million dollars, of which 0.6 million (18 per cent) represented automobiles and fruit. The boom in their exports to Sweden may temporarily be over, and the prospective decline may add considerably in a few cases to the balance-of-payments difficulties of these countries.

It is evident that the need for the new restrictions may continue for some time. Although it can scarcely be said that the Swedish-Russian trade and credit agreement was responsible for the need to curb luxury imports, it does appear likely as a consequence of the agreement that Sweden will have difficulty increasing her exports to the West sufficiently to permit an early removal of import restrictions. The only other remedy would be a reduction in purchasing power held by the Swedish public, thereby encouraging the free market voluntarily to reject luxury imports, but this development appears unlikely in the present circumstances and would in any case offer little solace to exporters of luxury goods in other countries.

Chinese Exports in 1946 — A. B. Hersey and J. B. Churchill

The abnormally small volume of China's export trade since V-J day has been an important factor in the decline of Chinese foreign exchange resources.1/ The Chinese Government, while trying to redress the balance of payments through measures to control imports, also has attempted to offset the inflation of prices in China and bring export prices within the reach of foreign markets by making successive adjustments of the foreign exchange value of the currency. In early February there was an abortive attempt to institute a dual exchange rate system--with a lower valuation of the Chinese currency for exports than for imports.2/ This scheme was abandoned and the standard exchange rate was changed on February 16 from CN$3,350 per US$1 to CN$12,000 per US$1. Such a change had been overdue for some time: the rise in domestic prices before the establishment of the new rate made it impossible for the new rate really to stimulate exports. Basic conditions of production, transportation, and marketing within China are such that one cannot look for significant improvement in Chinese exports in the near future.

The published statistics of Chinese exports in 1946 are inadequate either as background against which to evaluate future prospects or as data to use in analyzing China's balance of payments. (There are also problems in interpreting the statistics of imports; these will not be discussed here.) It has ordinarily been assumed, on the basis of the Chinese statistics, that total exports in 1946 had a value of something less than 150 million United States dollars and that exports in the first half of the year were very small. The monthly average of exports in this period was apparently only 5.5 million dollars as compared with about 18 million dollars a month in the second half. The conclusion to be drawn from the published statistics is that a very marked, though inexplicable, improvement occurred about the middle of the year.

It would probably be closer to the truth to estimate that total exports in 1946 were worth 225-250 million dollars. The most significant recovery was that which occurred between VJ-day and March or April; subsequently there may have been a slight falling off, but revaluation of the Chinese currency in August3/ gave a boost to exports in August and September. The basis for these tentative estimates is briefly described below.

The record for 1946, even when modified in this manner, was disappointing in comparison with the last pre-war year, 1936, when exports from China--excluding Manchuria and Formosa, areas that were not covered either in the 1936 or the 1946 statistics--were valued at about 240 million United States dollars.4/ At that time prices were much lower. Last year's exports of between

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1/ See this Review for January 28, 1947.
2/ See this Review for February 11, 1947.
3/ See this Review for February 11, 1947.
4/ Including an estimate of about 30 million dollars for unrecorded trade, smuggling and undervaluation. See F. M. Tamagna, Banking and Finance in China, p. 364.

225 and 250 million dollars would have been worth only about 75 million dollars at 1936 prices, or less than one-third of the 1936 amount.1/

The reasons for the particularly inaccurate reporting of exports in the first half of 1946 are obscure. Publication of the Monthly Returns of Foreign Trade began again only with the July issue and no breakdowns are available for the first six months except on a cumulated basis. Delays presumably occurred in reestablishing an efficient reporting mechanism. Underreporting was apparently much less serious for the second half of the year, although there was doubtless some smuggling of exports as well as of imports. Recorded shipments were in many cases undervalued by exporters in order to avoid turning over the full proceeds in foreign exchange to the Central Bank of China.

The estimate of an export value of 225-250 million United States dollars is of course subject to revision. This estimate is based on a preliminary study of the published data classified by commodities and destinations, and particularly on comparisons of recorded Chinese exports to the United States with reported imports into the United States originating in China.2/ Such comparisons have been made both for quantity and value--using various assumptions as to the appropriate time-lag--for the three most important commodities in Chinese-American trade last year, bristles, tung oil, and raw silk. For other exports to the United States the comparison was made more roughly, using aggregate values and a variable time-lag of three to four months. Estimates for exports to other countries as shown in the table on the following page are little better than guesses, but these guesses may give a somewhat closer approximation to the actual facts than do the published statistics.

