REVIEW OF

WORLD TRADE

1932

LEAGUE OF NATIONS

Geneva

1933

Series of League of Nations Publications

II. ECONOMIC AND FINANCIAL
1933. II. A. 10.

CONTENTS

REVIEW OF WORLD TRADE

S.d.N. 1745 (F.) 1600 (A.) 6/33. Imp. Réunies S. A., Lausanne.

PREFACE

The *Review of World Trade* has previously been issued at the end of the year following that with which each volume has primarily dealt. The last volume, however, which appeared late in 1932, covered trade in 1931 and the first half of 1932. Beginning with the present volume, it is proposed that the *Reviews* analysing trade in each year should appear in the middle of the following year. As the information at present available for 1932 is scanty in the case of many countries, certain tables included in previous volumes have been omitted from the present issue.

In the *Balances of Payments, 1931-32*, and the *International Trade Statistics, 1931-32*, both of which it is proposed to publish late in 1933, information will, in most cases, be given for two years, in addition to the years covered by the issues which appeared in the middle of 1932. The postponement of the volumes by half a year will thus render them more up-to-date than previously.

The former volume will probably contain estimates or partial estimates of the balance of international payments of thirty-five to forty countries. A number of the new statements will refer to 1932. The statements will be preceded by a review of the capital market up to the middle of 1933.

The latter volume will contain detailed trade statistics of sixty-five countries. The tables, with but few exceptions, will refer to the years 1930, 1931 and 1932, and will show annual figures for special trade by value (and monthly figures for the last two years), principal articles imported and exported, trade by countries of provenance and destination, and trade in precious metals. A synoptical table will show the percentage distribution, by countries of provenance and destination, of each country's imports and exports.

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League of Nations,
Geneva.

May 1933.

Summary of Results.

The main results which emerge from the analysis of world trade contained in the following pages may be summarised as follows :

(a) The value of world trade in 1932 was 61 per cent lower than in 1929, and 33 per cent lower than in 1931. The average fall in the prices of goods entering into trade was somewhat less than 50 per cent between 1929 and 1932, and it may be estimated that a reduction in the quantum of trade of 26 to 27 per cent occurred during that period. The fall both in the quantum of trade and in prices was greater between 1931 and 1932 than occurred either between 1929 and 1930 or between 1930 and 1931 (page 19).

(b) The price fall slowed down in the course of 1932, but, though a certain optimism with regard to trade activities was felt in some countries in the latter part of that year and the seasonal increase in world trade during its last quarter was somewhat more marked than usual, the trade figures for the first few months of 1933 do not suggest that the contraction of the quantum of trade has ceased (page 21).

(c) The most outstanding factor which influenced trading conditions during the early part of the depression was the extremely rapid fall in the prices of primary products, which rendered the barter terms of trade of non-industrial countries unfavourable, increased enormously the burden of payments on account of their foreign debts and — together with the discontinuance of the supply of foreign capital — reduced their ability to buy foreign goods. The industrial countries most severely hit were those which, like the United Kingdom and the United States of America, dispose of the bulk of their exports of manufactured articles in non-industrial countries. The exchange of manufactured articles between industrial countries continued on a high level in 1930 and the first half of 1931 (pages 11 to 12 and 29).

(d) Though the price fall, and accordingly the pressure upon the non-industrial countries, continued after the outset of the financial crisis in 1931, the trade figures for 1932 point to a change in the centre of gravity of the trade depression from non-industrial to industrial and from debtor to creditor countries. The deterioration of the terms of trade of the non-industrial countries has slowed down or ceased. On the other hand, the exchange of manufactured articles between the industrial countries has recently contracted more heavily than the exchange of manufactured articles and primary products between industrial and non-industrial countries. Consequently, the share of industrial countries (and with it the share of Europe) in world trade, which rose during the early part of the depression, fell in 1932 (pages 10 to 11, 29 and 60 to 61).

(e) The competitive power of individual countries of similar economic structure has become dependent primarily upon their ability to adjust their domestic costs and prices to the fall in prices on the world market. Many countries which found it difficult to deflate domestic prices sufficiently have had recourse to currency depreciation. The share in world trade represented by countries whose currencies have depreciated in terms of gold has steadily increased, and exceeded 50 per cent at the

end of 1932 (at the end of April 1933, when the United States dollar had also depreciated, the figure had risen to 64 per cent). Currency depreciation has secured to the exports of these countries a slightly greater share in world markets, and it may have contributed to a revival of trade in certain goods (such as cotton piece-goods); on the other hand, it was probably one of the causes of the continued fall in prices (in terms of gold) in the latter part of 1931 and in 1932 (pages 13, 30 and 31).

(f) To an increasing extent, particularly since the financial crisis in the middle of 1931, countries have tried to evade price adjustment, protect their home markets and attain equilibrium in their balance of foreign transactions by means of increased import restrictions in the form of higher tariffs, quotas and exchange control. While these measures have not led to a lasting adjustment of their trade balance, they have increased the discrepancy between the different national cost and price systems and caused a contraction of trade, which has rendered it difficult for certain economically weak or over-indebted countries to meet their financial obligations abroad (page 14).

Simultaneously, the growing trade barriers have narrowed the international market for exportable goods, hastened the price fall in that market, but supported prices in the protected areas and thus curtailed demand. They have undermined established trade and production, aggravated the economic depression in many countries and present a grave obstacle to the return to more normal economic conditions.

(g) Clearing agreements and discriminatory trade barriers erected in order to regulate bilateral trade balances have led since the autumn of 1931 to a re-distribution of imports and exports of many countries. This has been very unfavourable for certain countries which are largely dependent upon so-called triangular trade (pages 15 to 16 and 61 to 64).

(h) Increased protection of agriculture and reduced consumption of certain food products have led to an increase in the self-sufficiency of several food-importing countries in Europe. In certain countries in other continents, such as India and Egypt, a similar change has taken place — partly as a result of the protection granted to cereal growing and sugar production — while the production of agricultural raw materials for export, such as cotton and jute, has declined. Though certain countries, particularly Australia and New Zealand, continued to increase their food exports in 1932, the slight increase in the quantum of food products entering into world trade, which had occurred during the early part of the depression, was discontinued and a decline set in (pages 39 to 48, 54 to 56 and 60 to 61).

(i) Trade barriers have also contributed to an increase in the self-sufficiency of certain non-industrial countries in manufactured articles. The continued and heavy contraction of their imports of machinery suggests, however, that their industrial development has not been able to keep pace with the reduction in their imports of manufactured articles, and the reduction in the quantities of important industrial raw materials (with the exception of cotton and wool) entering into world trade suggests that the increase in self-sufficiency has developed simultaneously with the impoverishment of both industrial and non-industrial countries (pages 48 to 57).

Before turning to an analysis of trade figures, the importance of the fall in prices and the measures taken by different countries in order to balance the disturbed equilibrium will be discussed in some detail.

The Effect upon International Trade of the Fall in Prices and the Increase in Trade Barriers.

During the last few years, the fall in commodity prices has largely determined at once the quantum and the value of trade, its balance and its direction. The price fall has merely been accentuated by the endeavours of almost all countries to evade its devastating effects by checking the import of goods. How great the influence of the price factor was in the last three years may be judged from the following data showing the percentage change in the average export prices (in terms of gold) of a number of important articles in principal producing countries.

Percentage Change in Average Gold Export Prices from 1929 to 1932.

	1929 to 1930	1930 to 1931	1931 to 1932	1929 to 1932
1. Rubber (British Malaya)	— 42	— 51	— 45	— 84
2. Wool (Argentine)	— 46	— 36	— 20	— 72
3. Raw silk (Japan)	— 30	— 28	— 37	— 68
4. Copper (United States of America)	— 25	— 30	— 33	— 65
5. Coffee (Brazil)	— 43	— 29	— 9 (1)	— 64
6. Bacon (Denmark)	— 15	— 37	— 33	— 64
7. Maize (Argentine)	— 40	— 40	+ 1	— 63
8. Cotton (United States of America)	— 27	— 38	— 19	— 63
9. Grey cotton tissues (Japan)	— 13	— 24	— 44	— 63
10. Silk tissues (France)	— 9	— 32	— 37	— 61
11. Butter (Denmark)	— 18	— 21	— 35	— 58
12. Tin (British Malaya)	— 29	— 27	— 10	— 53
13. Chilled beef (Argentine)	— 8	— 25	— 32	— 53
14. Wheat (United States of America)	— 19	— 38	— 4	— 52
15. Sugar (Czechoslovakia)	— 20	— 25	— 19	— 51
16. Mechanical wood-pulp (Finland)	+ 5	— 11	— 46	— 50
17. White cotton piece-goods (United Kingdom)	— 11	— 21	— 26	— 48
18. Petrol (United States of America)	— 11	— 37	— 6	— 47
19. Pig-iron (United Kingdom)	+ 3	— 16	— 29	— 38
20. Cement (Germany)	— 1	— 10	— 28	— 35
21. News-print paper (Canada)	— 3	— 10	— 20	— 30
22. Coal (United Kingdom) (2)	+ 3	— 9	— 23	— 28
23. Steel girders (Belgium)	— 1	— 7	— 11	— 17
24. Passenger motor-cars (United States of America)	+ 0.3	— 12	— 6	— 17
25. Mowing machines (Germany)	+ 1	— 7	+ 2	— 5

Sixteen of these twenty-five commodities had thus fallen by more than 50 per cent between 1929 and 1932. Yet the figures are not representative of the whole price fall which has taken place in recent years, since prices of most primary products began to fall in 1928 and since the prices of many products at the end of 1932 were lower than the average price for that year.

The heaviest price reductions are recorded for raw materials (with the marked exception of coal and pig-iron) and for food products, and the smallest for manufactured articles of consumption and for various capital goods; but this discrepancy is due largely to the price movement in 1930 and 1931.

Several of the food products and raw materials, such as wheat, maize, coffee, wool, cotton, tin, petrol and sugar, fell less in price between 1931 and 1932 (maize even

(1) As detailed trade returns for Brazil for 1932 were not available, the fall in the price of coffee from 1931 to 1932 has been calculated on the basis of the average *import* prices of the United States (which do not include transport costs from the exporting country).

(2) Coal exported from Poland, however, fell in price by 3 per cent between 1929 and 1930, by 9 per cent between 1930 and 1931 and 16 per cent between 1931 and 1932.

rose) than between 1929 and 1930 or between 1930 and 1931. On the other hand, a number of manufactured articles, such as cotton piece-goods, news-print paper and silk tissues, fell more than in the two preceding years, and more than did the primary products just mentioned. The fall in the prices of coal, iron and steel, and cement was also hastened.

Certain foods and raw materials, such as butter and bacon, raw silk, rubber and copper, continued, however, to fall heavily in price in 1932.

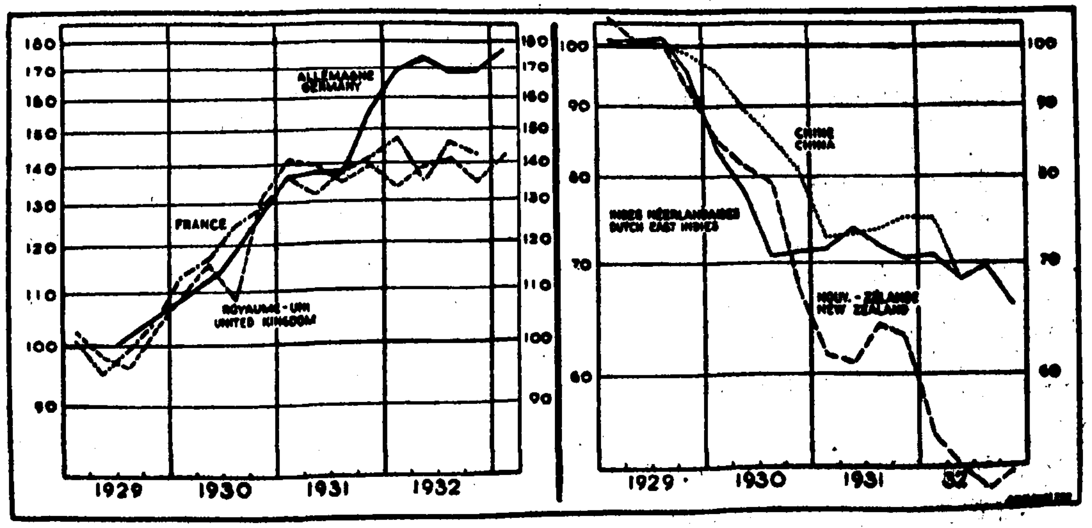
A rough idea of the changes in the relation between prices of primary products and manufactured articles may be obtained from the diagram below, the left-hand curves of which show, for the United Kingdom, France and Germany, the relation between export prices of manufactured goods and import prices of raw materials, and the right-hand curves the relation between the prices of total exports and total imports for New Zealand, the Dutch East Indies and China.

Most of the curves tend to flatten after the beginning of 1931. It would appear that price relations since that time are no longer changing rapidly to the disadvantage of non-industrial countries. On the other hand, no definite improvement of the terms of trade of these countries seems to have taken place in 1931 or 1932. More especially, the depreciation of the pound sterling had not the effect upon price relations that might have been expected. In fact, the average price of raw materials imported by the United Kingdom fell slightly, even in terms of sterling, in the fourth quarter of 1931, as did the prices of the manufactured goods she exported. The upward movement of the curve for Germany late in 1931 and early in 1932 is probably due in part to her inability to reduce her export prices in accordance with the fall in the gold prices of raw materials after the depreciation of the pound sterling. With the discontinuation of the fall in the prices of primary products from the middle of 1932, the curve for Germany has also taken a horizontal course.

Export Prices as Percentage of Import Prices.

Quarterly movement (Germany 1929 and 1930 : annual movement).
1929 average = 100. Logarithmic scale.

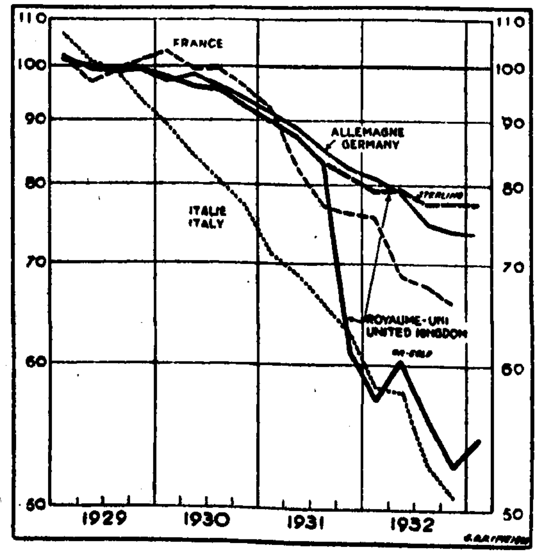
Note. — The left-hand curves (*i.e.*, those for Germany, France and the United Kingdom) show the prices of *manufactured goods exported* as percentage of those of *raw materials imported.*



The average fall in the export prices of manufactured goods, in terms of gold, since the beginning of the depression has not been even approximately of the same magnitude in different countries ; thus, for example, it was at the end of 1932 not far from twice as great in Germany as in the United Kingdom. As the following diagram shows, this large discrepancy resulted from the depreciation of sterling in September 1931.

Quarterly Movement of Average Export Prices of Manufactured Articles.

1929 quarterly average = 100.



The maintenance of price discrepancies of that size is due to the varying composition of the manufactured articles exported from different countries and to the fact that these exports consist of highly specialised products which are not mutually competitive, as are, for example, the staple products of agricultural countries.

The curve for Italy suggests an even and frictionless price fall since 1929. It is interesting to note that, at the end of 1932, the gold prices of British and Italian exports of manufactured articles had both fallen by not far from 50 per cent or by about the same amount as the prices of all goods entering into international trade.

The heavy fall in the prices of the products of non-industrial countries, the majority of which are indebted abroad, has involved an enormous increase in the burden of the fixed charges on their foreign debt. The degree of indebtedness varies considerably, but during the years 1927-1929 the amounts actually spent on the service of foreign debts and dividend payments would appear on an average to have represented about one-fifth of the value of the exports of non-industrial debtor countries. Since that time, the fall in the prices of their exports, averaging about 60 per cent, implies an increase in the real burden of debt payments due in gold currencies by 150 per cent. The depreciation of sterling has involved a certain relaxation in the burden of the debt of certain countries, and dividend payments have naturally decreased with the deterioration of business conditions ; on the other hand, few of the countries have been able to maintain the quantum of their exports, and the supply of foreign capital, which before 1929 played an important rôle in their international accounts, has dwindled. The share of their exports which could be employed in the financing of their imports has therefore fallen considerably. In addition, the quantum of their imports has been affected by the fact that manufactured articles, which form the bulk of the purchases of non-industrial countries, have fallen less in price than their own products. In its turn, the fall in the quantum of their imports has reduced the demand from industrial countries for foreign raw materials and thus contributed to the reduction in the quantum of exports from non-industrial countries.

The collapse in prices was, in part, caused by the rapid falling-off in foreign lending; in part, it was in itself a cause of the unwillingness to venture capital abroad. From the middle of 1931, the disorganisation of international capital movements was almost complete; the contraction of fresh lending was followed by large withdrawals of outstanding short-term credits and a panic flight of capital from certain debtor countries — a movement which, in the middle of 1931, reached such proportions that it became impossible to transfer abroad the large amounts demanded from a number of countries.

By means of rigid exchange controls in the majority of debtor countries, in certain cases supplemented by "standstill agreements" with foreign creditors, the outward capital movement was brought to an end, or at least reduced. In return, the long-term lending of creditor countries, already heavily reduced, was suspended. Simultaneously, the price fall accelerated and the contraction of trade activities increased.

