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United States Exports in Recent Years Compared
With Exports of Other Industrial Countries

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Summary

The much sharper drop in United States exports from early 1957 to early 1958 than in exports of other industrial countries has sometimes been taken to indicate that the United States is pricing itself out of world markets. It is often forgotten that the export drop followed a much sharper export expansion for this country than for most others from 1954 to early 1957.

Both that expansion and the subsequent decline were so heavily dominated by business cycle developments abroad (accentuated by special factors including the Suez crisis, U. S. Government cotton pricing policies, and European wheat harvests) that it is too early to say what ancillary role may have been played by general price movements and other competitive factors. Export statistics cannot throw much light on these questions until inventory liquidation abroad has come to an end and re-expansion has gone considerably further than at present.

Nevertheless, a comparison of United States export experience with that of other industrial countries does provide a certain amount of negative evidence. Leaving aside the United States export bulge of 1956-57 and comparing exports in the year 1958 with those of earlier periods, we find that total United States exports have expanded as rapidly as those of most other industrial countries. This is true also for exports of manufactures, where differential rates of inflation might be expected to have their main impact.

Four countries have had much larger export expansions than the United States in recent years, -- Germany, Japan, Italy, and Austria. Their more rapid growth has represented a catching up in a long process of recovery from the damage and dislocations of World War II. In comparison with prewar periods, their exports had not risen more by 1958 than those of the United States or of most other industrial countries, and in 1958 there were signs that their export growth rates might be coming into line with those of other countries.

United States exporters certainly face more severe competition now that shortages abroad are no longer the rule. It must always be emphasized that United States goods would lose markets to goods produced in other countries if U. S. prices became generally uncompetitive. For some goods this may have been happening in recent years. But over-all export data do not seem to indicate any general development of this kind.

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Total exports

The value of United States exports (excluding military aid shipments) was 16 per cent lower in 1958 than in 1957.^{1/} By contrast, aggregate exports of thirteen other industrial countries were unchanged from 1957 to 1958, and no major country among them had a decline of more than 5 per cent. (See Table 1 on the next page.)

However, the sharp drop in United States exports followed an expansion that was almost equally exceptional by comparison with most other industrial countries; the rise was 49 per cent from the 1953-55 average to 1957.^{2/} As shown in Table 1, the average export expansion for nine other industrial countries in that period was only half as great, or 24 per cent. (There remain four countries, shown in the lower part of the table, that had export expansions markedly larger than ours from 1953-55 to 1957; it will be convenient to postpone discussion of their special situations for a few paragraphs.)

Leaving aside the United States export bulge of 1956-57 and comparing exports in the year 1958 with those of earlier periods, we find that total United States exports have expanded at least as fast as those of most other industrial countries.

From 1953-55 to 1958, United States exports rose 24 per cent. As shown in Table 1, this rise slightly exceeded the average increase of 22 per cent for nine other industrial countries, whose individual increases ranged from 18 to 33 per cent. The United States export expansion over this period was greater than those of the United Kingdom, Canada, and France; it was somewhat smaller than those of the Netherlands and the Scandinavian countries, but equal to those of Belgium and Switzerland.

^{1/} It should be noted that there has been no further decline in seasonally adjusted exports since the first quarter of 1958.

^{2/} The years 1953-55 have been chosen as a base period because they came after the boom and reaction in world trade that were associated with the Korean War, after the ending of Marshall Plan aid to Europe, and before the 1955-57 boom reached generally unsustainable levels. It is desirable to take an average of several years rather than a single year because of differences among countries in business cycle timing, although in fact exports in the year 1954 were close to the 1953-55 average for most industrial countries.

In the peak first half of 1957, United States exports reached a seasonally adjusted annual rate 53 per cent higher than the 1953-55 average and 62 per cent higher than in the first half of 1954; they dropped back 20 per cent by the first half of 1958. For purposes of this paper, however, analysis has been confined to annual data.