1/ A study of leading export items for which quantity data are available, as recorded for the first ten months of 1936 and 1946, shows widely varying price increases having a median and weighted mean of about 2200:1 (with an interquartile range of 1700 to 3300:1). The average exchange rate for ten months of 1946, weighted by the value of the trade recorded for each month, was about CN$2,600 to US$1, as compared with CN$3.35 to US$1 in 1936. The exchange depreciation was thus 780-fold, and the recorded price increase in terms of United States dollars was therefore 2200 ÷ 780 = 2.8. On the assumption that a correction for undervaluation (as distinct from underreporting) would call for adjustments of about 15 per cent for 1946 and 5 per cent for 1936, the ratio of price increase is adjusted from 2.8 to 3.1.

The resulting estimate of US$75 million for the value of 1946 exports at 1936 prices is 31 per cent of the value of exports in 1936. Study of leading export items shows quantity decreases that varied widely from item to item; when 1946 exports are revalued at 1936 Chinese prices (item by item for leading exports for which quantity data are available, and overall at 1/2200 for the rest) the aggregate "quantum" for the first ten months appears to have been only about 22 per cent of the reported exports in the first ten months of 1936. The difference between this result and the estimate of 31 per cent for the year as a whole is explained chiefly by the more serious underreporting of exports in 1946 than in 1936.

2/ Attention is given to the recorded exports to Hongkong of tung oil, much of which was transshipped to the United States.

Exports from China in January-November 1946
(In millions of U.S. dollars)

	As Derived from the Monthly Returns[a]			As Estimated		
	6 Months Jan.-June	3 Months July-Sept.	2 Months Oct.-Nov.	6 Months Jan.-June	3 Months July-Sept.	2 Months Oct.-Nov.
Bristles to U.S.	3.8	7.5	4.4	10.5	10.7	6.3
Tung oil to U.S. and Hong Kong	1.1	5.5	4.9	4.6	7.3	7.0
Raw silk to U.S.	3.7	2.7	-	4.8	1.6 [b]	-
Other to U.S.	6.1	12.6	3.9	34.0	16.0	8.0
Other to Hong Kong[c]	12.4	8.9	9.9	36.0	39.0	29.0
Other countries	5.8	21.5	10.9			
	32.9	58.8	34.0	90.0	75.0	50.0
Monthly averages	(5.5)	(19.6)	(17.0)	(15.0)	(25.0)	(25.0)
Total for 11 months			125.7			215.0

a/ Values in Chinese currency converted to United States dollars at 2000:1 for Jan.-June and at the actual official exchange rates for subsequent months.
b/ Some of the silk exports recorded for July were actually exported in June.
c/ The estimates, unlike the published figures, are intended to exclude goods reexported from Hong Kong to the United States.

Notes on Industry and Agriculture in Russia in 1946

Alexander Gerschenkron

The report of the Russian Planning Authority (Gosplan) on the economic results for 1946 is a masterpiece of evasiveness. It is exasperatingly incomplete and inexplicit, and conceals more than it discloses. Most of the figures given are expressed in percentages either of the unrevealed level of activity of the preceding year or of the unannounced plan targets for 1946. On the other hand, the Five-Year Plan which was published a year ago confined itself generally to comparisons of 1940 data with the goals scheduled for 1950. The conclusions that may be gleaned from the report are therefore both few and uncertain.

The degree to which the 1946 industrial production is said to have been underfulfilled or overfulfilled may be seen from the following table:

Fulfillment of the 1946 Plan
Percentage Lag or Excess Reported by the
Ministries for Individual Industries

	Lag			Excess	
	10-	5-10	0-5	0-5	5-10
Ferrous metals			.5		
Non-ferrous metals			1.0		
Coal (West)				5.0	
Coal (East)			3.0		
Oil (South and West)				3.0	
Oil (East)				5.0	
Electrical power			.3		
Chemical industry				5.0	
Electrical industry				6.0	
Means of communication				3.0	
Heavy machinery				5.0	
Automobiles		8.0			
Machine tools			2.0		
Agricultural machinery	23.0				
Transportation machinery	19.0				
Machinery and apparatus			2.0		
Building materials				5.0	
Timber			2.0		
Cellulose and paper					10.0
Rubber			4.0		
Textiles				3.0	
Light industry			.4		
Milk and meat					10.0
Food industry			2.0		
Beverages and tobacco				2.0	
Fisheries (West)				.6	
Fisheries (East)	15.0				
Local fuel				2.0	