The disorganisation of capital movements has naturally reacted upon trade balances. The debtor countries, no longer being able to the same extent to meet payments for their imports or in the service of their foreign debts by means of new borrowings, have had to render their trade balances more active or less passive, while in creditor countries, whose exports were not supported by large capital exports, trade balances have moved in the opposite direction. To a certain extent this movement has been mitigated by gold transfers. Ever since the beginning of the withdrawal of the foreign short-term assets of France in the first half of 1928, which opened the period of contraction in international lending, many debtor countries with gold-standard currencies had had to counterbalance the change in the credit situation by repeated gold exports, and a steadily increasing share of the world's stock of gold accumulated in a few creditor countries. When, by the middle of 1931, international capital movements were almost completely arrested as a result of the financial crisis, the gold reserves of numerous debtor countries were largely depleted and the pressure upon their balance of trade in goods became heavier than ever.

The adjustment of trade balances demanded an increase in the competitive power of debtor countries and accordingly a reduction in the gold prices of their goods. As long as these countries maintained their currencies at par, their domestic price level had to be reduced accordingly. Such a reduction is naturally a painful process, particularly as it has to be accompanied by a corresponding reduction in the income of the consuming classes of the population, if it is to have the desired effect upon the economic balance of the country. Few debtor countries with gold-standard currencies have found it possible to effect, in this way alone, an equilibrium in their foreign transactions.

By abandoning the gold standard and allowing the exchange value of their currencies to fall below gold parity, many countries have, however, managed to reduce considerably the gold prices of their products and at the same time keep down the domestic demand for consumers' goods, at least those of foreign origin. A similar adjustment has been attained by a fall in the exchange value of the currencies of countries which were not on the gold standard, such as China, Spain and Uruguay. Of the gold-standard countries, the Argentine, Australia, New Zealand and Peru had already in 1929 and 1930 suspended gold payments and permitted their currencies to depreciate in terms of gold. This process did not, however, assume

very great proportions until September 1931, when the United Kingdom — whose position had been rendered the more untenable by the blocking of a large portion of her floating assets in Central Europe — as well as India and Egypt left the gold basis. They were followed by the Scandinavian countries, and later in the year and in the early part of 1932 by Canada, British Malaya, Portugal, Japan, Bolivia, Chile, Greece and a number of smaller countries. Peru had to relinquish even the lower rate at which she had stabilised the sol in 1931. Late in 1932, the South-African pound left the gold parity and depreciated to approximately the same level as sterling. In addition, certain of the currencies which officially remained on the gold standard had, in fact, depreciated considerably in the free market during the course of the year. At the beginning of 1933, the foreign trade of the countries with depreciated currencies represented about 52 per cent of world trade. At the time of writing (end of April 1933), when the United States dollar has also depreciated, this share has increased to 64 per cent. The remaining 36 per cent represents the trade of countries adhering to an effective gold standard (about 20 per cent of world trade) and of countries maintaining an approximate gold parity of their currencies by means of exchange restrictions (about 16 per cent of world trade).

The depreciation of the currencies of the two main creditor countries of the world — the United Kingdom and the United States — is a sign of the gradual change of the centre of gravity of the trade depression from debtors to creditors, from non-industrial to industrial countries. During the early part of the depression, the adverse effect of the price fall upon the trade of industrial countries was partly concealed by the improvement of their terms of trade. Their export industries suffered, however, from the reduction in the purchasing power of the foreign markets for their goods. The pressure was most severe upon countries which, like the United Kingdom and the United States, sell the bulk of their exports of manufactured articles to non-industrial countries; but in all industrial countries the maintenance of the competitive position of the manufacturing industry on the domestic, as well as the foreign, market called for a reduction in the gold prices of its products.

Among the benefits of currency depreciation must be reckoned the relief it has brought to certain debtor countries by devaluating their debts incurred in the depreciated currencies, the dishoarding of gold which helped certain countries, such as India, to overcome a period of great economic pressure, and the mitigation of the domestic disequilibria accompanying the price deflation.

Among the unfavourable effects of currency depreciation must be reckoned a further reduction in the price level. There was no lessening of the demand for gold, either in gold- or in paper-standard countries, while private hoarding was encouraged. Exchange depreciation was in most countries accompanied by a reluctance to raise export costs by domestic inflation; it was met in other countries by additional trade restrictions and by further deflation. The total effect, therefore, was to press prices downward. As the area of currency instability widens, the danger of competitive exchange depreciation in order to secure export advantages is greatly increased.

Currency depreciation was perhaps the easiest way in certain countries to adjust domestic to gold prices; but it was not open to others. The destructive effect of currency depreciation in certain countries some ten years earlier had not been forgotten and had mobilised public opinion in them against any measures which might be suspected of leading to monetary inflation. Of still greater importance, perhaps, was the fact that, in countries where the foreign debt was considerable, a heavy increase in the exchange value of the currencies in which the service of this debt had to be paid would have jeopardised the equilibrium of the State budget and the economic position of enterprises indebted abroad.

Most of the debtor countries which were not able to allow their currencies to depreciate had recourse to exchange control in order to maintain equilibrium in their balance of international transactions. In the majority of cases established primarily to prevent the flight abroad of short-term capital, the exchange control was later used to check purchases abroad of goods considered as dispensable. Though the debtor countries generally also raised their tariffs and took other direct measures to reduce imports, the exchange control often became the most effective of their import restrictions, and was at the same time very flexible.

Many of the countries in which exchange control was introduced failed, however, to employ a credit policy adequate to prevent that control from tending to render the domestic price level too high compared with prices abroad. Thus, exchange control tended to create conditions opposed to its object — it kept internal prices high, rendered imports relatively cheap, and exports dear. The reduction of exports resulting from the high prices rendered necessary a still further curtailment of imports. With this general reduction of trade, the maintenance of a trade balance permitting the payments abroad for the service of debts and similar purposes became increasingly difficult.

The fulfilment of international obligations was rendered still more difficult by the policy of creditor countries. When they stopped lending abroad, the transfer of the debt payments due to them demanded an increase in their purchases from the debtor countries. While their export industries were already suffering from the reduced purchasing power of the last-mentioned countries, their production for the home market was thus menaced by a heavy inflow of goods at low and steadily falling prices. This threat to their economic organisation induced the majority of creditor countries to check imports in protection of their home market industries. The adoption of the Hawley-Smoot tariff in the United States in 1930 may be regarded as an early expression of this policy, which, from the second half of 1931, became prevalent in a number of European creditor countries. Thus France adopted a rigid system of import quotas on a number of food products in the autumn of 1931, and later extended this system to numerous industrial goods. The United Kingdom introduced Customs duties on the bulk of her imports as an emergency measure in November and December 1931, and later imposed as a more definite measure duties for protective purposes, thus departing from a tradition dating from the middle of the preceding century. Switzerland increased her tariffs, and established quotas for numerous agricultural and industrial products. A more restricted use of quotas has been made by Belgium and the Netherlands.

This increase in the trade barriers of creditor countries naturally resulted in a further drying up of international trade. At the same time, it rendered international debt payments still more difficult; in some cases the transfer of such payments was suspended by the debtor countries, and the market value of the foreign assets of creditor countries fell rapidly. Finally, the shrinkage of the international market hastened the fall in the prices of goods outside the protected areas.

In addition to the measures mentioned above, numerous other trade restrictions have been introduced by both debtor and creditor countries. There are few countries in which tariffs have not been raised. Even where specific tariff rates have remained unchanged, the fall in prices in recent years has implied a large increase of the share of tariffs in the domestic price of imported goods and accordingly in the protection granted to the domestic producer. In a number of countries, the import of certain goods is monopolised or allowed only after licence in each case. A system of bilateral clearing agreements, allowing trade only to the extent that payments between the two countries concerned offset each other, has been established — notably between countries in Central and South-Eastern Europe, but, in certain cases, also between these countries and countries in Northern and Western Europe, as well as between countries in Europe and South America. Similar in nature, but less comprehensive, are the barter agreements, concluded on private or Government initiative,

regulating the exchange of individual commodities between countries of different economic structure. Examples of such forms of barter are the exchange of Brazilian coffee for United States wheat or German coal, of Canadian aluminium for Russian oil, of Argentine maize for Spanish rails, of Bulgarian wheat for Polish coal, of German machinery or railway material for Yugoslav wheat or Bulgarian tobacco. The recourse to barter, the most primitive manifestation of trade, must largely be attributed to the risk connected with the credit transactions which normally accompany trade operations, or to the difficulties of international monetary payments because of the exchange control in certain of the countries concerned.

In considering the effect of different trade barriers, it is necessary to distinguish between those which shut out and those which only hamper competition between the domestic and the foreign producer. There is no way round a prohibitive or quota system; it implies a direct arrest of trade. A tariff changes the conditions of price competition between the foreign and the domestic producer, and it may reduce consumption by the increase in the domestic price which it generally brings about; but, unless prohibitive, it permits a certain elasticity of trade, which, especially at critical moments, is a vital condition for weaker exporting countries.

Certain of the disadvantages of the quota system — partly shared, indeed, by other systems of quantitative restrictions — have recently been pointed out by the French National Economic Council (1). Experience has shown that the quotas not only — like Customs duties — maintain or increase the price of the imported product, but that they give rise to frequent and very wide price variations, when they are too narrowly calculated or not managed with sufficient care. Imports or potential imports, if restricted only by duties, exercise an important regulating influence on prices in the local market. The absence of this regulation under a quota system has proved very unfortunate. While the difference between the foreign and the domestic price, if due to a tariff, accrues to the Treasury, it is transferred either to the domestic importer or to the foreign exporter, if due to quotas. Further, the adoption of quotas may expose the country to severe reprisals from other countries, and the administrative inconveniences of the quota system, which complicates the work of the Customs authorities very considerably, cannot be disregarded.

Exchange control, if moderately applied, may be less rigid than protective and quota systems, but attention should be paid to the special drawbacks of the combination of such control with the system of inter-State clearing of payments, mentioned above — a combination which tends to render impossible what is often called " triangular trade ". The geographical distribution of the trade of each country is generally determined by its economic structure and by climatic and geographical conditions. The main countries in which a debtor country disposes of its products are not always those from which it buys the goods it has to import or those to which payments for the service of its debts are due; normally, therefore, it has to employ the surplus derived from its trade with certain countries for meeting the deficit in its transactions with others. The partial destruction of this mechanism means the destruction of established trade channels, a setting aside of the requirements which imports are able to meet and a further impediment to the international payments due on account of outstanding debts.

As will be seen later, a share of trade, particularly between European countries, changed in 1932 from " triangular " to " bilateral " — that is, the balances of trade between individual countries were reduced. This movement is due, not only to the conclusion of clearing agreements between numerous countries, but also to new duties and other trade restrictions. While the general object of earlier restrictions was

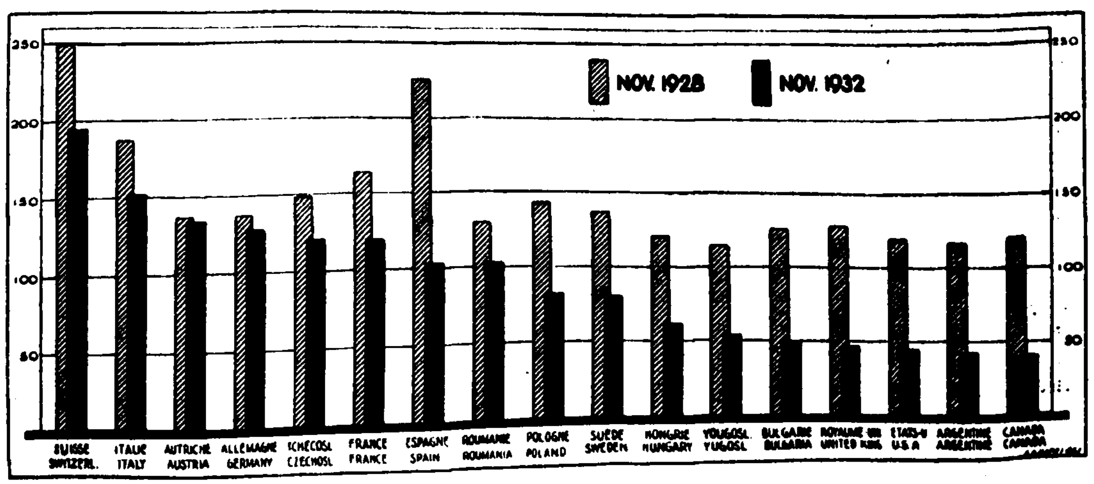
(1) "*Les échanges internationaux et la politique douanière française au cours de la crise économique* : Rapport présenté par M. Adéodat Boissard, Inspecteur des Finances, et adopté par le Conseil national économique dans sa session du 21 novembre 1932 " (Paris, 1932).

primarily to protect domestic industries, considerations of the trade balance have generally been more characteristic of those introduced since the onset of the financial crisis of 1931. It is in the very nature of trade restrictions, however general their character may appear to be, to have discriminatory effects, and, by means of those recently imposed, countries have frequently attempted to reduce imports from countries in the trade with which they have a passive balance. The plea for reciprocity in commercial negotiations has been fatal for the trade of countries which buy the bulk of their imports in the form of raw materials from non-industrial countries and are accustomed to dispose of a large share of their exports in other industrial or agricultural countries. It has equally endangered the position of countries which are dependent for the service of their foreign debts upon an active balance of trade, particularly if, under prevailing conditions, such a balance of sufficient size cannot arise in their trade with the country to which their debts are due.

Particular attention should be paid to the effects of the increased protection of agriculture in industrial countries, introduced in order to ward off the dangers to which the agricultural population was exposed when the prices of agricultural products fell heavily in the world market. The increased duties and the milling or marketing regulations adopted during the last few years by numerous importing countries is reflected in an increase in the discrepancy between the prices of food products in these and in the exporting countries. As the following diagram shows, wheat prices in November 1932 were three to five times higher in Switzerland, Italy, Austria, Germany, Czechoslovakia and France than in Canada, and yet the price in certain of the former countries had fallen considerably during the few preceding months, as the protective system had partially broken down because of an exceptionally rich crop. Large price discrepancies also exist in the case of numerous other food products.

Wheat Prices (in Terms of Gold)
in Certain Importing and Exporting Countries, in November 1928 and November 1932.

(U. S. A. cents per bushel.)



The increase in agricultural protection in industrial countries shifted over to their manufacturing industry, but only temporarily, a share of the loss which would otherwise have been entirely sustained by agriculture. The cost of living naturally fell much less than in the exporting agricultural countries, and the resistance to a downward adjustment of wages and other cost elements in manufacturing was greater than in these countries. The competitive power of manufacturing industries in the export markets was thus compromised; but, even where a considerable reduction in wages was enforced, the manufacturing industry suffered, as the high food prices reduced the domestic demand for manufactured articles.

On the other hand, the low cost of living in the countries exporting agricultural products has acted as a stimulus to their manufacturing industry, and, although a rapid industrial development in these countries has been prevented both by the falling income of their populations and the lack of funds for the investments which such a development demands, there is no doubt that some part of the loss of foreign markets by the industrial countries is likely to become permanent.

There has thus been a mutual increase in self-sufficiency: many industrial countries produce a greater share of the foods they consume than was the case a few years ago, and many agricultural countries a greater share of their requirements in industrial products. But food production in agricultural countries has not decreased accordingly; certain of these countries furnish increasing quantities in order to meet their fixed foreign debt charges on account of outstanding debts — a fact which contributes to the maintenance of large stocks and the continued deflation of world market prices.

The relatively high food prices in industrial countries have, however, prevented an increase in consumption such as might have caused a reduction of stocks to normal proportions. In particular, the use of cereals as fodder has not increased to the extent which would have been natural if the low prices of food in the world market had been reflected in an adequate increase in the consumption of meat, eggs and dairy produce.

Though the trade between industrial and non-industrial countries has suffered heavily during the depression, the exchange of manufactured articles between industrial countries has been even more severely affected since the autumn of 1931. More and more, therefore, trade is being confined to the necessary exchange, between countries of diffferent economic structure, of indispensable products which cannot be produced in sufficient quantities by the purchasing country.

A reaction against the restrictive trade policy has arisen in several countries. With the exception of Australia, however, none of them has undertaken a general downward revision of its tariff or abolished quantitative restrictions without increasing duties correspondingly. Even at the reduced level of trade which still subsists, the interdependence of nations is so great that the liberty of action of individual countries is very restricted. Within several groups of countries a movement has arisen, however, aiming at a freer trade between the countries concerned while maintaining trade barriers against the outside world. The most important of these groups is constituted by the British countries, which by the Ottawa Agreements of August 1932 undertook to grant Customs preference to each other's products or increase the preference that already existed. In many cases, however, the new preference was reached, not by a decrease in existing duties on goods in inter-Imperial trade, but by an increase in the duties levied on non-British products, and, until full evidence of the effect of the Ottawa Agreements upon trade has become available, it is open to doubt whether, taken as a whole, they have implied a reduction or an increase in existing trade barriers.

Value and Quantum of World Trade in the Years 1929-1932.

In dealing with the general results indicated by the annual figures for world imports and exports during the years 1929 to 1932, it must be borne in mind that those results are necessarily only approximately correct and that they emerge from the combination of a mass of trade statistics relating to over 160 different areas, where systems of administration and valuation differ, where to identical terms unlike meanings are not infrequently attributed, where the conception of the character of the transaction which constitutes international trade is far from uniform. When it is stated, therefore, that the international trade of the world in any year reached a given figure, that statement must not be accepted as implying more than that the sum of the transactions recorded by each country contributing to such trade approximated to the amount indicated. The comparison between the total figures for any two years is likely to be more significant than the absolute figure for either year.