Table 1

Exports of Industrial Countries, 1953 to 1958

Country	Value, in billions of U. S. dollars			Per cent change		
	1953-55 average	1957	1958	1953-5 to 1957	1957 to 1958	1953-5 to 1958
United States ^{1/}	13.14	19.53 ^{2/}	16.31	+ 49	- 16	+ 24
United Kingdom	7.92	9.68	9.40	+ 22	- 3	+ 19
Canada	4.60	5.46	5.44	+ 19	--	+ 18
France	4.24 ^{3/}	5.11	5.12	+ 20	--	+ 21
Belgium-Luxemburg	2.45	3.19	3.03	+ 30	- 5	+ 24
Netherlands	2.42	3.10	3.22	+ 28	+ 4	+ 33
Sweden	1.60	2.14	2.09	+ 34	- 2	+ 31
Switzerland	1.24	1.56	1.54	+ 25	- 1	+ 24
Denmark	.97	1.17	1.27	+ 21	+ 8	+ 30
Norway	.58	.82	.74	+ 43	- 10	+ 29
Subtotal	26.02	32.22	31.83	+ 24	- 1	+ 22
Germany	5.26	8.58	8.80	+ 63	+ 3	+ 67
Japan	1.64	2.86	2.88	+ 75	+ 1	+ 76
Italy	1.67	2.54	2.54	+ 52	--	+ 52
Austria	.62	.98	.92	+ 59	- 6	+ 49
Subtotal	9.18	14.95	15.13	+ 63	+ 1	+ 65
Grand total	48.34	66.70	63.28	+ 38	- 5	+ 31

^{1/} Excluding military aid exports.

^{2/} Corrected for undercounting of January 1957 exports (by \$30 million) as a result of change in statistical procedure.

^{3/} Corrected for statistical exaggeration of December 1955 exports (by \$140 million) as a result of change in reporting period.

Note: Countries listed accounted for 67 per cent of world exports in 1957 and 1958 (excluding exports of the U.S.S.R., eastern European countries, and mainland China).

Sources: I.M.F., International Financial Statistics, March 1959, and latest national statistics for U. S. and Italy. Percentage changes are computed from unrounded data.

Table 2

Exports of Industrial Countries, 1928, 1937-38, and 1958

<u>Country</u>	<u>Value, in billions of U. S. dollars</u>			<u>Per cent change</u>	
	<u>1928</u>	<u>1937-38 average</u>	<u>1958</u>	<u>1928 to 1958</u>	<u>1937-8 to 1958</u>
United States	5.18	3.23	16.31 ^{1/}	+ 220	+ 400
United Kingdom	4.09	2.73	9.40	+ 130	+ 240
Canada	1.41	1.00	5.44	+ 290	+ 440
France	2.04	.92	5.12	+ 150	+ 460
Belgium-Luxemburg	.86	.79	3.03	+ 250	+ 280
Netherlands	.79	.63	3.22	+ 310	+ 410
Sweden	.42	.49	2.09	+ 390	+ 330
Switzerland	.41	.30	1.54	+ 280	+ 420
Denmark	.41	.34	1.27	+ 210	+ 270
Norway	.18	.20	.74	+ 320	+ 280
Subtotal	10.60	7.44	31.83	+ 200	+ 330
Germany	2.92)	2.43	(8.80	+ 200)	+ 300
Austria	.31)		(.92	+ 200)	
Japan	.89	.86	2.88	+ 220	+ 230
Italy	.78	.55	2.54	+ 220	+ 360
Subtotal	4.90	3.84	15.13	+ 210	+ 290
Grand total	20.69	14.52	63.23	+ 210	+ 340

^{1/} Excluding military aid exports.

Source: I.M.F. International Financial Statistics, April 1952, August 1956, February 1959, and March 1959. Percentage changes are computed from unrounded data, and then rounded to the nearest 10 percentage points.

Four countries -- Germany, Japan, Italy, and Austria -- had much larger export expansions from 1953-55 to 1958, ranging from 49 to 76 per cent. These four are countries where war damage and postwar economic dislocation had been particularly severe. Their striking export growth in recent years represented recovery to positions more in line with their productive capacities and prewar shares in world markets. It will be seen from Table 2 that by comparison either with 1928 or with 1937-38, exports of Germany, Japan, Italy, and Austria had not risen more by 1958 than those of most other industrial countries.

United States exports grew faster over both the two-decade and the three-decade periods to 1958 than those of all other industrial countries taken together. In particular, the United States export expansion was larger for both periods than that of either the United Kingdom or Germany, and was exceeded in both periods only by Canada, the Netherlands, and Switzerland.

The development of industrial countries' total exports during the past decade can be viewed in greater detail in the left panel of the chart on the next page. Exports are plotted annually for each of the fourteen industrial countries; a ratio scale is used so that growth rates can be readily compared for any part of the period since 1948.