The table shows a substantial degree of fulfillment.[1] The greatest lag is shown for the output of agricultural machinery. It may be noted that in September 1946 output of agricultural machinery was reported to be 66 per cent of scheduled production. The fact that a percentage of 77 per cent was achieved for the whole year implies that output in the last quarter of 1946 must have been close to the planned level. This would be consistent with the general

1/ Students of Russian economy tend to agree that it is the Russian practice to withhold certain statistical information rather than to falsify it. It should be noted, however, that the underfulfillment of two per cent shown in the preceding table for timber does not agree with the statement in Pravda (January 29, 1947, p. 1) according to which the timber-cutting plan of the Ministry of Forestries remained 7 million cubic meters short of the target. For the statements to agree it would be necessary to assume that the Ministry had for 1946 a target of 350 million cubic meters which would be perhaps as much as three times as high as its pre-war output and an obvious impossibility. The maximum possible figure cannot exceed 100-120 million cubic meters. It is impossible to say whether the error lies with the statement of the Gosplan or with Pravda.

tendency in Russia to make a particularly strong effort in the closing months of the year. For most of the other industries the deviations from the Plan are rather small. The pattern, moreover, does not show pronounced differences between the output of producers' and consumers' goods. This is of some significance in view of reports current during the last months of 1946 that the Government was making strenuous efforts to increase production of consumers' goods over and above the Plan. The overfulfillment of three per cent in the case of the textile industry may be the rather unspectacular result of these endeavors. The ten per cent excess achieved by the meat and milk industry was probably brought about by accelerated slaughter of livestock due to shortages of feedstuffs (see below).

The table at the end of this note shows percentage increases in the output of a number of important commodities from 1945 to 1946, as well as the scheduled percentage rise from 1946 to 1947. In the absence of absolute data for 1945 output, index figures based on that year are of limited value. With few exceptions they do not permit judgment on the progress of the Plan toward the 1950 goal. The inordinately high percentage increases in the output of such goods as locomotives and freight cars, weaving looms, and most agricultural machinery indicate that output in the base year must have been extremely small.

Fairly reliable estimates of the 1945 output are available, however, for four basic industrial materials. On the basis of these estimates and the data given in the attached table, estimates of the physical output in 1946 and the projected output in 1947 can be computed. These data are given in the following table together with figures for pre-war output (1940) and for the scheduled level of output in the last year of the current Five-Year Plan.

Output
(In millions of metric tons)

	1940	1945	1946	1947	1950
Pig iron	15.0	8.9	10.0	12.1	19.5
Steel	18.3	14.0	15.3	18.2	25.4
Oil	31.3	19.4	21.7	25.6	35.4
Coal	165.0	160.0	176.0	204.0	250.0

A few conclusions may be drawn from the preceding table. Output of coal has been well maintained, and was only 3 per cent lower in 1945 than in 1940. This result was attained primarily by increasing coal output in the East by about 40 per cent to offset the low level of production in the destroyed Donbas mines which in 1946 were still producing some 50 per cent less than in 1940. The other three commodities listed show severe declines, which between 1940 and 1945 amounted to 40 per cent for pig iron, 22 per cent for steel, and 38 per cent for oil. This fall in output may be contrasted with a reported decline over the same period in the gross value of total industrial output by as little as 8 per cent. Insofar as these data may be relied upon, it is apparent that production of these materials must constitute an important bottleneck in the plan for industrial development. The Five-Year Plan seeks to correct this distortion by scheduling, between 1945 and 1950, an increase in the output of pig iron, steel, and oil by 119, 81, and 82 per cent, respectively, as against a scheduled increase of 60 per cent for total industrial output.