As far as possible, the figures given represent special trade in merchandise only, which may be roughly defined as imports of goods for domestic consumption and exports of domestic produce or products into which domestic labour has entered. Certain countries, however, include in their merchandise statistics part or the whole of their imports and exports of precious metals, which are excluded by others; certain countries, again, include in their special trade what others would consider as transit trade.

Figures for 1929, 1930 and 1931 are available for nearly all the countries considered. In a number of cases, the figures for 1931 are, however, provisional, and the totals for that year will therefore no doubt require to be slightly modified in next year's edition of this *Review*. Figures for 1932 are lacking for a few countries, representing together about 6 per cent of the total trade of the world. The trade of these countries is assumed to have fallen in the same proportion as the aggregate trade of all other countries. Further, the final trade returns for 1932 are as yet available only for a small number of countries, and it is not possible to foresee whether the future corrections to the provisional trade figures utilised for the majority of countries will involve a reduction of the world total or an addition thereto.

A considerable and growing portion of the international transactions is effected in currencies which have departed from the gold standard. The trade of the countries whose currencies had not depreciated in terms of gold at the end of the period under review represented, however, not far from half of world trade, and in a study of such trade it is probably still most appropriate to express trade values in a gold currency. Trade figures for 1929 and 1930 recorded in depreciated currencies have been converted into United States dollars (gold dollars) at the average exchange rates for the year. A more refined method of conversion has been employed for 1931 and 1932, in order to avoid errors due to the exchange fluctuations in those years (1).

(1) In 1931, in the case of sixteen countries, including the United Kingdom and other countries whose currencies depreciated, in terms of gold, in the course of the year, conversion was made separately for two periods of the year (in most cases January-September and October-December) at the average dollar exchange rates prevailing during those periods. In the case of the Argentine and Uruguay, the recorded trade values for each month were converted separately at monthly average rates. In the case of other countries with currencies unstable in terms of gold, the average dollar exchange rates for the whole year were employed in the conversion.

In 1932, conversion was made for each month at monthly average rates for about fifty countries, representing some 90% of world trade; in cases where a final figure in national currency for the whole year (differing from the total of the provisional monthly figures) was available, the annual conversion rate weighted according to trade by months was applied to this figure.

In both years, currencies officially held at par but depreciated in the " black market " were reckoned at their par value, except in the case of Austria, for which country in 1932 the schilling rate quoted in Bâle was employed.

The world totals for the three years under review, calculated in the manner indicated above, are, in millions of gold dollars:

	Imports	Exports	Total
1929	35,606	33,035	68,641
1930	29,083	26,492	55,575
1931	20,847	18,922	39,769
1932	13,885	12,726	26,611

According to these figures, the dollar value of world trade was 19% lower in 1930 than in 1929, 28% lower in 1931 than in 1930 and 33% lower in 1932 than in 1931. The total contraction in value between 1929 and 1932 amounts to 61%.

The rate of contraction has thus increased in the course of the depression — a fact which may be further illustrated by the following figures, which show the value of the trade of forty-nine countries, representing not far from 90% of world trade, by half-years up to the end of 1932 (in millions of United States gold dollars) (1):

		Imports	Exports	Percentage fall compared with preceding year: Imports	Exports
1929	January to June	16,341	14,599		
	July to December	16,176	15,050		
1930	January to June	14,207	12,459	13	15
	July to December	12,256	11,311	24	25
1931	January to June	10,202	8,834	28	29
	July to December	8,839	8,020	28	29
1932	January to June	6,762	5,838	34	34
	July to December	5,957	5,508	33	31

As the last two columns of the above table show, the pace of the contraction in the value of international trade increased, at least up to the middle of 1932. The percentage contraction in the last half of that year was slightly less than in the first, a fact which must probably be attributed largely to the slowing up of the price fall.

In order to ascertain the changes in the actual quantum of goods constituting world trade, the movement of the prices of these goods has been estimated on the basis of import and export price indices available for about thirty countries, representing about three-fourths of world trade (2). This information was available for the years up to 1931 inclusive; for 1932 a weighted index of import prices of the United Kingdom, Germany, France and Italy, which in the years 1929 to 1931 show very nearly the same fall as the world index, has been provisionally employed.

If the price indices thus calculated are applied to the dollar value of world imports and exports, it would appear that the quantum of world trade was about 7% less in 1930 than in 1929, 9-10% less in 1931 than in 1930 and about 14% less in 1932 than in 1931.

The year-to-year percentage changes in prices, quantum and value, for 1927 to 1932, are shown below:

Year	Percentage change as compared with the preceding year: Prices — Imports	Prices — Exports	Quantum — Imports	Quantum — Exports	Value — Imports	Value — Exports
1927	— 2.5	— 2.5	+ 7.8	+ 8.1	+ 5.1	+ 5.4
1928	— 1.0	± 0.0	+ 3.6	+ 3.6	+ 2.6	+ 3.6
1929	— 2.5	— 3.5	+ 5.0	+ 4.5	+ 2.4	+ 0.8
1930	—13.0	—13.0	— 6.1	— 7.8	—18.3	—19.8
1931	—20.5	—21.5	— 9.8	— 9.0	—28.3	—28.6
1932	—22.5	—22.5	—14.2	—13.7	—33.5	—32.8

(1) The figures are based on provisional monthly trade returns for these countries. The conversion of paper currencies has been made according to average market exchange rates for each month.

(2) *Cf. Review of World Trade, 1931 and 1932 (First Half)*, pages 58 *et seq.*

On the basis of these figures, the movement of world trade (imports plus exports) during the last four years works out as follows :

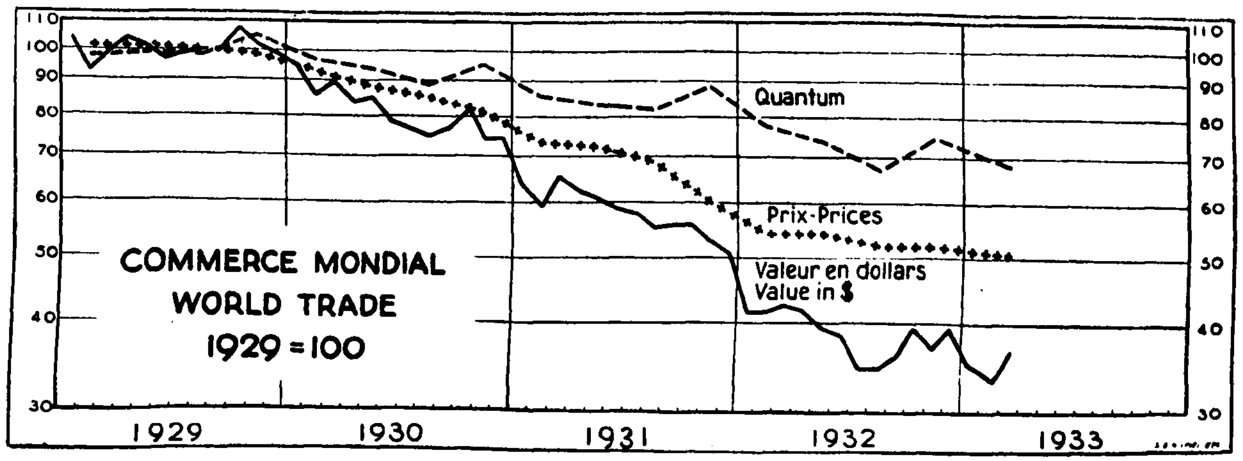
	1929	1930	1931	1932
Prices	100	87	68.5	53
Quantum	100	93	84.5	73.5
Value	100	81	58	39

While the value of world trade during the four years in question fell by 61 %, there should thus have been a fall in prices of 47% and in the quantum of 26-27%.

The calculation is subject to some qualifications of importance. For each individual country the notion " quantum of trade " depends upon the price relations prevailing in a given base year, and the price movement upon the method of weighting employed. The above data, derived from national calculations of the movement of the prices and the quantum of goods entering into the trade of a considerable number of countries, each using its own base year and method of weighting, may well show with sufficient accuracy the changes in world trade from one year to the following. Over a period of years, particularly if price relations and the composition of trade are changing, the result is likely to be less reliable. Several of the national price indices employed are obtained by weighting the prices of individual commodities by the quantities entering into trade in each individual year, which means that these indices are affected not only by price changes but also by changes in the composition of trade. As during the last few years the quantities exchanged of those goods which have fallen most in price have contracted the least, it may be estimated that the above figures somewhat overstate the price fall and consequently understate the reduction in the quantum of trade during the period.

The following graph shows the monthly movement of total world trade and the quarterly movement of prices (1) and the quantum of trade :

Movement of World Trade.



The price fall, which was extremely heavy in the second half of 1931, slowed down in 1932. The increase in the prices of numerous primary products in the middle of 1932 would appear to have been offset by a reduction in the prices of other

(1) According to the above-mentioned weighted price index for goods imported into the United Kingdom, Germany, France and Italy, adjusted so as to agree with the world price index for goods in international trade, calculated on a wider basis for the years 1929-1931.

goods, for the price index was slightly lower in the second half of 1932 than in the first. The fall in the quantum of trade was heavier during the first three quarters of 1932 than during the corresponding periods of 1930 and 1931. In each year there has been an increase in the quantum of trade during the last quarter, and the curve suggests that this seasonal movement, which is mainly due to the marketing of the autumn crop in the northern hemisphere, has become more marked as the depression has proceeded. It is natural that, when international trade is being reduced, more and more, to the exchange of primary necessities between countries of a different economic structure, the seasonal movement due to crops should play a more important rôle in this trade than during the years of prosperity. Though in certain countries, under the influence of the slowing-down in the price fall, a certain optimism arose in the late part of 1932 with regard to future developments of trade, there is nothing to indicate that the relatively great increase in the quantum of trade marks a lasting revival of trade activities. On the contrary, the reduction in trade values during the first few months of 1933 suggests that the quantum of trade continues to fall, though at a slower rate than during the two preceding years.

Trade by Continental Groups.

The manner in which the value of world trade is divided among the different continental groups is shown in Tables I and II. The figures for each group in Table I are obtained simply by adding those of the individual countries belonging to it, and accordingly include, in addition to the trade of the group with the rest of the world, the trade between its constituent parts.

TABLE I.

World Trade, by Continental Groups.

Value in dollars (000,000's omitted).

(Basis : Recorded Values ; Special Trade ; Merchandise (1) only.)

Continental group	Imports				Exports				Total			
	1929	1930	1931	1932	1929	1930	1931	1932	1929	1930	1931	1932
1. Europe, excluding Russia (U.S.S.R.)	19,282	16,410	12,176	8,067	15,576	13,303	9,690	6,212	34,858	29,713	21,866	14,279
2. Europe, including Russia (U.S.S.R.)	19,735	16,955	12,745	8,427	16,058	13,836	10,107	6,502	35,793	30,791	22,852	14,929
3. North America (2)	5,676	4,168	2,731	1,753	6,429	4,743	3,046	2,094	12,105	8,911	5,777	3,847
4. Latin America (3)	2,707	2,077	1,219	768	3,166	2,262	1,707	1,176	5,873	4,339	2,926	1,944
5. Africa	1,706	1,490	1,124	785	1,489	1,220	949	812	3,195	2,710	2,073	1,597
6. Asia, excl. Asiatic Russia	4,812	3,701	2,703	1,875	5,007	3,778	2,635	1,750	9,819	7,479	5,338	3,625
7. Oceania	970	692	325	277	886	653	478	392	1,856	1,345	803	669
Total (Groups 2 to 7).	35,606	29,083	20,847	13,885	33,035	26,492	18,922	12,726	68,641	55,575	39,769	26,611

(1) In the case of a few countries, the figures include bullion and specie or relate to general trade (see Table IV).
(2) *i.e.*, Canada, U.S.A., Newfoundland, Greenland and St. Pierre et Miquelon.
(3) *i.e.*, America, other than "North America" as defined above.

The European share in world trade, which amounted to 49.6% in 1926, increased steadily in subsequent years — to 52.1% in 1929 and 57.5% in 1931. In 1932, however, this share fell to 56.1%. The fall, which was most marked for exports, is a result partly of the hastened fall in the prices of manufactured articles, which constitute the bulk of European exports, and partly of the increase in trade barriers in Europe and the retrogression — at least temporarily — of the intimate trade relations which had developed between industrial countries during the period of prosperity.

TABLEAU II.

Distribution, en pourcentages, du Commerce mondial, par Groupes continentaux.

(Base : « Valeurs enregistrées », converties en dollars ; Commerce spécial ; Marchandises (1) seulement.)

TABLE II.

Percentage Distribution of World Trade, by Continental Groups.

(Basis : Recorded Values, reduced to dollars ; Special Trade ; Merchandise (1) only.)

GROUPE CONTINENTAL	IMPORT.				EXPORT.				TOTAL				CONTINENTAL GROUP
	1929	1930	1931	1932	1929	1930	1931	1932	1929	1930	1931	1932	
1. Europe, non compris Russie (U.R.S.S.)	54.2	56.4	58.4	58.1	47.2	50.2	51.2	48.8	50.8	53.5	55.0	53.7	1. Europe, excluding Russia (U.S.S.R.).
2. Europe, y compris Russie (U.R.S.S.)	55.4	58.3	61.1	60.7	48.6	52.2	53.4	51.1	52.1	55.4	57.5	56.1	2. Europe, including Russia (U.S.S.R.).
3. Amérique du Nord (2)	16.0	14.3	13.1	12.6	19.5	17.9	16.1	16.5	17.6	16.0	14.5	14.5	3. North America (2).
4. Amérique latine (3)	7.6	7.2	5.8	5.5	9.6	8.5	9.0	9.2	8.6	7.8	7.4	7.3	4. Latin America (3).
5. Afrique	4.8	5.1	5.4	5.7	4.5	4.6	5.0	6.4	4.7	4.9	5.2	6.0	5. Africa.
6. Asie, non compris Russie d'Asie	13.5	12.7	13.0	13.5	15.1	14.3	13.9	13.7	14.3	13.5	13.4	13.6	6. Asia, excluding Asiatic Russia.
7. Océanie	2.7	2.4	1.6	2.0	2.7	2.5	2.6	3.1	2.7	2.4	2.0	2.5	7. Oceania.
Total (Groupes 2 à 7)	100	100	100	100	100	100	100	100	100	100	100	100	Total (Groups 2 to 7.)

(1) Dans le cas de quelques pays, les chiffres comprennent les lingots et espèces, ou se rapportent au commerce général (voir Tableau IV).
(2) Canada, Etats-Unis d'Amérique, Terre-Neuve, Groenland et Saint-Pierre-et-Miquelon.
(3) Amérique, autre qu'« Amérique du Nord » comme définie ci-dessus.

(1) In the case of a few countries, the figures include bullion and specie or relate to general trade (see Table IV).
(2) *i.e.*, Canada, U.S.A., Newfoundland, Greenland and St. Pierre et Miquelon.
(3) *i.e.*, America, other than "North America" as defined above.

Certain changes took place in 1932 in the relative importance of other continents. The share of North America continued to decline, and for the first time in post-war years Asia became of greater importance than North America as a purchaser. Similarly, after a series of years during which her share in world imports steadily increased, Africa came to surpass Latin America.

Africa's share in world exports also continued to grow. The export figures give evidence of a reversal of the tendencies which during the early depression years had favoured the industrial countries. The increase in the share of North America in world exports is wholly due to the heavy agricultural exports of Canada in 1932.

In Table III the recorded value of the trade of each continental group is shown as a percentage of that in 1929.

TABLE III *(see page 23)*.

The estimated gold price index for world imports and exports has been added as a footnote to Table III. The figures regarding the price movement of goods entering into foreign trade are not complete enough to permit the calculation of similar indices for continental groups other than Europe and North America (for North America, figures are not available for 1932). The estimated changes in the gold prices and quantum of trade of these two groups are shown below :

	Imports				Exports			
	1929	1930	1931	1932	1929	1930	1931	1932
Europe :								
Prices	100	87	68	53	100	93	78	62
Quantum	100	99	95	81	100	92	81	64
North America :								
Prices	100	83	64	.	100	89	70	.
Quantum	100	88	75	.	100	83	68	.

During each of the depression years European imports have fallen less in quantum than European exports. Yet the excess in value of European imports over exports was reduced from \$3.7 milliard in 1929 to \$2.5 milliard in 1931 and \$1.8 milliard in 1932. Europe has been in a position to exchange its manufactured goods against raw materials and crude food products at much more favourable terms than before the depression. The fall in the import surplus between 1931 and 1932 is more than accounted for by the reduction in the trade deficit of the United Kingdom. The recent disorganisation of European trade is striking : from 1931 to 1932 the quantum of imports fell three times as much as during the two preceding depression years taken together, and the reduction in the quantum of exports exceeded 20 %, while the corresponding figure for total world trade was only 14 %. The figures point to a heavy contraction of inter-European trade.

TABLEAU III.

Indices des changements du Commerce mondial, par Groupes continentaux.

(Base : « Valeurs enregistrées », converties en dollars ; Commerce spécial ; Marchandises (1) seulement.)

TABLE III.

Indices of Changes in World Trade, by Continental Groups.

(Basis : Recorded Values, reduced to dollars ; Special Trade ; Merchandise (1) only.)