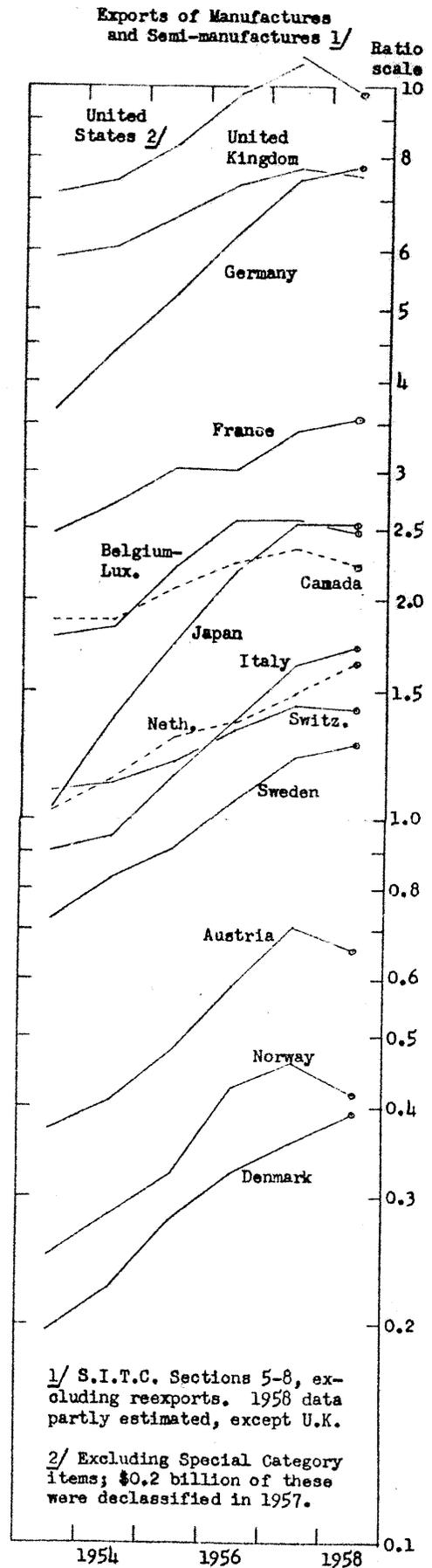
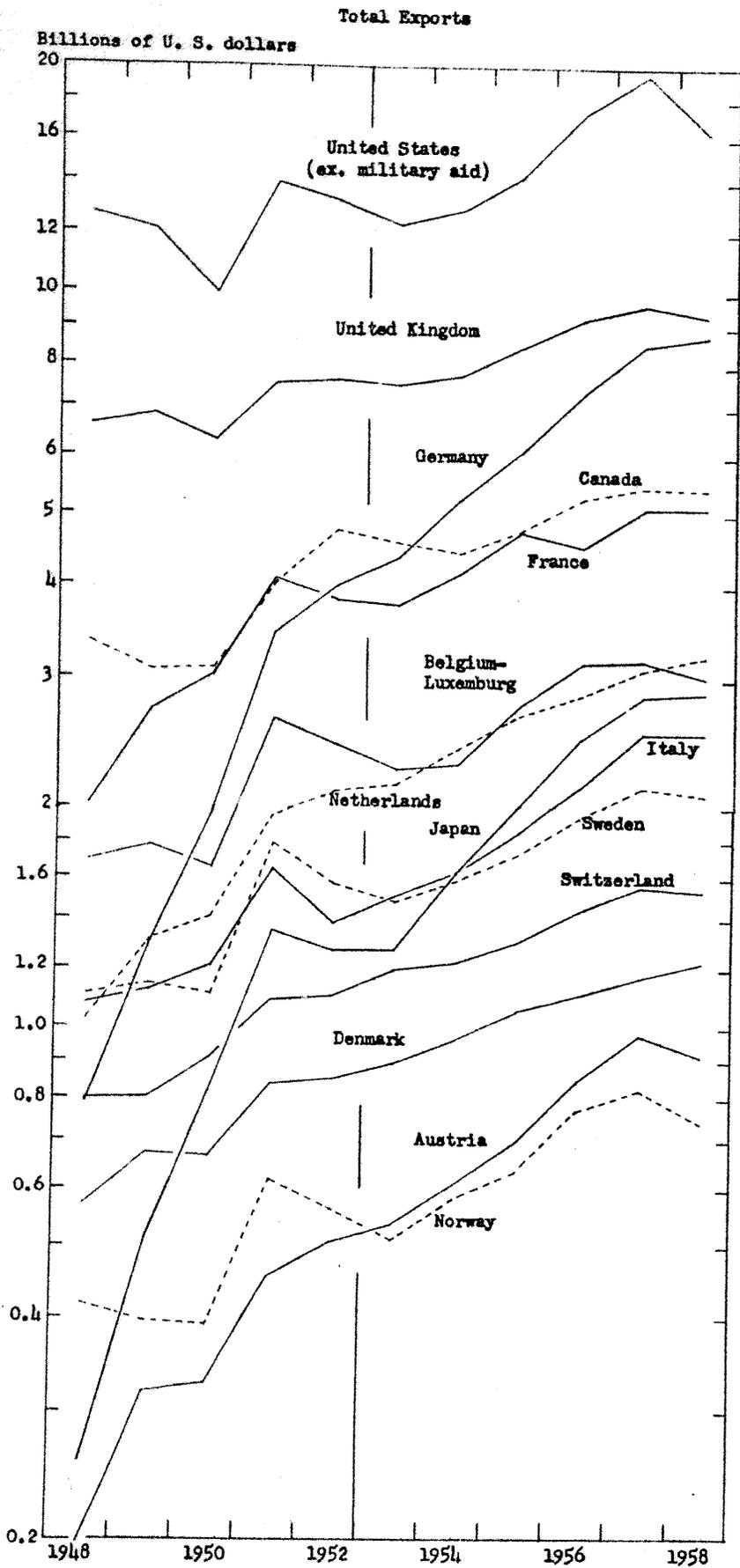
The chart points up the exceptional nature of the 1956-57 bulge in United States exports, and confirms the impression that the growth of United States exports since the end of the Korean War and of Marshall Plan aid shipments to Europe has been in line with that of most other industrial countries. The upward-slashing curves for Germany and Japan are dramatically evident, and those for Italy and Austria only somewhat less so. It will be noted, however, that the movements from 1957 to 1958 were not greatly different for these four countries than for most of the others. One is also reminded by the chart that the Netherlands, too, had an exceptionally rapid export growth rate during its postwar convalescent period through about 1952, and that this later gave way to a growth rate more in line with those of most other industrial countries.