The correction, however, would appear to be only a partial one; total industrial output is planned to increase between 1940 and 1950 by 48 per cent, while the corresponding percentages for pig iron, steel, and oil are 30, 39, and 13 per cent, respectively. Coal alone shows a rate of planned increase over the period about equal to that of total industrial output. If oil and coal--the two major sources of energy--are expressed in thermal units, the increase in output from 1940 to 1950 may be estimated at about 30 per cent. Thus it may be suggested that the basic industrial materials, the output of which already has proved a major factor retarding industrial development, will continue to limit industrial growth to a still larger extent. Even taking into consideration a number of factors which might permit the value of total production to increase faster than the expansion in output of basic materials, it would be permissible to expect total output in 1950 not to reach the target. On the other hand, it is possible that, as mentioned below, the Plan goals for oil and coal for 1950 have been underestimated.

Increases in the output of basic materials achieved in 1946 and those planned for 1947 may be compared with the average annual growth of output from 1945 to 1950 as envisaged in the Five-Year Plan. Such a comparison is made in the following table:

Percentage Growth of Output

	Planned annual average increase 1945-1950	Reported increase 1945-1946	Planned increase 1946-1947
		(In per cent)	
Pig iron	17.0	12	21
Steel	12.6	9	19
Oil	12.8	12	18
Coal	9.3	10	16
Total industrial output	10.0	?	?

As the preceding figures show, the expansion of output of pig iron and steel in 1946 remained considerably below the average increase scheduled in the Five-Year Plan. The 1947 targets for these two products, however, are set in such a way as to compensate for the lag of the preceding year. If the planned increase should materialize, a little higher rate of growth than that contemplated for the five-year period would be achieved for 1946 and 1947 combined. On the other hand, both oil and coal output showed a rate of increase close to the planned annual average rate of growth. Nevertheless, the Russian press is full of lamentations about the inadequate performance shown in both fields and the targets for 1947 have been set considerably in excess of the average rate. This may mean that after 1947 the rate of increase is expected to fall considerably. It seems more likely, however, that the Russians may be aiming at overfulfillment of the Plan for oil and coal. This may be particularly true for oil where the level of output planned for 1950 was astonishingly low as compared with 1940, in view of the much steeper increases projected for other basic commodities. On the whole, production of basic industrial materials showed a fair degree of recovery. It would not be surprising, however, if the

development of total industrial output was a great deal less favorable. The report of the Gosplan states simply that civilian output increased 20 per cent in 1946 as compared with 1945. The distinction between production for civilian and military purposes is an innovation in Russian reporting and since no data are available on a similar basis for 1945, the statement is not very revealing. For purposes of illustration, however, it may be noted that if industrial output for the military in 1945 is assumed to have been only 30 per cent of total output, and if it is further assumed that this was halved in 1946, then an increase of civilian goods by 20 per cent would not involve any growth of total industrial output. The reluctance on the part of the Russians to disclose the increase of industrial production in 1946 suggests that such an increase, if it occurred at all, was very small indeed.

A few remarks may be made with regard to the agricultural situation. The report of the Gosplan discusses at a considerable length the effects of the drought which in the spring and summer of 1946 affected the huge area between the rivers Prut and Volga in Southern Russia. The Gosplan compares this drought to that of 1921 which resulted in widespread famine. It states that the output of grain in 1946 was considerably reduced as against 1945.

It would seem that the report gives a somewhat distorted picture of the situation. It is necessary to distinguish between breadgrains and feedgrains. Breadgrains in Russia are for the most part sown in the winter. Since sufficient moisture was available in the fall and winter, the harvest of breadgrains was actually more favorable than in 1945 and, in fact, quite considerably so. Under these circumstances, the cut in bread rations in November 1946 cannot be the result of increased shortages, but may have been motivated by the desire to establish grain reserves. On the other hand, feedgrains, which are largely spring-sown, undoubtedly did suffer severely in the affected areas. The likelihood is that as a result considerable slaughter of livestock has been necessary in the current winter, and that the supply of meat and dairy products in 1947-48 will be adversely affected. Thus, the drought is likely to have adverse long-range effects rather than lead to an immediate reduction in consumption levels. At the same time, it should be noted that the total volume of grain production was probably some 35 per cent below pre-war, while grain output for 1950 is scheduled to be 7 per cent higher than before the war. The area sown did indeed increase somewhat in 1946, but in the future the bulk of any rise in output must come from increased yields. This is an enormous assignment. Yields increased only some 10 per cent between the end of the 'twenties and the end of the 'thirties. It is permissible to doubt that the present goals will be actually reached and perhaps not unrealistic to suggest that the time when Russia will become a grain-importing country is drawing close.