GROUPE CONTINENTAL	IMPORT.				EXPORT.				TOTAL				CONTINENTAL GROUP
	1929 %	1930 %	1931 %	1932 %	1929 %	1930 %	1931 %	1932 %	1929 %	1930 %	1931 %	1932 %	
1. Europe, non compris Russie (U.R.S.S.)	100	85	63	42	100	85	62	40	100	85	63	41	1. Europe, excluding Russia (U.S.S.R.).
2. Europe, y compris Russie (U.R.S.S.)	100	86	65	43	100	86	63	40	100	86	64	42	2. Europe, including Russia (U.S.S.R.).
3. Amérique du Nord (2)	100	73	48	31	100	74	47	33	100	74	48	32	3. North America (2).
4. Amérique latine (3)	100	77	45	28	100	71	54	37	100	74	50	33	4. Latin America (3).
5. Afrique	100	87	66	46	100	82	64	55	100	84	65	50	5. Africa.
6. Asie, non compris Russie d'Asie	100	77	56	39	100	75	53	35	100	76	54	37	6. Asia, excluding Asiatic Russia.
7. Océanie	100	71	34	29	100	74	54	44	100	72	43	36	7. Oceania.
(4) Total (Groupes 2 à 7)	100	82	59	39	100	80	57	39	100	81	58	39	(4) Total (Groups 2 to 7).

(1) Dans le cas de quelques pays, les chiffres comprennent les lingots et espèces, ou se rapportent au commerce général (voir Tableau IV).
(2) Canada, Etats-Unis d'Amérique, Terre-Neuve, Groenland et St-Pierre-et-Miquelon.
(3) Amérique, autre qu'« Amérique du Nord » comme définie ci-dessus.
(4) Les nombres-indices de prix sont :

(1) In the case of a few countries, the figures include bullion and specie or relate to general trade (see Table IV).
(2) *i.e.*, Canada, U.S.A., Newfoundland, Greenland and St. Pierre et Miquelon.
(3) *i.e.*, America, other than "North America" as defined above.
(4) The price indices are :

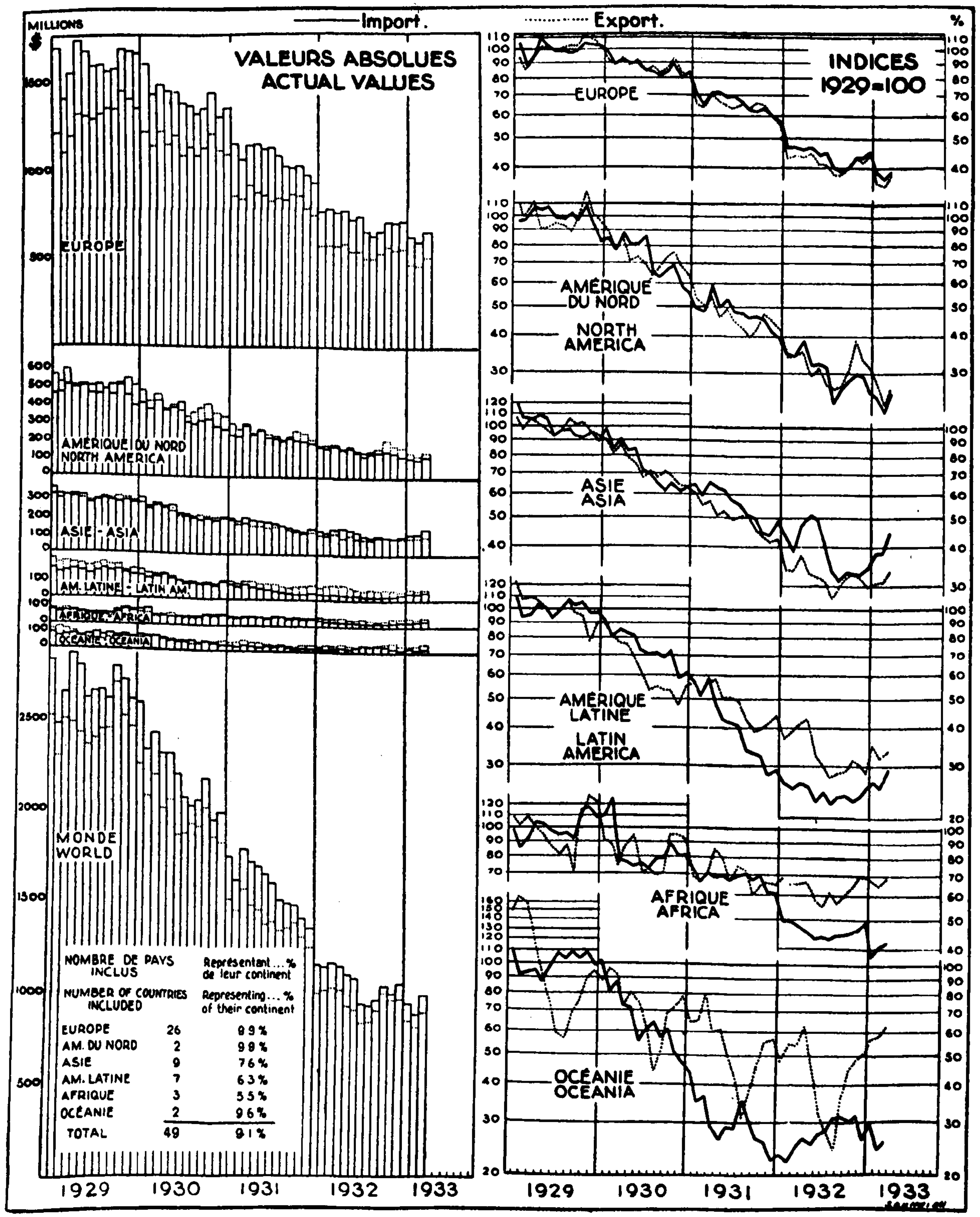
IMPORT.				EXPORT.				TOTAL			
1929	1930	1931	1932	1929	1930	1931	1932	1929	1930	1931	1932
100	87	69	53.5	100	87	68	52.5	100	87	68.5	53

The percentage reduction from 1931 to 1932 in the value of the trade of North and Latin America as well as Asia was not much less than that of Europe, and a reduction in the quantum of both imports and exports of these continents appears to have taken place. Over the whole period 1929 to 1932, however, the reduction in the export values from Latin America and Asia was probably not materially greater than the fall in the prices of the raw materials and foodstuffs which are the main export products of these continents, and the fall in the quantum of their exports appears to have been comparatively small.

Since the beginning of the depression, exports from Oceania have fallen less in value than in price — that is, their quantum has increased. Owing to the falling-off in capital imports, the deterioration of barter terms and the increasing share of the yield

Trade Values.

Million gold dollars. *As % of 1929.*



of exports absorbed by the service of foreign debts, the quantum of imports was drastically reduced in 1930 and 1931. In 1932 that quantum again increased slightly.

The movement of the value of African trade points to a maintenance of the quantum of exports and a relatively small reduction in the quantum of imports. The favoured position of Africa in world trade is a result of the growing gold exports of South Africa [1] and of the fact that the trade between France and her territories in Northern Africa has been largely undisturbed by trade barriers [2].

The diagram on the opposite page illustrates the monthly movement of the value of trade for forty-nine countries, representing together some nine-tenths of world trade, divided into the same continental groups as are shown in Tables I-III.

The world has been divided in the above tables into groups of contiguous or proximate countries. It may be useful to supplement the evidence so furnished by similar figures for territories under British administration. Similar figures for territories under French and Dutch administration covering the year 1932 are not yet available [3].

British Empire [4] Trade.

	$ (000,000's)											
	Imports				Exports				Total			
	1929	1930	1931	1932	1929	1930	1931	1932	1929	1930	1931	1932
Total British Empire [5] ...	10,467	8,621	6,127	4,072	8,703	6,762	4,507	3,318	19,170	15,383	10,634	7,390
Total, less United Kingdom	5,060	3,963	2,543	1,791	5,154	3,984	2,736	2,038	10,214	7,947	5,279	3,829
	%	%	%	%	%	%	%	%	%	%	%	%
Percentages (1929 = 100):												
Total British Empire....	100	82.4	58.5	38.9	100	77.7	51.8	38.1	100	80.2	55.5	38.6
Total, less United Kingdom	100	78.3	50.3	35.4	100	77.3	53.1	39.5	100	77.8	51.7	37.5
British Empire: percentage share of world trade ...	29.4	29.6	29.4	29.3	26.3	25.5	23.8	26.1	27.9	27.7	26.7	27.8

The share of the British Empire in world trade fell off slightly during 1930 and 1931, but recovered in 1932 and almost reached the 1929 figure. The change is due wholly to the relative increase in exports, resulting mainly from the improved competitive position of the United Kingdom. Total imports exceeded total exports owing mainly to the large invisible exports of the United Kingdom and, in 1931 as well as 1932, to the fact that this country drew upon her foreign assets. The passive merchandise balance of the Empire is indeed larger than the table suggests. Exports include certain figures for bullion and specie, exported from the Union of South Africa, Canada and the Gold Coast, that are not included in the import figures for the United Kingdom and other countries. If the exports of bullion and specie to the British Empire from each of these three exporting countries are omitted, the export figures are reduced by $229, $236, $227 and $247 million in 1929, 1930, 1931 and 1932 respectively. Further, freights (amounting to about

(1) Gold exports from the Union of South Africa and most other gold-producing countries are included in the data serving as basis for the table.

(2) *Cf.* page 42.

(3) For data covering the years 1929-1931, see *Review of World Trade, 1931 and 1932 (First Half)*, page 22.

(4) Including Anglo-Egyptian Sudan, protectorates and mandated territories. Excluding New Hebrides, 'Iraq, and also statistical areas not included in the world totals of Table IV — viz.: Hong-Kong, Wei-Hai-Wei, Gibraltar, Channel Islands and other small areas for which trade statistics are not published.

(5) Merchandise only, except for the inclusion of certain exports of bullion and specie — viz.: *(a)* Union of South Africa (all), *(b)* Canada and Gold Coast (domestic produce). The figures for Australia and Canada relate to calendar years; those for Australia relate to general trade.

NOTE. — Conversions have been made at par, in the case of gold-standard countries (but only for years throughout 1931 figures decreased in the same proportion as

PAYS	En millions de dollars — In million dollars										COUNTRY
	IMPORT.				EXPORT.				TOTAL		
	1929	1930	1931	1932	1929	1930	1931	1932	1929	1932	
Royaume-Uni	5,407	4,658	3,584	2,281	3,549	2,778	1,771	1,280	8,956	3,561	United Kingdom.
Etats-Unis d'Amér.	4,339	3,114	2,088	1,330	5,157	3,781	2,378	1,577	9,496	2,907	U.S.A.
Allemagne (1)	3,203	2,476	1,602	1,103	3,212	2,867	2,286	1,368	6,415	2,471	Germany (1).
France	2,282	2,058	1,654	1,172	1,965	1,679	1,198	774	4,247	1,946	France.
Canada (2) (3)	1,299	1,008	608	399	1,225	905	628	487	2,524	886	Canada (2) (3).
Pays-Bas	1,106	972	761	524	800	691	527	341	1,906	865	Netherlands.
Belgique	988	861	660	452	884	725	643	411	1,872	863	Belgium.
Japon	1,000	744	589	395	969	707	547	388	1,969	783	Japan.
Italie	1,140	912	612	423	801	637	528	348	1,941	771	Italy.
Inde	906	678	464	351	1,168	911	555	355	2,074	706	India.
Russie (U.R.S.S.)	453	545	569	360	482	533	417	290	935	650	Russia (U.S.S.R.).
Argentine	820	617	349	215	907	513	428	330	1,727	545	Argentine.
Chine (6)	810	603	487	345	650	412	309	161	1,460	506	China (6).
Union Sud-Afric. (4)(5)	417	324	263	168	454	389	333	322	871	490	Un. of S. Africa (4)(5).
Suisse	516	488	427	332	401	337	258	149	917	481	Switzerland.
Australie (G)	706	460	197	187	592	418	315	268	1,298	455	Australia (G).
Tchécoslovaquie	590	464	347	221	606	517	388	217	1,196	438	Czechoslovakia.
Danemark	460	444	352	205	433	408	316	203	893	408	Denmark.
Indes néerlandaises	446	357	238	159	581	466	301	232	1,027	391	Dutch East Indies.
Suède	478	445	358	212	486	415	280	174	964	386	Sweden.
Espagne	528	472	227	188	407	444	185	142	935	330	Spain.
Algérie	230	224	191	167	152	167	133	148	382	315	Algeria.
Brésil (G)	422	261	140	106	461	318	241	179	883	285	Brazil (G).
Malaisie britan. (G)	498	400	242	154	521	371	214	131	1,019	285	British Malaya (G).
Autriche	459	380	304	161	308	260	182	88	767	249	Austria.
Etat libre d'Irlande	293	271	225	146	228	217	163	91	521	237	Irish Free State.
Norvège	285	283	213	123	199	181	113	101	484	224	Norway.
Pologne	349	252	165	96	316	278	211	121	665	217	Poland.
Nouvelle-Zélande	233	204	110	78	259	204	141	109	492	187	New Zealand.
Egypte	267	229	141	95	253	155	118	91	520	186	Egypt.
Roumanie	176	138	98	71	174	171	133	99	350	170	Roumania.
Corée (G)	195	181	132	88	159	182	128	80	354	168	Korea (G).
Curaçao (G)	145	164	100	(69)	124	168	138	(92)	269	(161)	Curaçao (G).
Mexique (3) (G)	184	165	98	60	285	216	167	100	469	160	Mexico (3) (G).
Cuba	(G) 216	(G) 162	(G) 80	(G) 60	272	167	119	78	488	138	Cuba.
Philippines	146	122	98	(66)	163	132	108	(69)	309	(135)	Philippines.
Finlande	176	132	82	53	162	136	106	72	338	125	Finland.
Hongrie	186	144	94	59	181	159	100	58	367	117	Hungary.
Formose (G)	94	88	71	45	125	119	108	67	219	112	Formosa (G).
Ceylan (G)	146	109	74	52	153	117	79	50	299	102	Ceylon (G).
Venezuela (G)	85	68	36	(24)	149	139	110	(74)	234	(98)	Venezuela (G).
Colombie (3) (G)	123	61	40	29	123	110	95	68	246	97	Colombia (3) (G).
Yougoslavie	134	122	84	47	139	119	84	50	273	97	Yugoslavia.
Turquie	124	69	60	41	75	71	60	48	199	89	Turkey.
Portugal	113	108	70	59	48	42	34	25	161	84	Portugal.
Maroc (Zone franç.)	100	87	82	(55)	48	28	30	(20)	148	(75)	Morocco (French Z.).
Siam (7)	86	65	40	29	94	69	49	45	180	74	Siam (7).
Tunisie	78	83	76	(51)	55	44	35	(23)	133	(74)	Tunis.
Chili	197	170	86	26	283	164	102	44	480	70	Chile.
Perse (7) (G)	73	62	30	(20)	132	111	70	(47)	205	(67)	Persia (7) (G).
Grèce	173	137	115	42	90	75	54	23	263	65	Greece.
Indochine française	101	71	51	(34)	102	72	44	(29)	203	(63)	French Indo-China.
Pérou	76	51	29	17	117	84	49	39	193	56	Peru.
Uruguay	(8) 92	(8) 77	63	(8) 25	92	87	45	27	184	52	Uruguay.
Bulgarie	60	33	34	25	46	45	48	24	106	49	Bulgaria.
Nigérie	63	60	29	(19)	86	72	39	(26)	149	(45)	Nigeria.
Terre-Neuve (7) (G)	29	32	25	(17)	37	40	34	(23)	66	(40)	Newfoundland (7)(G).
Congo belge (3)	54	44	27	(18)	40	42	31	(21)	94	(39)	Belgian Congo (3).
Côte de l'Or (2)	46	41	20	(13)	60	48	34	(23)	106	(36)	Gold Coast (2).
Afrique-Occ. franç. (G)	60	54	28	(19)	52	43	26	(17)	112	(36)	French W. Africa (G).
Lithuanie	31	31	28	17	33	33	27	19	64	36	Lithuania.
Palestine	35	34	27	27	8	9	7	8	43	35	Palestine.
Lettonie	70	57	34	16	53	48	32	19	123	35	Latvia.
Rhodésie méridionale	33	30	26	(17)	32	30	27	(18)	65	(35)	Southern Rhodesia.
Syrie	50	44	40	29	20	18	11	6	70	35	Syria.
Kénia et Ouganda	39	32	21	(14)	34	27	20	(13)	73	(27)	Kenya and Uganda.
Soudan anglo-égypt.	33	29	17	14	33	25	8	13	66	27	Anglo-Egypt. Sudan.
Jamaïque	34	29	22	(15)	22	20	15	(10)	56	(25)	Jamaica.
Trinité et Tobago	26	24	16	(11)	32	26	19	(13)	58	(24)	Trinidad and Tobago.
Bolivie (9)	26	21	11	(7)	51	37	22	(15)	77	(22)	Bolivia (9).
Irak (7)	36	26	20	(13)	20	15	14	(9)	56	(22)	'Iraq (7).
Estonie	33	26	16	10	31	26	19	11	64	21	Estonia.
Honduras (3) (7) (G)	15	16	10	(7)	25	26	20	(13)	40	(20)	Honduras (3) (7) (G).
Aden (7) (G)	26	20	16	(11)	19	14	10	(7)	45	(18)	Aden (7) (G).
Guatémala (3)	(G) 30	(G) 16	(G) 10	(G) (7)	25	24	15	(10)	55	(17)	Guatemala (3).
Rép. Dominicaine (3)	22	15	10	(7)	23	18	13	(9)	45	(16)	Dominican Rep. (3).
Costa-Rica (3) (G)	20	11	9	(6)	18	16	14	(9)	38	(15)	Costa Rica (3) (G).
Haïti (7) (3)	17	13	10	7	17	14	9	7	34	14	Haiti (7) (3).
Salvador (3) (G)	18	12	9	(6)	18	14	12	(8)	36	(14)	El Salvador (3) (G).
Equateur (G)	17	13	9	(6)	17	16	11	(7)	34	(13)	Ecuador (G).
Paraguay	13	13	7	4	13	12	8	7	26	11	Paraguay.
Panama	(G) 19	(G) 18	(G) 13	(G) (9)	4	3	3	(2)	23	(11)	Panama.
Nicaragua (3) (G)	12	8	6	(4)	11	8	7	(5)	23	(9)	Nicaragua (3) (G).
Autres pays	490	446	351	(235)	384	312	233	(156)	874	(391)	Other countries.
TOTAL	35,606	29,083	20,847	13,885	33,035	26,492	18,922	12,726	68,641	26,611	TOTAL.