Export of manufactures

Exports of manufactures of most industrial countries have moved in roughly the same way as total exports in recent years. They are shown in Table 3 and in the right-hand panel of the following chart, where they may be compared with total exports. The grouping used here includes both finished manufactures and semi-manufactures.^{1/}

^{1/} It is convenient, in making international comparisons of exports of particular types of commodities, to follow the Standard International Trade Classification (S.I.T.C.). The term "manufactures" will be used here in the S.I.T.C. sense. It includes most items that in United States

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In most cases, manufactured exports have expanded rather more than total exports during the current decade. Their growth as a proportion of total exports has been particularly marked for the Scandinavian countries, which have been industrializing rapidly and for which manufactures still comprise less than 60 per cent of total exports (less than one-third in the case of Denmark). About two-thirds of United States exports (excluding re-exports and Special Category items) fell in the S.I.T.C. manufactures category in 1958. The proportion was higher for most other industrial countries, and exceeded 80 per cent for Britain, Germany, Japan, Belgium, and Switzerland.

From 1953-55 to 1957, United States exports of manufactures expanded less than total U. S. exports -- 42 per cent compared with 49, and from 1957 to 1958 they showed a smaller decline -- 12 per cent against 16. Thus the export bulge was proportionately smaller for manufactures than for other commodities, notably fuels, cotton, and other agricultural products. (It should be noted that metals other than scrap are included in S.I.T.C. manufactures.) For manufactures the bulge was somewhat less exceptional, by comparison with the experience of other industrial countries, than was the bulge in our total exports. Nevertheless, U. S. exports of manufactures rose slightly more from 1953-55 to 1957 than those of all other industrial countries taken together, and much more than those of Britain, France, Belgium, Canada, the Netherlands, and Switzerland. Similarly, our 12 per cent decline from 1957 to 1958 contrasts with no change in the aggregate for all other industrial countries; no major one of them had a decline of more than 5 per cent.

Over the longer period from 1953-55 to 1958, United States exports of manufactures increased by 25 per cent, or by about the same amount as total United States exports. Our expansion was nearly as large as the average for nine European industrial countries shown in the upper part of Table 3 (27 per cent); it exceeded the expansions of

(continuation of footnote 1, page 5) trade statistics would be classified as "semi-manufactures" as well as all "finished manufactures"; it excludes manufactured fuel, food, beverages, and tobacco. The S.I.T.C. Sections included are: Section 5, chemicals; Section 6, manufactured goods classified chiefly by material; Section 7, machinery and transport equipment; and Section 8, miscellaneous manufactured articles. (See Standard International Trade Classification, Statistical Papers, Series M, No. 10, Statistical Office of the United Nations, New York, April 1953.)