	Reported for 1946					Planned for 1947 (1946=100)
	100-115	115-130	130-150	150-200	200-	
			(1945=100)			
1. Basic Industrial Materials						
Pig iron	112					121
Steel	109					119
Rolled steel	113					121
Copper	106					117
Zinc	108					-
Lead		119				132
Coal	110					116
Oil	112					118
Electrical energy	110					116
2. Transportation						
Locomotives (Main line)					3,000	188
Freight cars (Main line)					2,900	108
Trucks			138			155
Passenger automobiles		126				316
Busses		118				174
3. Machinery and Equipment						
Metallurgical equipment			140			166
Steam turbines		130				242
Electromotors (over 100 Kw)			138			136
Metal cutting machines			134			123
Spinning machines					243	-
Weaving looms					3,200	467
4. Agricultural Machinery						
Tractors				172		187
Combines					449	420
Tractor plows				175		170
Tractor sowing machines					429	345
Tractor cultivators					1,700	123
Threshing machines					378	199
5. Chemicals						
Caustic soda	109					136
Fertilizers				152		-
Synthetic dyestuffs		129				-
6. Building Materials						
Lumber	106					147
Sawn wood	110					-
Paper				161		-
Cement				185		171
Slate				198		130
Window glass				165		142
7. Clothing and Footwear						
Cotton textiles		117				142
Woolen textiles		130				130
Leather footwear		128				142
Rubber footwear				197		162
Hosiery			148			173
8. Foodstuffs						
Meat		118				117
Animal fats				169		112
Vegetable oil		119				117
Fish	110					133
Sugar	100					194
Bread		124				-

United States Imports in 1946

Gretchen H. Fowler

Imports for consumption during 1946 were valued at 4,818 million dollars, or almost 20 per cent above the 1945 value of 4,075 million dollars. The largest rise occurred in imports of crude materials, in which class major increases in receipts of crude rubber and raw silk reveal the renascence of trade with the Far East. The second most substantial increase occurred in imports of crude foodstuffs, which rose by 121 million dollars as a result of a comparable increase in coffee imports during 1946. The higher value of coffee imports, however, is attributable primarily to an increase in the weighted average value of imported coffee from 12.7 cents a pound in 1945 to 17.2 cents a pound in 1946.

Although the value of imports for consumption in 1946 was nearly 20 per cent above the 1945 value, the quantity increase appears to have been only 8 per cent. According to Department of Commerce indexes, the unit value of imports rose by 9 per cent during the first ten months of 1946 (latest data available) and further increases doubtless occurred in November and December.

Classification	Imports for Consumption, 1946			Net change in value of imports from 1945
	Value of imports	Import unit value*	Quantity of imports	
	(Index: 1945 = 100)			(Millions of dollars)
Crude materials	148	100	148	+562
Crude foodstuffs	117	123	96	+121
Manufactured foodstuffs	109	113	96	+41
Finished manufactures	102	113	91	+18
Semimanufactures	100	109	92	no change
Total	118	109	108	+742

*Based on data for first ten months.

Thus, the actual quantity of imports declined in all classes other than crude materials, for which no change of unit value is recorded. Since this classification included more than one-third of all imports, the total quantity index shows a small increase.

Shifts in the commodity composition of imports during 1946 generally continued the trend started in 1945 toward reestablishment of the pre-war relationships among the various classifications. The relative importance of crude materials imports reflects manufacturers' efforts to replenish inventories and to carry forward accelerated production to satisfy consumer demands. The high percentage participation of crude foodstuffs in comparison with 1939 is due largely to increased prices. The following table gives the value of imports for consumption by economic classes for 1946, 1945, and 1939, and the percentage participation of each class in total imports.