(G) General Trade.
(1) Exports include War Reparations in kind, viz. : 195 ; 168 ; 94 ; for 1932, amount unknown.
(2) Exports include bullion and specie, of domestic origin, viz. : Canada (16 ; 0 ; 31 ; 51) ; Gold Coast (4 ; 5 ; 5 ; amount unknown).
(3) Exports include re-exports of merchandise.
(4) Imports include total freight, etc.
(5) Including bullion and specie.

which the gold standard was effective in those countries). The 1932 figures in brackets are estimates, viz. the the total (imports plus exports) (*i.e.*, by 33.12 %).

PAYS	Pourcentages du total — As percentages of total										COUNTRY
	IMPORT.				EXPORT.				TOTAL		
	1929	1930	1931	1932	1929	1930	1931	1932	1929	1932	
Royaume-Uni	15.19	16.02	17.18	16.43	10.74	10.48	9.36	10.08	13.04	13.38	United Kingdom.
Etats-Unis d'Amér.	12.19	10.71	10.02	9.58	15.61	14.27	12.57	12.39	13.83	10.92	U.S.A.
Allemagne (1)	9.00	8.50	7.68	7.98	9.72	10.82	12.08	10.70	9.34	9.29	Germany (1).
France	6.41	7.08	7.93	8.44	5.95	6.34	6.30	6.08	6.19	7.31	France.
Canada (2) (3)	3.65	3.47	2.92	2.87	3.71	3.42	3.28	3.83	3.68	3.33	Canada (2) (3).
Pays-Bas	3.11	3.34	3.65	3.77	2.43	2.61	2.79	2.68	2.78	3.25	Netherlands.
Belgique	2.77	2.96	3.17	3.26	2.68	2.74	3.40	3.23	2.73	3.24	Belgium.
Japon	2.81	2.56	2.83	2.84	2.93	2.67	2.89	3.05	2.87	2.94	Japan.
Italie	3.20	3.14	2.94	3.05	2.42	2.41	2.79	2.73	2.83	2.90	Italy.
Inde	2.54	2.33	2.28	2.53	3.54	3.44	2.93	2.79	3.02	2.65	India.
Russie (U.R.S.S.)	1.27	1.87	2.73	2.59	1.46	2.01	2.20	2.28	1.36	2.44	Russia (U.S.S.R.).
Argentine	2.30	2.12	1.67	1.55	2.74	1.94	2.26	2.59	2.52	2.05	Argentine.
Chine (6)	2.27	2.07	2.34	2.48	1.97	1.56	1.63	1.26	2.13	1.90	China (6).
Union Sud-Afric. (4)(5)	1.17	1.11	1.26	1.21	1.37	1.47	1.76	2.53	1.27	1.84	Un. of S. Africa (4)(5).
Suisse	1.45	1.68	2.05	2.39	1.21	1.27	1.36	1.17	1.34	1.81	Switzerland.
Australie (G)	1.98	1.58	0.95	1.35	1.79	1.58	1.66	2.10	1.89	1.71	Australia (G).
Tchécoslovaquie	1.66	1.60	1.66	1.59	1.83	1.95	2.05	1.70	1.74	1.65	Czechoslovakia.
Danemark	1.29	1.53	1.69	1.48	1.31	1.54	1.67	1.59	1.30	1.53	Denmark.
Indes néerlandaises	1.25	1.23	1.14	1.15	1.76	1.76	1.59	1.82	1.50	1.47	Dutch East Indies.
Suède	1.34	1.53	1.72	1.53	1.47	1.57	1.48	1.37	1.40	1.45	Sweden.
Espagne	1.48	1.62	1.09	1.35	1.23	1.68	0.98	1.11	1.36	1.24	Spain.
Algérie	0.65	0.77	0.92	1.20	0.46	0.63	0.70	1.16	0.56	1.18	Algeria.
Brésil (G)	1.19	0.90	0.67	0.76	1.39	1.20	1.27	1.41	1.29	1.07	Brazil (G).
Malaisie britan. (G)	1.40	1.38	1.16	1.11	1.58	1.40	1.13	1.03	1.48	1.07	British Malaya (G).
Autriche	1.29	1.31	1.46	1.16	0.93	0.98	0.96	0.69	1.12	0.94	Austria.
Etat libre d'Irlande	0.82	0.93	1.08	1.05	0.69	0.82	0.86	0.72	0.76	0.89	Irish Free State.
Norvège	0.80	0.97	1.02	0.89	0.60	0.68	0.60	0.79	0.70	0.84	Norway.
Pologne	0.98	0.87	0.79	0.69	0.96	1.03	1.12	0.95	0.97	0.82	Poland.
Nouvelle-Zélande	0.65	0.70	0.53	0.56	0.78	0.77	0.75	0.86	0.72	0.70	New Zealand.
Egypte	0.75	0.79	0.68	0.68	0.77	0.59	0.62	0.72	0.76	0.70	Egypt.
Roumanie	0.49	0.47	0.45	0.51	0.53	0.65	0.70	0.78	0.51	0.64	Roumania.
Corée (G)	0.55	0.62	0.63	0.63	0.48	0.50	0.68	0.63	0.52	0.63	Korea (G).
Curaçao (G)	0.41	0.56	0.48	0.50	0.38	0.63	0.73	0.72	0.39	0.61	Curaçao (G).
Mexique (3) (G)	0.52	0.57	0.45	0.43	0.86	0.81	0.88	0.79	0.68	0.60	Mexico (3) (G).
Cuba	0.61	0.56	0.38	0.43	0.82	0.63	0.63	0.61	0.71	0.52	Cuba.
Philippines	0.41	0.42	0.47	0.48	0.49	0.50	0.54	0.54	0.45	0.51	Philippines.
Finlande	0.49	0.45	0.39	0.38	0.49	0.52	0.56	0.57	0.49	0.47	Finland.
Hongrie	0.52	0.50	0.45	0.43	0.55	0.60	0.53	0.46	0.53	0.44	Hungary.
Formose (G)	0.26	0.29	0.34	0.32	0.38	0.45	0.57	0.53	0.32	0.42	Formosa (G).
Ceylan (G)	0.41	0.37	0.36	0.37	0.46	0.45	0.42	0.39	0.44	0.38	Ceylon (G).
Venezuela (G)	0.24	0.23	0.17	0.17	0.45	0.53	0.58	0.58	0.34	0.37	Venezuela (G).
Colombie (3) (G)	0.35	0.21	0.19	0.21	0.37	0.42	0.50	0.53	0.36	0.37	Colombia (3) (G).
Yougoslavie	0.38	0.42	0.40	0.34	0.42	0.45	0.44	0.39	0.39	0.37	Yugoslavia.
Turquie	0.35	0.24	0.29	0.30	0.23	0.26	0.32	0.38	0.29	0.33	Turkey.
Portugal	0.32	0.37	0.34	0.43	0.15	0.16	0.18	0.20	0.23	0.32	Portugal.
Maroc (Zone franç.)	0.28	0.30	0.39	0.40	0.15	0.10	0.16	0.16	0.22	0.28	Morocco (French Z.).
Siam (7)	0.24	0.22	0.19	0.21	0.28	0.26	0.26	0.35	0.26	0.28	Siam (7).
Tunisie	0.22	0.29	0.36	0.37	0.17	0.16	0.19	0.18	0.19	0.28	Tunis.
Chili	0.55	0.58	0.41	0.19	0.86	0.62	0.54	0.35	0.70	0.26	Chile.
Perse (7) (G)	0.21	0.21	0.14	0.14	0.40	0.42	0.37	0.37	0.30	0.25	Persia (7) (G).
Grèce	0.49	0.47	0.55	0.30	0.27	0.28	0.29	0.18	0.38	0.24	Greece.
Indochine française	0.28	0.24	0.24	0.25	0.31	0.27	0.23	0.23	0.30	0.24	French Indo-China.
Pérou	0.21	0.18	0.14	0.12	0.35	0.32	0.26	0.31	0.30	0.21	Peru.
Uruguay	0.26	0.26	0.30	0.18	0.28	0.33	0.24	0.21	0.27	0.20	Uruguay.
Bulgarie	0.17	0.11	0.16	0.18	0.14	0.17	0.23	0.19	0.15	0.18	Bulgaria.
Nigérie	0.18	0.21	0.14	0.14	0.26	0.27	0.21	0.20	0.22	0.17	Nigeria.
Terre-Neuve (7) (G)	0.08	0.11	0.12	0.12	0.11	0.15	0.18	0.18	0.10	0.15	Newfoundland (7)(G).
Congo belge (3)	0.15	0.15	0.13	0.13	0.12	0.16	0.16	0.17	0.14	0.15	Belgian Congo (3).
Côte de l'Or (2)	0.13	0.14	0.10	0.10	0.18	0.18	0.18	0.18	0.15	0.14	Gold Coast (2).
Afrique-Occ. franç. (G)	0.17	0.19	0.13	0.14	0.16	0.16	0.14	0.13	0.16	0.14	French W. Africa (G).
Lithuanie	0.09	0.11	0.13	0.12	0.10	0.12	0.14	0.15	0.09	0.14	Lithuania.
Palestine	0.10	0.12	0.13	0.20	0.02	0.03	0.04	0.06	0.06	0.13	Palestine.
Lettonie	0.20	0.20	0.16	0.12	0.16	0.18	0.17	0.15	0.18	0.13	Latvia.
Rhodésie méridionale	0.09	0.10	0.13	0.12	0.10	0.11	0.14	0.14	0.09	0.13	Southern Rhodesia.
Syrie	0.14	0.15	0.19	0.21	0.06	0.07	0.06	0.05	0.10	0.13	Syria.
Kénia et Ouganda	0.11	0.11	0.10	0.10	0.11	0.10	0.11	0.10	0.11	0.10	Kenya and Uganda.
Soudan anglo-égypt.	0.09	0.10	0.08	0.10	0.10	0.09	0.04	0.10	0.10	0.10	Anglo-Egypt. Sudan.
Jamaïque	0.10	0.10	0.11	0.11	0.07	0.07	0.08	0.08	0.08	0.09	Jamaica.
Trinité et Tobago	0.07	0.08	0.08	0.08	0.10	0.10	0.10	0.10	0.08	0.09	Trinidad and Tobago.
Bolivie (9)	0.07	0.07	0.05	0.05	0.16	0.14	0.12	0.12	0.11	0.08	Bolivia (9).
Irak (7)	0.10	0.09	0.10	0.09	0.06	0.06	0.07	0.07	0.08	0.08	'Iraq (7).
Estonie	0.09	0.09	0.08	0.07	0.09	0.10	0.10	0.09	0.09	0.08	Estonia.
Honduras (3) (7) (G)	0.04	0.06	0.05	0.05	0.08	0.10	0.11	0.10	0.06	0.08	Honduras (3) (7) (G).
Aden (7) (G)	0.07	0.07	0.08	0.08	0.06	0.05	0.05	0.06	0.07	0.07	Aden (7) (G).
Guatémala (3)	0.08	0.06	0.05	0.05	0.08	0.09	0.08	0.08	0.08	0.06	Guatemala (3).
Rép. Dominicaine (3)	0.06	0.05	0.05	0.05	0.07	0.07	0.07	0.07	0.07	0.06	Dominican Rep. (3).
Costa-Rica (3) (G)	0.06	0.04	0.04	0.04	0.05	0.06	0.07	0.07	0.06	0.06	Costa Rica (3) (G).
Haïti (7) (3)	0.05	0.04	0.05	0.05	0.05	0.05	0.05	0.06	0.05	0.05	Haiti (7) (3).
Salvador (3) (G)	0.05	0.04	0.04	0.04	0.05	0.05	0.06	0.06	0.05	0.05	El Salvador (3) (G).
Equateur (G)	0.05	0.04	0.04	0.04	0.05	0.06	0.06	0.06	0.05	0.05	Ecuador (G).
Paraguay	0.04	0.04	0.03	0.03	0.04	0.04	0.04	0.06	0.04	0.04	Paraguay.
Panama	0.05	0.06	0.06	0.06	0.01	0.01	0.02	0.02	0.03	0.04	Panama.
Nicaragua (3) (G)	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.03	0.03	Nicaragua (3) (G).
Autres pays	1.38	1.54	1.69	1.69	1.17	1.18	1.24	1.23	1.27	1.47	Other countries.
TOTAL	100	100	100	100	100	100	100	100	100	100	TOTAL.

(6) Excluding figures for Manchurian ports, July-December 1932. See page 57.
(7) The figures for the following countries, in this and the other tables, relate to years other than calendar : Siam, 'Iraq and Aden (beginning 1st April) ; Newfoundland (ending 30th June) ; Haiti (ending 30th September) ; Persia (beginning 22nd March) ; Honduras (ending 31st July).
(8) " Official values ", but the margin of error probably does not exceed 10 % (except in 1932, where it is probably greater).
(9) Including bullion.

$140, $110, $85 and $65 million) are excluded from the import value recorded by Canada ; on the other hand, domestic freights (between the " point of original shipment " and the port or boundary) excluded from the export value recorded by the same country (about $46, $36, $26 and $23 million) should be added to exports. The following table shows how these items affect the merchandise balance :

	$ (000,000's)							
	According to the above table				After adjustment as indicated above			
	1929	1930	1931	1932	1929	1930	1931	1932
Passive balance of the whole British Empire	1,764	1,859	1,620	754	2,087	2,169	1,906	1,043
Passive balance of the United Kingdom	1,858	1,880	1,813	1,001	1,858	1,880	1,813	1,001
Active (+) or passive (—) balance of the British Empire, less the United Kingdom	+ 94	+ 21	+ 193	+ 247	— 229	— 289	— 93	— 42

According to the last four columns of this table, the passive balance of the Empire, less the United Kingdom, was greatly reduced in 1931 and 1932. For this, the reversal of the formerly passive balances of Canada and Australia are mainly responsible.

According to an official calculation (1), goods in inter-Imperial trade represented in the years 1924 to 1930 around 26 % (in 1930, 26.0 %) of the total value of the merchandise passing in the trade of the British Empire. The corresponding figure for trade between British countries other than the United Kingdom was only 4.1 % in 1930.

Trade of Individual Countries.

In Table IV are shown, in terms of dollars, the recorded imports, exports and total trade (merchandise only) of practically all independent statistical areas in the years 1929 to 1932. In addition to the countries shown separately in the table, the figures for eighty-one smaller countries, colonies and other independent trade statistical areas have been grouped together under the heading " Other countries ". But, as data for these smaller trading units for 1932 are, in the great majority of cases, not yet available, it has been presumed that the total trade of this group (imports plus exports) in that year fell in the same proportion as the aggregate trade of the countries for which information was available — namely, by 33.12 per cent. In the case of twenty-six other countries, it also proved necessary to have recourse to this method. The interpolated data are entered in parentheses.

TABLE IV *(see pages 26 and 27)*.

The percentages in the right-hand part of the table give evidence as to the continuation in 1932 of certain of the tendencies prevailing in the preceding years. Thus the steady and rapid reduction in the United States of America's share in world imports as well as exports continued, and the share in world imports of certain European creditor countries, such as France, Belgium, Netherlands and Switzerland, went on increasing. Between 1929 and 1932, the aggregate share of the four countries just mentioned in world imports rose from 13.7 to 17.9 %, while that of the United States fell from 12.2 to 9.6 %.

In many other cases, a reversal of previous tendencies occurred. During the

(1) *Statistical Abstract for the British Empire for each of the seven years 1924 to 1930, page 88.*

first two years of the depression, the United Kingdom received a growing share of world imports, while her share in world exports fell, but in 1932 these movements were reversed. The change was less, however, than might have been expected in view of the depreciation of sterling and the new tariff policy of the United Kingdom ; in 1932, her imports still represented a greater, and her exports a smaller, share of world trade than two years earlier.

For the majority of other industrial countries, a smaller share in world exports is recorded in 1932 than in 1931, and, in most cases (Germany, Netherlands, Belgium, Italy, Switzerland, Czechoslovakia), this decrease involved a reversal of the movement in the preceding years. The figures point to a much heavier reduction in the trade in manufactured articles than in primary products. The movement coincides with the marked growth since 1930 or 1931 in the share in world exports of a number of important agricultural countries, such as Canada, Argentine, Australia, Brazil, Egypt, New Zealand and Roumania. Certain of these (for example, Australia, Brazil, Egypt and New Zealand) were able in 1932, for the first time for several years, to increase their share in world imports also. These countries import mainly manufactured articles ; the relatively heavy reduction in the trade in such articles in 1932, to which attention was drawn above, would appear to be due to reduced trade between industrial countries rather than to smaller purchases by agricultural countries.

In Table V, the imports, exports and total trade by value in 1930 to 1932 of the first sixteen countries of Table IV (representing together 71 % of world trade in 1932) are shown as percentages of the corresponding figures for 1929.

TABLE V

Indices of Changes in World Trade, by Countries (1929 = 100).