Industrial countries (including the United States) that do not follow the S.I.T.C. in their national trade statistics, reclassify their data on an S.I.T.C. basis for use by the United Nations and other international organizations. The data are published in convenient form for "special trade," i.e., excluding re-exports, which are small for most countries. United States data used in this paper also exclude Special Category exports, very roughly the equivalent of military aid shipments.

Table 3

Exports of Manufacturers and Semi-manufactures^{1/}
of Industrial Countries, 1953 to 1958

<u>Country</u>	<u>Value, in billions of U. S. dollars</u>			<u>Per cent change</u>		
	<u>1953-55 average</u>	<u>1957</u>	<u>1958^{2/}</u>	<u>1953-5 to 1957</u>	<u>1957 to 1958^{2/}</u>	<u>1953-5 to 1958^{2/}</u>
United States ^{3/}	7.65	10.83	(9.56)	+ 42	- 12	+ 25
	..	11.02	9.73			
United Kingdom	6.21	7.71	7.52	+ 24	- 2	+ 21
France	2.75 ^{4/}	3.41	3.55	+ 24	+ 4	+ 29
Belgium-Luxemburg	1.94	2.57	2.47	+ 32	- 4	+ 27
Canada	1.94	2.35	2.24	+ 21	- 5	+ 16
Netherlands	1.15	1.50	1.64	+ 29	+ 9	+ 42
Switzerland	1.14	1.44	1.42	+ 26	- 1	+ 25
Sweden	.82	1.22	1.27	+ 48	+ 4	+ 54
Norway	.28	.46	.42	+ 61	- 9	+ 46
Denmark	.23	.36	.39	+ 53	+ 10	+ 68
Subtotal	16.48	21.01	20.92	+ 27	--	+ 27
Germany	4.44	7.47	7.76	+ 68	+ 4	+ 75
Japan	1.39	2.54	2.54	+ 83	--	+ 83
Italy	1.00	1.63	1.72	+ 63	+ 6	+ 72
Austria	.42	.71	.66	+ 69	- 7	+ 57
Subtotal	7.25	12.34	12.67	+ 70	+ 3	+ 75
Grand total ^{3/}	31.39	44.19	(43.15)	+ 41	- 2	+ 37
	..	44.37	43.32			

^{1/} S.I.T.C. Sections 5 through 8. See note on pages 5 and 6.

^{2/} Except for the U.K., 1958 data are partly estimated by adding to data for the first three quarters of the year an appropriate percentage of total exports in the fourth quarter. The resulting margin of error in estimates for the year 1958 is believed to be less than 1 per cent. (For Austria, Denmark, and Norway, the above method was applied to exports for the second half year.)

^{3/} United States exports exclude Special Category items. During 1957, about \$185 million of such items were declassified; data for 1957 are here shown on both the old and the new basis. For 1958, the figure in parentheses results from applying to the old-basis 1957 figure the percentage change that occurred in the new-basis figure from 1957 to 1958.

^{4/} Corrected for statistical exaggeration of 1955 exports by applying the same proportionate correction as for total exports in Table 1.

Note: Countries listed accounted for 89 per cent of world exports of manufactures in 1957.

Sources: O.E.E.C. Statistical Bulletins: Foreign Trade, Series IV; U. K., Trade and Navigation Accounts, December 1958; U. K., Board of Trade Journal, January 16, 1959 and earlier issues. The sources cited in Table 1 were also used in estimating 1958 data as described in footnote 2 above.

Britain and Canada, and approximated those of Belgium and Switzerland. The chart gives a clear impression, for the period from 1953 to 1958, of the way in which manufactured exports of the United States have kept pace with those of other industrial countries.

Germany, Japan, Italy, and Austria (and also the Scandinavian countries and the Netherlands) have had much more rapid expansions in manufactured exports than the other industrial countries. Aggressive and imaginative competition has certainly played an important role in these performances, and American exporters are now obliged to be much more on their mettle than in earlier years. Nevertheless, since United States manufactured exports have kept pace with those of a number of important industrial countries abroad, and since export growth rates now appear to be slackening for those countries that earlier were rapidly regaining their prewar market shares, it seems unlikely that U. S. export prices have become generally uncompetitive.

Further evidence will become available in a few months when full details of 1958 exports by commodity and destination are published. Still more illuminating will be the developing data for 1959 as renewed expansion abroad takes up the slack that now exists and lifts economic activity to new highs.