Classification	Value of Imports for Consumption 1946	1945	1939	Percentage of Total 1946	1945	1939
	(In millions of dollars)					
Crude materials	1,726	1,164	745	35.8	28.6	32.7
Crude foodstuffs	814	693	291	16.9	17.0	12.8
Manufactured foodstuffs	503	462	313	10.4	11.3	13.8
Semimanufactures	929	929	487	19.3	22.8	21.4
Finished manufactures	846	828	440	17.6	20.3	19.3
Total	4,818	4,075	2,276	100.0	100.0	100.0

In terms of the geographic sources of United States imports, by far the most important gains were made by Asia (500 million dollars) and Europe (399 million dollars). In 1946 the United States more than doubled the 1945 value of imports from these two continents. Imports from South America increased by 132 million dollars, but there was a large decline in receipts from North America, caused almost entirely by a decrease of 245 million dollars in imports from Canada. Exports to this country from Australia and Africa increased moderately.

North America and South America retained their respective positions, attained during the war, as principal suppliers of the United States market. While imports from Europe and Asia increased to the 1939 value, the relative importance of these continents in United States import trade is far less than in the pre-war period.

Continent	Value of General Imports 1946	1945	1939	Percentage of Total 1946	1945	1939
	(In millions of dollars)					
North America	1,647	1,904	581	33.4	46.0	25.0
South America	1,095	962	317	22.2	23.3	13.7
Europe	796	397	617	16.1	9.6	26.6
Asia	908	407	700	18.4	9.8	30.2
Australia	183	169	27	3.7	4.1	1.2
Africa	306	296	77	6.2	7.2	3.3
Total	4,935	4,136	2,318	100.0	100.0	100.0

Table I

United States Imports for Consumption by Commodity Classification
(In millions of dollars)

	Calendar year 1946		Increase (+) or decrease (-) from 1945	
Imports for consumption	4,818		+743	
Crude Materials	1,726		+562	
Crude rubber		234		128
Raw silk		128		127
Undressed furs		232		92
"All other" crude materials[1/]		252		70
Wool, unmanufactured		290		49
Hides and skins		78		29
Cotton, unmanufactured		50		21
Crude petroleum		102		21
Oilseeds		53		18
Tobacco, unmanufactured		86		11
Nonferrous ores and concentrates		62		-22
Crude Foodstuffs	814		+121	
Coffee		470		124
Bananas		43		14
Cocoa or cacao beans		57		11
"All other" crude foodstuffs[1/]		145		-30
Manufactured Foodstuffs	503		+41	
"All other" manufactured foodstuffs[1/]		138		27
Whiskey and other spirits		65		12
Wines		20		12
Fish and shellfish (canned, etc.)		51		10
Meat products		16		-13
Finished Manufactures	846		+18	
Newsprint		241		90
Flax, hemp and ramie manufactures		30		22
Leather manufactures		33		15
Works of art		19		13
Wool manufactures		32		13
Burlaps		77		12
Machinery and vehicles		44		-77
"All other" finished manufactures[1/]		281		-89
Semimanufactures	929		no change	
Diamonds, cut but not set		118		54
Sawed boards & lumber(exc.railroad ties)		78		22
Wood pulp		135		20
Expressed oils, inedible		39		19
Leather		37		14
"All other" semimanufactures[1/]		258		-19
Copper		78		-104

1/ "All other" refers to the unspecified residual in the source material supplied by the Department of Commerce; in the abbreviated tables presented here, it does not refer to the entire residual for the class.

Table II
United States General Imports by Geographic Areas
(In millions of dollars)

	Calendar year 1946		Increase (+) or decrease (-) from 1945	
Imports	4,935		+799	
Asia	908		+500	
British Malaya		127		121
Japan		110		110
China		93		87
India and Dependencies		238		64
French Indo-China		42		42
Philippine Islands		40		39
Netherlands Indies		34		32
Iran		31		14
Ceylon		32		-35
Europe	796		+399	
United Kingdom		156		68
Italy		69		64
Belgium and Luxembourg		77		62
France		63		50
U.S.S.R.		101		47
Greece		24		23
Czechoslovakia		19		19
Netherlands		23		18
Switzerland		99		15
Finland		12		12
Norway		13		12
South America	1,095		+132	
Brazil		408		97
Colombia		157		54
Venezuela		120		33
Argentina		194		24
Uruguay		48		-18
Chile		84		-53
Australia and Oceania	183		+14	
Australia		146		20
Africa	306		+10	
Union of South Africa		151		47
Egypt		24		13
Northern Rhodesia		3		-15
Belgian Congo		19		-30
North America	1,647		-257	
Cuba		323		-15
Curacao (N.W.I.)		46		-19
Canada		882		-245