(Basis : Recorded values, reduced to dollars ; Special trade ; Merchandise only.)

Note : The countries specified are the first 16 of Table IV, representing, in 1932, 70.96 % of total world trade.

COUNTRY	IMPORTS			EXPORTS			TOTAL		
	1930	1931	1932	1930	1931	1932	1930	1931	1932
United Kingdom	86.1	66.3	42.2	78.3	49.9	36.1	83.0	59.8	39.8
U.S.A.	71.7	48.1	30.7	73.3	46.1	30.6	72.6	47.0	30.6
Germany (1)	77.3	50.0	34.7	89.3	71.2	42.4	83.3	60.6	38.5
France	90.2	72.5	51.4	85.4	60.7	39.3	88.0	67.0	45.7
Canada (2)	77.6	46.8	30.7	73.9	50.9	39.7	75.8	48.8	35.1
Netherlands	87.9	68.7	47.4	86.4	65.9	42.5	87.3	67.6	45.3
Belgium	87.2	66.8	45.8	82.0	72.8	46.6	84.7	69.6	46.2
Japan	74.4	58.9	39.5	73.0	56.4	40.1	73.7	57.7	39.8
Italy	80.1	53.7	37.1	79.5	65.9	43.5	79.9	58.7	39.7
India	74.8	51.2	38.7	78.0	47.5	30.4	76.6	49.1	34.0
Russia (U.S.S.R.)	120.2	125.4	79.4	110.6	86.5	60.2	115.3	105.4	69.5
Argentine	75.3	42.6	26.2	56.5	47.2	36.4	65.4	45.0	31.5
China (3)	74.4	60.2	42.6	63.3	47.6	24.7	69.4	54.6	34.6
Union of South Africa (4)	77.6	63.0	40.2	85.6	73.4	70.9	81.8	68.4	56.2
Switzerland	94.5	82.9	64.3	84.1	64.3	37.2	90.0	74.8	52.4
Australia (5)	65.1	27.9	26.4	70.7	53.3	45.2	67.6	39.4	35.0
Other countries (6)	83.9	58.1	37.6	83.6	59.2	39.5	83.7	58.6	38.6
Total	81.7	58.5	39.0	80.2	57.3	38.5	81.0	57.9	38.8

(1) Exports include War Reparations in kind.
(2) Exports include bullion and specie, of domestic origin, and re-exports of merchandise.
(3) Excluding trade of Manchurian ports, July-December 1932.
(4) Including bullion and specie. Imports include total freight, etc.
(5) General trade.
(6) In the case of certain " other countries ", representing, in 1932, 5.83 % of total world trade (and therefore 20 % of " other countries ", above), the 1932 figures are estimates (see Note at top of Table IV).

The United States total trade has fallen in value by almost 70 per cent, or relatively more than that of any of the other fifteen countries, and the fall is evenly distributed between imports and exports. The trade of the European creditor countries (the United Kingdom, France, the Netherlands, Belgium, Switzerland) has been much less affected, and, with the exception of Belgium, their imports have fallen much less than their exports. A greater reduction of trade is recorded by the majority of debtor countries ; further, the small supply of foreign capital has generally forced these countries to reduce their imports more than their exports (Germany, Canada, Argentine, Australia, the Union of South Africa). Certain debtor countries — for example, Russia, which has been able to raise considerable credits abroad, and India, which has recently balanced her international accounts by large gold exports — have, however, not had to curtail their imports as much as their exports.

In considering the reduction of trade values between 1931 and 1932, the effect of the depreciation of the currencies of many countries in the course of these two years is naturally of very special interest. As the depreciation did not occur simultaneously in different countries, its effect can hardly be adequately gauged by comparing the annual trade figures for 1931 and 1932. The following data render it possible to compare the trade during the last two quarters of 1931 and 1932 of twenty countries, representing together 78 per cent of world trade in 1932 and divided into four groups — namely :

(1) Eight countries which, between August 1931 and August 1932, had not depreciated their currencies (either because they remained on an effective gold standard or because they maintained the exchange value of their currencies approximately at par by means of exchange restrictions) : the United States, Germany, France, Belgium, the Netherlands, Italy, the Union of South Africa and Poland ;

(2) Three countries whose currencies between August 1931 and August 1932 depreciated by about 10 per cent : Canada, Argentine and Spain ;

(3) Nine countries whose currencies during the period in question depreciated by 25 to 35 per cent : the United Kingdom, India, Denmark, Sweden, Australia, Norway, Egypt, New Zealand and Portugal ;

(4) Three countries whose currencies depreciated by about 50 per cent : Japan, Chile, Greece.

The shares of these four groups in the total value of imports and exports of the forty-nine countries for which quarterly trade figures were available were as follows :

Groups	Percentage share in the trade of 49 countries							
	Imports				Exports			
	1931		1932		1931		1932	
	July-Sept.	Oct.-Dec.	July-Sept.	Oct.-Dec.	July-Sept.	Oct.-Dec.	July-Sept.	Oct.-Dec.
1. 8 countries, no depreciation	40.0	40.4	40.6	42.3	46.9	48.7	46.2	46.3
2. 3 countries, depreciation about 10 per cent	5.8	5.2	6.9	6.3	6.7	7.2	8.1	7.9
3. 9 countries, depreciation 25 to 35 per cent	30.0	28.6	29.7	28.5	21.3	19.7	22.5	22.5
4. 3 countries, depreciation about 50 per cent	3.8	3.8	2.5	3.1	4.6	3.9	4.3	4.0

The changes which the figures have undergone are naturally affected, not only by the depreciation of currencies, but also by variations in crops and in the demand for different commodities as well as by the establishment of new trade barriers. There seems to be no doubt, however, that the currency depreciation helped the majority of the countries belonging to the last three groups to secure a somewhat greater share in world exports, though their ability to do so did not bear any clear relation to the degree of the currency depreciation.

The effect upon imports is less marked, particularly if account be taken of the fact that the reduction in the import share of group 3 (the " sterling group ") must be largely attributed to the new tariffs in the United Kingdom. The share in imports of the remaining eight countries belonging to this group indeed rose ; it amounted to 11.2 and 10.3 per cent in the third and fourth quarters of 1932, against 10.3 and 9.1 per cent respectively in the same quarters of 1931. The trade balances of the groups in question (dividing group 3 into United Kingdom and other countries) were as follows, in million dollars :

	1931		1932	
	July-Sept.	Oct.-Dec.	July-Sept.	Oct.-Dec.
1. 8 countries ; no depreciation	+ 76	+ 205	+ 34	+ 42
2. 3 countries ; depreciation about 10 per cent	+ 7	+ 62	+ 12	+ 37
3. 9 countries ; depreciation 25 to 35 per cent :				
(a) United Kingdom	— 465	— 472	— 230	— 256
(b) Other countries	— 44	+ 64	+ 66	+ 31
4. 3 countries ; depreciation about 50 per cent	+ 15	— 7	+ 39	+ 20

It will be useful to supplement Tables IV and V by some details regarding the trade of the more important trading countries in 1931. In order that this study of individual countries may bring out clearly the tendencies at work, less consideration is given to the value of trade and the variations in prices than to the quantum of trade and the changes in the quantities of different articles imported and exported.

United Kingdom.

The recent movement of the trade of the United Kingdom has been largely determined by the depreciation of the pound sterling since September 1931 and the subsequent adoption of Customs duties for a large number of goods. The quantum of imports, which had reached a record in 1931, declined by 12 per cent in 1932, while that of exports did not fall below the low 1931 level. The trade deficit was reduced from £407 million ($1,846 million) in 1931 to £287 million ($1,006 million) in 1932.

In virtue of the " Abnormal Importations Act ", Customs duties of 50 per cent *ad valorem* were imposed in the course of November and December 1931 on earthenware and glassware, textile manufactures, apparel, cutlery, wireless apparatus, typewriters, perfumery, cosmetics and a number of other goods ; duties approximating 33 1/3 per cent were imposed on certain agricultural and horticultural produce. From March 1st, 1932, a duty of 10 per cent *ad valorem* was imposed on all other goods imported from non-British countries, with the exception of wheat, maize, meat, tea and certain raw materials, such as cotton, wool, flax, wood pulp, ores and copper. In April 1932, the duty imposed by the " Abnormal Importations Act " was abrogated and new duties were substituted, ranging from 15 to 33 1/3 per cent *ad valorem* ; at the same time, special protection (above the 10 per cent duty just mentioned) was extended to iron and steel products, machinery and certain other goods. A number of adjustments (representing in most cases an extension of protection) was made in the course of the following months ; further, in accordance with the agreements reached at the Ottawa Conference, duties were imposed on November 15th, 1932, on certain commodities (when imported from non-British countries) hitherto on the free list. Among these commodities wheat may be mentioned. At the same time duties on other articles were amended. Finally, a system of subvention to domestic wheat-growers was introduced in 1932, and since November of the same year imports of bacon and meat have been restricted by means of import quotas. According to the tariff position early in 1933, 31 per cent of imports are free of duty, 20 per cent pay a duty of 10 per cent *ad valorem* and 49 per cent pay higher *ad valorem* rates or specific and mixed duties (1).

(1) *Board of Trade Journal*, January 19th, 1933, page 87. The calculation is made on the basis of the composition of trade in 1930.

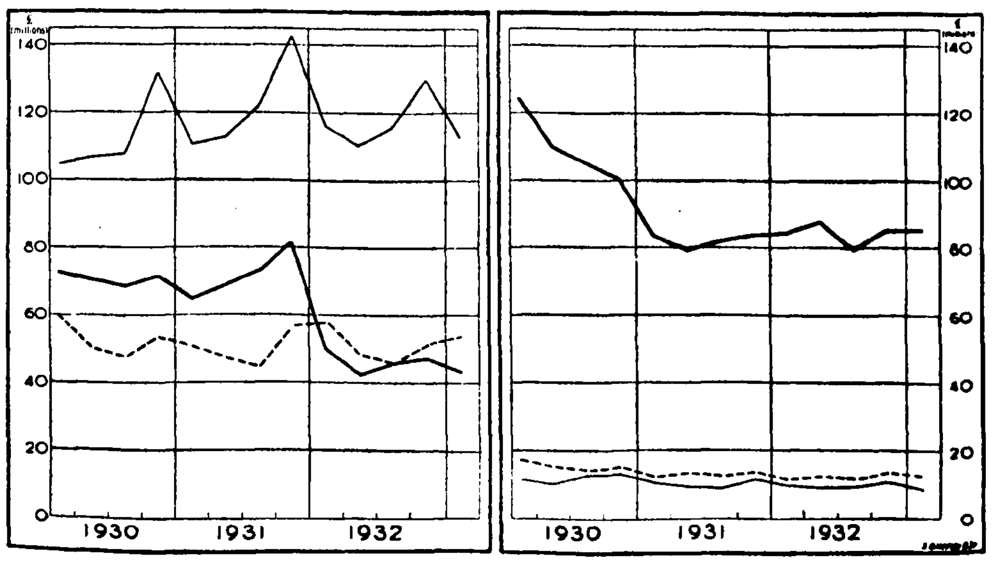
Year	Imports retained in the United Kingdom				Exports (domestic produce)			
	Quantum	Price	Value		Quantum	Price	Value	
	Per cent of 1929			£ (000,000's)	Per cent of 1929			£ (000,000's)
1929	100	100	100	1,111.1	100	100	100	729.3
1930	97.6	88.2	86.1	957.1	81.9	95.5	78.2	570.8
1931	100.5	71.4	71.8	797.4	62.6	85.5	53.5	390.6
1932	88.5	66.3	58.7	652.2	62.9	79.6	50.1	365.1
Prices and value calculated on gold basis:								
1931	100.5	66.0	66.3	736.6	62.6	79.7	49.9	364.0
1932	88.5	47.8	42.3	469.8	62.9	57.4	36.1	263.0

The rapid depreciation of the pound sterling by about 30 per cent of its gold value failed to raise average import prices in terms of sterling (1). It would appear that the importance of the British market was so great that the depreciation of the pound did not result in a rise in sterling prices, but in a fall in gold prices. Export as well as import prices (in terms of sterling) were about 7 per cent lower in 1932 than in 1931, and the barter terms of trade of the country thus remained practically unchanged. The quantum of imports of food and raw materials was on the same level as in 1931; the reduction was thus almost wholly due to smaller purchases of manufactured articles.

UNITED KINGDOM : QUARTERLY MOVEMENT OF THE QUANTUM OF TRADE
(values at 1930 prices).

——— Food, drink and tobacco.
- - - - Raw materials and articles mainly unmanufactured.
▬▬ Articles mainly or wholly manufactured.

Imports (retained). *Exports* (United Kingdom produce).



(1) See also graph on page 10.

To some extent the fall in the imports of manufactured articles was due to heavy imports of such articles during the last quarter of 1931 in anticipation of the new duties.

Imports of textile goods were most heavily affected. Their share in the value of manufactured articles imported fell from 25 to 15 per cent; the quantities of cotton yarn imported in 1932 represent only 19 per cent, of cotton piece-goods 15 per cent, of wool yarn 5 per cent, of woollen tissues 15 per cent, of silk piece-goods 50 per cent and of silk hosiery 24 per cent, of the corresponding quantities imported in 1931. Similar reductions are also recorded for certain iron and steel manufactures.

In spite of the impetus given to investment activities, the aggregate import value of machinery and electrical goods and apparatus fell from £21.6 million to £13.1 million. With the exception of paper-making and textile machinery, all items of industrial machinery show quantitative declines, in most cases exceeding 50 per cent.

The quantum of exports of manufactured articles was barely maintained during 1932 at the low level of the preceding year. In spite of import duties and the encouragement of exports through the reduced exchange value of the pound, exports of such articles have, since 1929, fallen relatively more than imports, both in value and in quantum.

Exports of products of the heavy industries continued to decline in 1932. Large quantitative reductions are recorded for ships, iron and steel products, railway material and machinery (with the exception of textile machinery). Exports of motor-cars and chassis rose, however, from 25,000 to 40,000.

In spite of the labour dispute in the cotton industry in the autumn of 1932, the export of cotton piece-goods rose by 28 per cent. The increase was due mainly to sales to India, the Far East, Africa and South America; sales to certain European countries, such as Sweden, Belgium, Greece and Switzerland, fell considerably.

British exports	1924	1929	1930	1931	1932
	Square yards (000,000's)				
Cotton piece-goods exported to:					
Switzerland	197	89	62	57	43
13 other European countries (1)	345	295	248	210	200
India	1,642	1,374	778	390	599
South America (9 countries)	335	346	238	174	204
West Africa	145	181	164	108	209
Australia	159	170	129	122	167
Egypt	199	152	118	71	82
Dutch East Indies	136	120	70	39	44
China and Hong-Kong	293	188	61	81	125
Other countries	993	757	539	464	525
Total	4,444	3,672	2,407	1,716	2,198
Total value in £ (000,000's)	153.4	99.3	61.3	37.3	43.6

Exports of cotton goods had been falling steadily for many years. The increase in 1932 did not bring these exports up to the level of 1930, and to some extent this must be accounted for by factors other than an improvement in the competitive power of the British cotton industry. The fall in the exchange value of the pound sterling implied a financial relief for certain countries indebted in British currency, reflected in increased purchases by them of necessaries, such as cotton goods — an increase

(1) The countries are Sweden, Norway, Denmark, Germany, Netherlands, Belgium, France, Portugal, Spain, Italy, Austria, Greece and Roumania.

which also favoured the exports of countries adhering to the gold standard. Moreover, the heavy drop in the prices of cotton goods appears to have stimulated consumption. Exports to India were favoured by the weakening of the boycott of foreign goods and the easing of the financial situation in that country, which permitted a replenishment of exhausted stocks.

The United Kingdom was, however, able to increase her exports of cotton goods to the countries offering an extended market relatively more than to countries on the gold standard. On the other hand, Japan, owing largely to the greater depreciation of her currency, secured a larger share in the market expansion than did the United Kingdom (1) — except in China, where Japanese goods were boycotted.

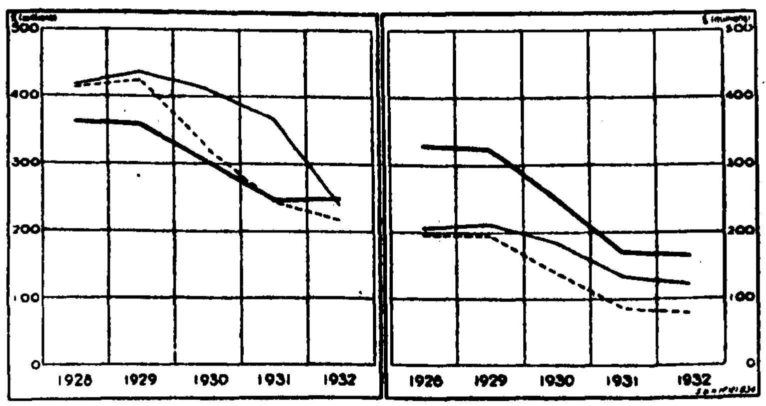
Among other British exports which rose in quantity in 1932 are tissues of silk and artificial silk, chemicals and paper. Decreases are recorded, however, for boots and shoes, woollen tissues, pottery, soap, coal and coke, etc.

The geographical distribution of the trade of the United Kingdom has recently undergone a change in favour of British countries, particularly as regards imports. In 1930, imports from British countries represented a lower, but in 1932 a higher, sterling value than imports from both Europe and other foreign countries (see graph, below); their share in total imports rose between these two years from 29 to 35.4 per cent. This change is due to some extent to the exemption granted to countries within the British Empire from certain of the duties introduced in 1931 and the early part of 1932, but even more to the fact that both the Customs and the currency policy of the United Kingdom has primarily hit the import of manufactured articles and thus reduced purchases from industrial countries in Europe.

UNITED KINGDOM : DISTRIBUTION OF TRADE.

——— British countries.
——— European countries (2).
- - - - Other foreign countries.

Imports. *Exports* (United Kingdom produce).



The new duties which, in accordance with the Ottawa agreements, were levied in the United Kingdom late in 1932 on certain commodities previously on the free list, and the increased preference granted by the Dominions and by India to British goods, may be expected to cause a further increase of the relative importance of the trade with British countries in the total trade of the United Kingdom.

It is to be inferred both from direct information and from the stagnation of the

(1) See graph on page 45.
(2) Excluding British countries in Europe, which are included with "British countries".

quantum of raw material imports that the decline in the imports of manufactured goods has not been accompanied by a similar expansion of domestic production, except in particular industries, such as the wool industry. Taken as a whole, the home trade has, in fact, declined.

During 1932, the manufacturing industry felt the burden of the agricultural protection only to a very slight extent. For, although it was introduced in 1931, it first became important through the grant of a subvention to wheat-growers in the autumn of 1932, through the simultaneous adoption, in accordance with the Ottawa agreements, of new or increased duties on wheat, butter, cheese, eggs and fruit imported from non-British countries, and through the restriction of meat and bacon imports by quotas from November 1932.

Some of the indirect effects of the change in the distribution of the imports of the United Kingdom were, however, felt by the export industry. The fall in imports from Germany from £64 in 1931 to £30 million in 1932, in the imports from France from £41 to £19 million and from other industrial countries at similar rates has not failed to affect the ability of these countries to buy British goods. Though the low exchange value of sterling might have been expected to constitute a special inducement to countries whose currencies had not depreciated in terms of gold to buy from the United Kingdom, exports to these countries fell relatively more than exports to other countries.

United States of America.

The trade of the United States has suffered more during the trade depression than that of the other principal trading countries of the world. The reduction in the value of her imports and exports between 1929 and 1932 amounted to 70 and 69 per cent respectively — figures considerably exceeding those for the United Kingdom, Germany and France (1) as well as for the world as a whole. Figures concerning the movement of the quantum of trade are available only up to 1931, but it would appear that the quantum reduction from 1929 to 1932 amounts to about two-fifths for imports and one-half for exports.

Year	General imports			Imports for consumption		Exports (domestic produce)			
	Quantum	Price	Value	Value		Quantum	Price	Value	
	Per cent of 1929				$ (000,000's)	Per cent of 1929			$ (000,000's)
1929	100	100	100	100	4,339	100	100	100	5,157
1930	85.5	81.5	69.5	72	² 3,120	81	90	73.3	3,781
1931	76	62.5	47.5	48.3	² 2,092	65	71	46.1	2,378
1932	.	.	27.9	29.9	² 1,298	.	.	30.6	1,577

Raw materials and foodstuffs — which have fallen more in price than manufactured articles — are more predominant in the exports of the United States than in those of the other principal trading countries. The reduction in the quantum of the exports of manufactured goods (other than manufactured foodstuffs) has, however, been so great, that the share of these goods, in spite of the smaller price reduction, fell from 49.1 per cent of the export value in 1929 to 39.6 per cent in 1932 (see also graph) (3).

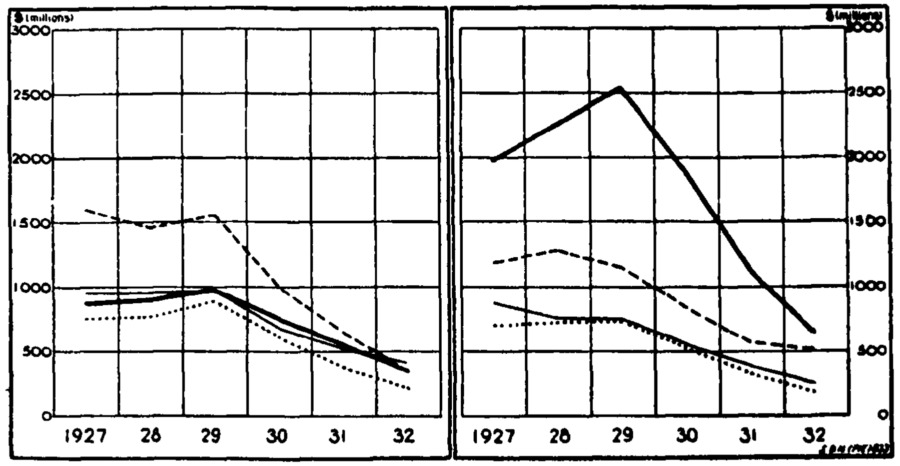
(1) *Cf.* Table V, page 29.
(2) Revised figures show: 3,114; 2,088; 1,330.
(3) No information (of the kind given for other countries) concerning the quantum movement of trade in main groups of commodities is available for the United States.

UNITED STATES : TRADE BY GROUPS OF COMMODITIES.

Recorded annual values.

——— Foodstuffs.
– – – – Crude materials.
. . . . Semi-manufactures.
▬▬▬ Finished manufactures.

General imports. *Domestic exports.*



A comparison of the value of exports from the main countries exporting manufactured articles points to a considerable reduction in the competitive power of the United States. As the upper diagram on page 37 shows, exports of such goods from the United States, the United Kingdom and Germany, measured by value, almost coincided in the middle of 1930 and were about double as great as those from France. During the last quarter of 1932, however, those from the United States represented only 52.2 per cent of the German and 61.6 per cent of the British and were only slightly higher than the French exports of manufactured goods.

To some extent this heavy reduction is due to the nature of the exports of industrial products from the United States, more especially the high proportion of machinery and motor-cars, the sales of which from all exporting countries have suffered relatively a great deal. But even if individual groups or articles were considered, the United States exports would compare unfavourably with those of other countries. Even the world trade in machinery and motor-cars, for example, has not fallen to anything like the same extent as exports of these goods from the United States.

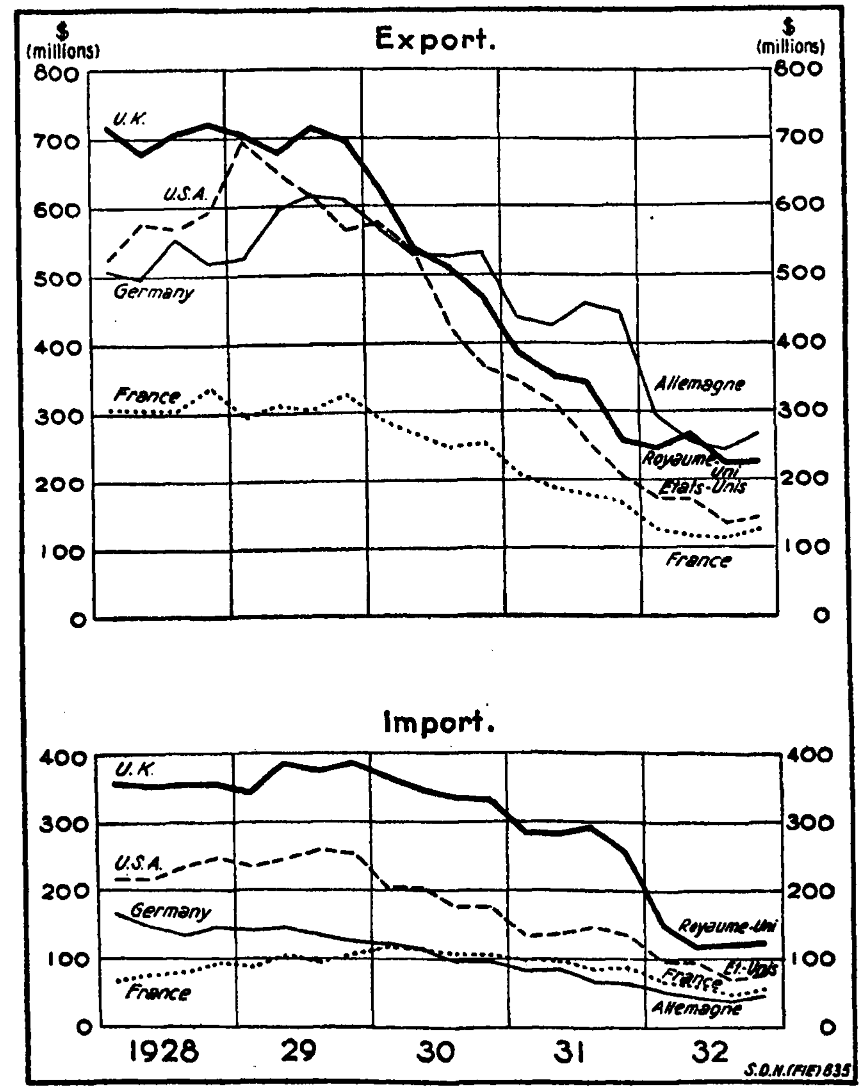
	1929	1930	1931	1932
United States exports of:				
Electrical machinery and apparatus, $ (000,000's) .	130	118	85	43
Industrial machinery, $ (000,000's)	265	225	142	59
Agricultural machinery, $ (000,000's)	141	116	57	11
Motor-cars and parts, $ (000,000's)	539	277	146	76
Motor-cars (000's)	536	238	130	66

There are very few items of the United States exports which did not share in the general quantitative decline during 1932. The slight increase in sales of cotton piece-goods from 367 to 375 million square yards shows that the British and Japanese expansion in the cotton trade was not at the expense of the United States. Certain manufactured articles of less importance, such as sewing machines for domestic use and tubes for wireless apparatus, were also sold in larger quantities than in 1931. Raw cotton exports rose in quantity by 50 per cent as a result of the bumper crop of 1931 (the increase in value was only 7 per cent).

The following quotation from a statement issued by the Secretary of Commerce in January 1933 shows how important is the rôle played by exports in the economy of the United States of America, even when they are so drastically reduced : " According to a conservative estimate, our exports in 1932 provided at least two million American workmen with employment, out of a total of approximately 18 million persons at work last year producing goods capable of being exported. In addition, there were about 1,250,000 persons engaged in activities supplying the daily needs of those directly employed. "

EXPORTS AND IMPORTS OF MANUFACTURED ARTICLES.

Recorded trade values (by quarters) for the United Kingdom, the United States of America, Germany and France (1).



(1) It should be observed that the comparison is based on available information concerning the value of manufactured goods according to the main groups of national classifications (in the case of Germany the international (Brussels) classification) as shown in national trade returns. Although these data are not strictly comparable, owing largely to a different classification of certain semi-manufactured products, the diagram claims to show adequately the trend of the countries concerned.

With reduced industrial activity, the quantities of imported raw materials — particularly those used in the production of capital goods — fell conspicuously in 1932. The only imports which were fairly well maintained were certain articles for consumption. In the case of two or three such articles which are not produced in the country, such as cocoa and tea, an increase is recorded in the quantity imported. With the tariff increases in 1930 and 1932 and — in the case of specific duties — the fall in the prices of imported goods, the degree of Customs protection for goods which can be produced in the country has increased. The duties levied on dutiable goods — which represent almost exactly one-third of total United States imports — amounted in 1929 to 40 per cent, in 1930 to 45 per cent, in 1931 to 51 per cent and in 1932 to 58 per cent, of the recorded import value of these goods.

Before the depression, the tariffs, together with other Government measures — for example, the subsidies to the merchant marine and the stimulation of the export trade — created a situation in which the United States balanced her current international transactions only by means of a large capital surplus available for investment abroad. Since the beginning of the New York boom in the middle of 1928, however, her foreign investments have been heavily reduced. The 1928-29 boom, during which an equilibrium in the foreign transactions was reached largely by means of gold imports, manifested itself in an extremely heavy demand in the United States for manufactured goods. The tariffs, which were imposed principally on such goods, tightened the boom by not allowing this increased demand to be met to any considerable extent by imports.

During the depression, foreign investments continued to be discouraged and imports to be curtailed by the increasing tariff wall. The foreign transactions of the United States have therefore been balanced mainly through a contraction of the active trade balance (from $818 million in 1929 to $279 million in 1932) resulting from the heavy reduction in the quantum and prices of exports, through a fall in the income from abroad on account of interest and dividends and, in 1930 and 1931, through a net inflow of gold. All these movements have contributed directly or indirectly to aggravate the depression in the United States (the gold inflow by the pressure it has exercised upon the prices of goods sold by debtor countries in competition with domestic products).

A factor of very special importance in the recent contraction of United States trade is the disturbance in so-called triangular trade, due both to the employment of trade barriers by certain countries as a regulator of bilateral transactions and to the contraction of capital exports. In post-war years, the United States trade with Asia and South America generally showed a large passive balance; and, at least in the case of Asia, it was not offset by payments from the United States to that continent on account of other transactions, but by United States credits to Europe, North America and Oceania, accompanied by a large excess of exports to these continents. In the last few years the active as well as passive balances in trade with different continents have tended to disappear. Thus, in 1932, the passive balance with Asia was only 11 per cent, and the active balance with North and Central America only 6 per cent of that in 1929.

	1929	1930	1931	1932
Import (—), or export (+), balances in trade with :		$ (000,000's)		
Europe	+ 1,008	+ 930	+ 547	+ 395
North and Central America	+ 413	+ 257	+ 74	+ 27
South America	— 100	— 96	— 148	— 104
Africa	+ 22	+ 25	+ 27	+ 13
Asia	— 637	— 409	— 188	— 70
Oceania	+ 135	+ 75	+ 22	+ 29
All continents	+ 841	+ 782	+ 334	+ 290

It is interesting to note that the excess of imports in trade with South America, which was offset — at least until quite recently — by interest and dividends received on account of United States capital in South America, has not been materially affected.

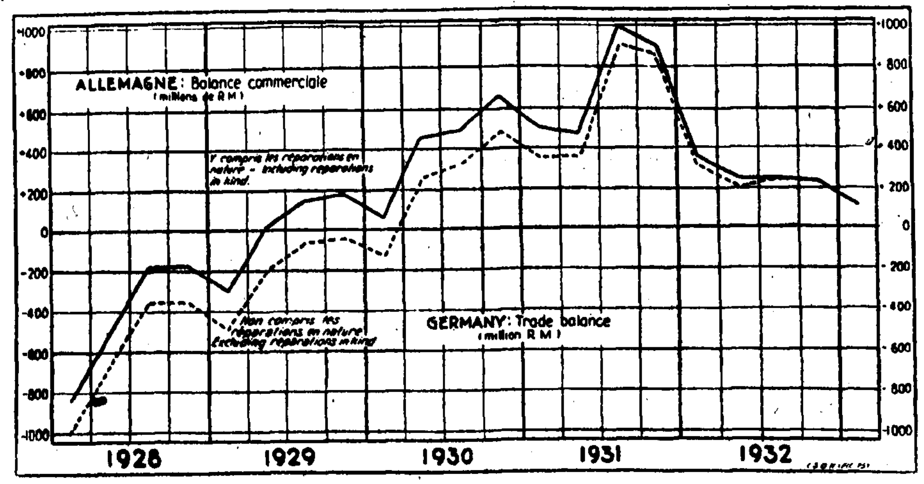
Germany.

Whereas in 1930 and 1931 the imports of Germany fell much more in quantum than her exports, the opposite is true of 1932. The active balance of trade was reduced from 2.8 to 1.1 milliard marks, and, if, as in the preceding two years, import prices had not fallen more heavily than export prices, the actual exchange of goods would have left a surplus of less than one-fourth of the latter amount. Between 1929 and 1931, the exported share of industrial goods produced in Germany rose from 25 to 32 per cent, but in 1932 this share was not substantially higher than in 1929.

Year	Imports				Exports			
	Quantum	Price	Value		Quantum	Price	Value	
	Per cent of 1929			RM (000,000's)	Per cent of 1929			RM (000,000's)
1929	100	100	100	13,447	100	100	100	13,482
1930	89.1	86.7	77.3	10,393	94.8	94.2	89.3	12,036
1931	74.4	67.2	50.0	6,727	86.0	82.8	71.2	9,599
1932	69.9	49.6	34.7	4,667	59.4	71.7	42.6	5,739

GERMANY : QUARTERLY TRADE BALANCE
(in millions of Reichsmarks).

——— including }
.... excluding } War reparations deliveries in kind.

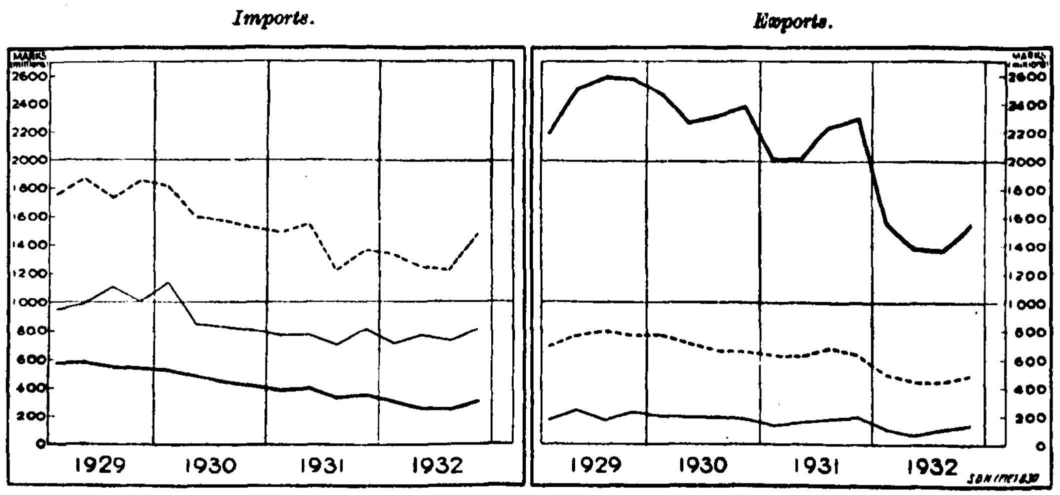


The trade surplus reached its peak in the third quarter of 1931 when raw material imports fell heavily and exports of manufactured goods rose. Thanks to the Standstill Agreement for German short-term debts, the financial panic which had caused these trade movements came to an end. Exports of manufactured goods continued on a high level in the last quarter of 1931, owing to heavy purchases from the United Kingdom in anticipation of new tariffs in that country. Since then, exports have been heavily affected by these tariffs as well as by trade barriers in other countries and the depreciation of the currencies of a number of countries forming important markets for German goods.

The heavy fall in the exports of manufactured articles is mainly accounted for by reduced sales in the textile and heavy industries. The average quantitative reduction of 31 per cent between 1931 and 1932 should be compared with a reduction of 44 to 46 per cent for silk, woollen and cotton goods, 38 per cent for iron and steel bars and girders, 80 per cent for locomotives, and 82 per cent for other railway material as well as for ships. The quantitative reduction in the exports of machinery was smaller – 15 per cent for electrical and 30 per cent for other machinery — owing largely to heavy Russian purchases.

GERMANY : QUARTERLY MOVEMENT OF THE QUANTUM OF TRADE
(values at 1928 prices).

——— Foodstuffs and live animals.
- - - - Materials, raw or partly manufactured.
▬▬ Manufactured articles.



Exports to the United Kingdom, previously the most important market for German goods, fell from 11.8 per cent of the total export value in 1931 to 7.8 per cent in 1932 ; the reduction in value exceeded three-fifths. Smaller reductions are recorded for other countries that have abandoned the gold standard. The Netherlands and Russia became the most important export markets, their share increasing respectively from 9.9 and 7.9 per cent to 11.1 and 11.0 per cent.

The share of Europe in German exports, which had risen from 74 per cent in 1929 to 78 per cent in 1930 and 81 per cent in 1931, remained at this high figure in 1932, in spite of the fact that reparation deliveries in kind to European countries fell from over 300 to 62 million marks.

By means of various deflationary measures taken late in 1931, affecting credit, prices and income, Germany endeavoured to maintain her competitive power in foreign markets and to mitigate the effect of her own import restrictions (*e.g.*, in the form of exchange control) upon her domestic price level. Since September 1932, however, there has been some relaxation of the deflationary pressure, State credits for the relief of taxation and the promotion of public works having been primarily directed to a revival of the domestic market. The trade policy of the country has also undergone a change ; agricultural protection has been considerably increased by higher duties on various foodstuffs of animal origin, although this involved the denunciation of some commercial treaties with other countries, and, therefore, the sacrifice of certain interests of the manufacturing export industry.

The price level in Germany continued, however, to fall during the whole of 1932. During the last quarter of that year a small increase in the quantum of German exports of manufactured goods took place. As the graph shows, imports of raw materials rose somewhat more. During the first two months of 1933, however, exports fell considerably, and the active trade balance was much lower than in the corresponding months of 1932.

In view of the importance of agricultural protection as a factor in the competitive power of the export industry, a few particulars may be given concerning the recent movement of German food imports.

The quantum of food imports in 1931 and 1932 was about 25 per cent less than in 1929. The quantities of coffee, southern fruits, rice and similar foods, which are not produced in Germany and represent a large share of food imports, remained, however, on a level which in most cases equalled or exceeded the level of 1929. Accordingly, the import quantum of other foods has fallen considerably more than 25 per cent.

The duty on wheat was raised from 5 marks per 100 kilogrammes in 1929 to 25 marks in October 1930. The area under cultivation increased from 1.6 million hectares in 1929 to 2.3 million in 1932 (simultaneously the area under rye, oats and sugar-beet fell from 8.7 to 8.0 million hectares), wheat production rose from 3.3 to 5 million metric tons (the latter figure being partly due to an unusually high yield), while the net import of wheat fell from 1.8 to less than 0.6 million tons. As the 1932 crop practically equals the estimated domestic consumption during the crop year, neither duties nor milling regulations could prevent domestic wheat prices from falling from 23 — 28 marks per 100 kilogrammes in the first half of 1932 to 18.30 marks in January 1933. At this time, the fall in prices was arrested by a liberal use of credit granted by public institutions to grain buyers, and by the introduction of export bounties in the form of export certificates.

The production of foods of animal origin before 1930 was considerably below domestic consumption and had to be supplemented by imports. Since then, however, imports have steadily fallen, partly because of the contraction of domestic demand.

Imports into Germany of :	1927	1929	1930	1931	1932
Cattle, live (thousand head)	339	319	209	92	97
Pigs, live (thousand head)	97	142	183	80	24
Meat (thousand tons)	207	130	112	63	59
Butter (thousand tons)	108	135	133	100	70
Eggs (thousand tons)	163	168	160	143	143
Cheese (thousand tons)	72	66	62	55	49

By 1931, the proportion of German meat consumption met by imports of meat and animals for slaughter was only about 1 per cent. Though imports are relatively more important in the case of other products, the country is rapidly approaching self-sufficiency, as a result of an increase in production and a reduction in consumption.

France.

In 1932, the quantum of French imports, which stood on a very high level during the early part of the depression, fell to a level 11 per cent below that of 1929. The quantum of exports has fallen with increasing pace during each of the last few years and was in 1932 fully 40 per cent less than in 1929. The trade deficit, after having increased in 1930 and 1931, fell slightly in 1932.

Year	Imports (1)				Exports (1)			
	Quantum	Price	Value		Quantum	Price	Value	
	Per cent of 1929			Fr. (000,000's)	Per cent of 1929			Fr. (000,000's)
1929 . . .	100	100	100	56,687	100	100	100	48,895
1930 . . .	107.5	84.8	91.1	51,696	89.1	96.4	86.0	41,977
1931 . . .	106.1	69.5	73.7	41,770	76.2	80.3	61.1	29,880
1932 . . .	89.1	58.5	52.1	29,545	58.5	67.7	39.6	19,349

(1) Excluding precious stones and fine pearls.

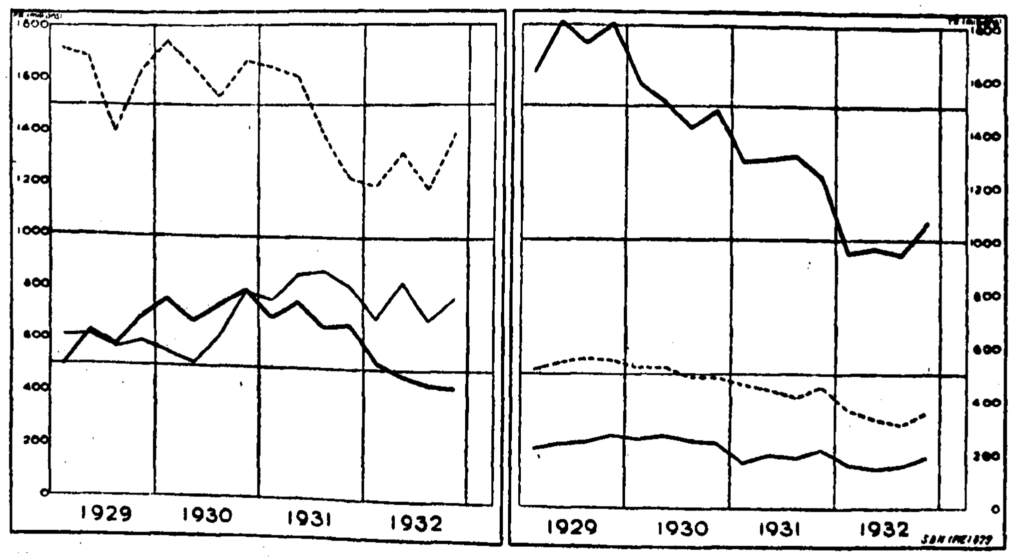
As the following graph indicates, the downward movement of the quantum of French exports of manufactured goods became very marked in the latter part of 1931 and was accompanied by a heavy contraction in the imports of raw materials. At the same time, the increase in food imports was arrested and the fall in imports of manufactured goods was accelerated, largely as a result of the tightening of import restrictions in the form of quotas.

In the autumn of 1931, a quota system was introduced for a large number of agricultural products, and in the course of 1932 it was extended to numerous other goods, so that by the end of that year over 1,100 items in the tariff were affected, comprising many of the most important foodstuffs, a series of raw materials, such as wood, coal, china clay, etc., and numerous industrial products, among which may be mentioned cotton fabrics, certain kinds of clothing, cotton and silk stockings, footwear, certain kinds of paper, certain tools and machines, instruments and apparatus, glass and jewellery.

FRANCE: QUARTERLY MOVEMENT OF THE QUANTUM OF TRADE
(values at 1913 prices) (1).

——— Foodstuffs.
- - - - Materials for industry.
——— Manufactured articles.

Imports. Exports.



Import restrictions arrested the fall in French wholesale prices and even caused a small increase in these prices early in 1932 — a movement which contrasted with price movements elsewhere and contributed to the rapid contraction of French exports. In addition, French exports of manufactured goods were adversely affected by the special restrictions imposed by several countries on imports of luxury goods as well as by the increase in protective tariffs and the depreciation of certain foreign currencies. Exports to the United Kingdom fell in value by 61 per cent, as against 30 per cent for exports to all other countries. Before 1932, the United Kingdom had been by far the most important market for French goods, but in that year she was superseded by both Algeria and Belgium.

The trade of France with her colonies and protectorates has been much better maintained in recent years than that with other countries — a fact due mainly to the partial assimilation of these territories to the French Customs area, which has

(1) Excluding precious stones and fine pearls.

permitted an exchange of goods largely undisturbed by the increase in domestic and foreign trade barriers affecting other trade:

Percentage of French overseas territories in French trade:	1925	1929	1930	1931	1932
Imports into France	10.5	12.0	12.4	14.6	20.9
Exports from France	14.6	18.8	20.6	23.4	31.5

As in the case of Germany, a few details may be given concerning the relation between agricultural protection and the trade in food products.

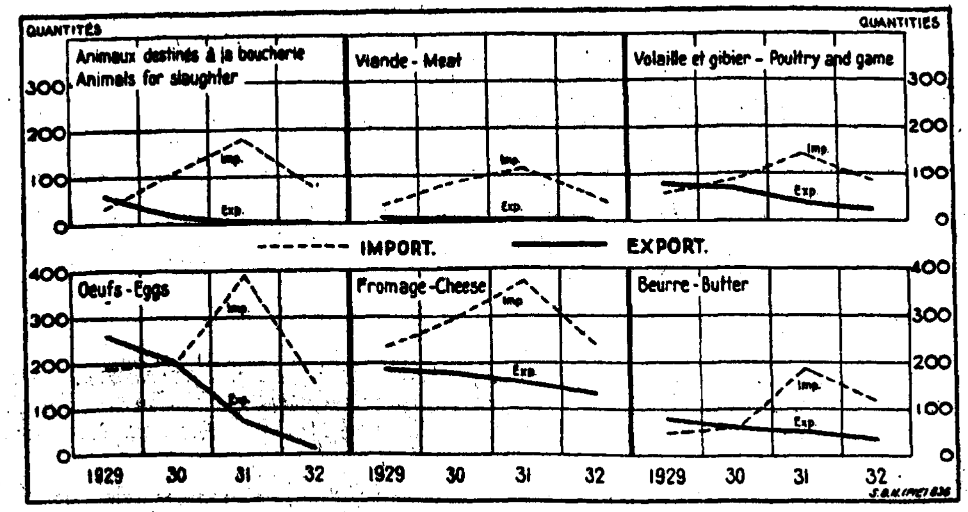
In spite of the increase in the wheat duty in 1929 and 1930 from 35 to 80 francs per 100 kilogrammes and the introduction of milling regulations in 1929, the area under wheat fell slightly in 1930 and 1931, owing partly to the high demand for fodder cereals at prevailing prices for meat and dairy produce, and a large proportion of the wheat required had to be imported. In 1932, the wheat area rose slightly (from 5.2 to 5.36 million hectares) and the yield considerably, so that the wheat crop is estimated to exceed domestic consumption during the crop year 1932-33 by 600,000 tons. Imports have fallen heavily and import restrictions have become ineffective in supporting the price of domestic wheat, which fell from over 180 francs per 100 kilogrammes in May 1932 to 107 francs in February 1933.

French production of foods of animal origin had a very strong position before 1930. It was able to compete outside the frontiers of the country and, for certain products, such as animals for slaughter, poultry, eggs and butter, there was a considerable excess of exports (see graph).

FRANCE: TRADE IN CERTAIN ANIMAL FOOD PRODUCTS, 1929-1932.

Animals for slaughter and meat are shown in thousand metric tons, and other products in hundred metric tons.

- - - - Imports. **———** Exports.



Owing to the increase in the domestic purchasing power in France during the early part of the economic depression, domestic prices were well maintained; but foreign products based on low fodder prices in unprotected markets competed successfully in France, and there was a large excess of imports of such products. By means of the restrictive quota policy introduced in the second half of 1931, imports were drastically curtailed; at the same time, exports of the majority of the products have fallen to negligible quantities. The domestic demand is adversely affected by the reduction of the purchasing power of the population employed in manufacturing industries, and prices have fallen, though not to levels which would allow of a resumption of exports.

Even in the case of a number of industrial products, such as certain kinds of machinery, hats, dressed furs, fancy articles, certain kinds of cardboard and musical instruments, France has recently changed from a net exporter to a net importer.

Japan.

The factor dominating the foreign trade of Japan in 1932 was the depreciation of the yen until it reached 42 per cent of its par value at the end of the year. The competitive power of Japan's manufacturing industries increased, and the quantum of her exports rose ; its gold value was, however, only two-thirds of that in 1931. During the early part of the year, imports rose in anticipation of a lower exchange value of the yen and higher domestic tariffs ; during the second half of the year imports were restricted and the stimulating effect of the low value of the yen upon exports became very marked. Owing to the increased requirements by export industries of foreign raw materials, the quantum of imports during the year as a whole appears to have been on the same level as in 1931. The passive balance of trade was, however, lower.

The export prices of the most important Japanese articles of export — namely, raw silk and cotton tissues — began to increase in terms of yen in August and September, and, in the case of raw silk, the dollar price rose, without reaching, however, the price prevailing before the depreciation of the yen.

Japan's Exports of Raw Silk and Cotton Tissues.

Year	Raw silk				Cotton tissues			
	Piculs (1) (000's)	Value Yen (000,000's)	Average export price per picul		Sq. yards (000,000's)	Value Yen (000,000's)	Average export price per 1,000 sq. yards	
			Yen	U. S. A. $			Yen	$
1929	575	781	1,359	627	1,791	413	230	106
1930	470	417	887	442	1,572	272	173	85
1931	556	355	639	312	1,414	199	141	69
1932	547	382	700	197	2,032	289	142	40

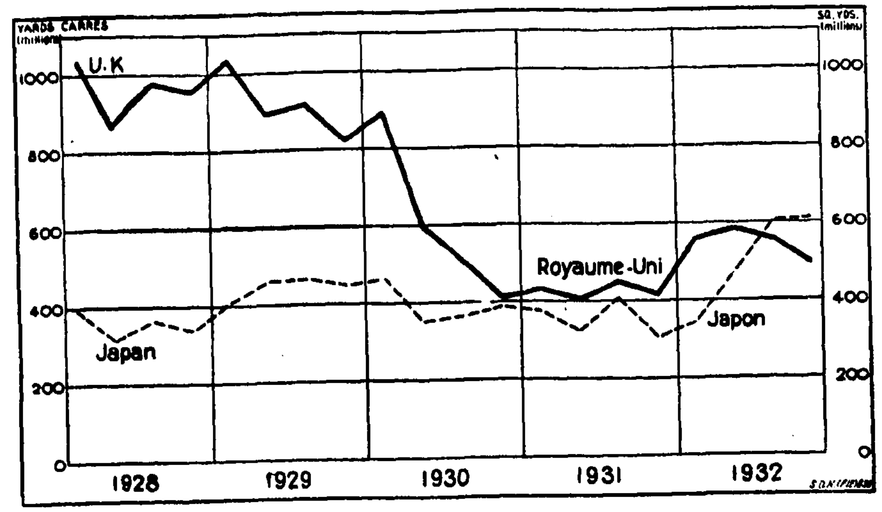
The total quantity of cotton tissues exported rose by 44 per cent, and from the middle of the year this quantity (in square yards) exceeded that of the United Kingdom. Exports to China were, however, lower than in 1931 and 1930 by 19.1 and 55.6 per cent respectively.

With the recent development of domestic cotton industries in certain of the markets for Japanese goods, particularly India and China, which produce an increasing share of their consumption of the coarse qualities, Japanese cotton exports are changing over to finer qualities. This has made it necessary for Japan to increase her imports of American (medium staple) and Egyptian (long staple) cotton, while her imports of Indian (short staple) cotton have fallen.

(1) 1 picul = 60 kilogrammes = 132.3 lb.

	Imports of raw cotton (thousand tons) from			Exports of cotton tissues (million square yards)		
	Egypt	U.S.A.	India	Grey	Bleached	Other
1930	11	233	283	672	163	736
1931	17	319	288	561	190	662
1932	20	546	164	749	360	922

EXPORTS OF COTTON PIECE GOODS FROM THE UNITED KINGDOM AND JAPAN (by quarters).



Among other articles of Japanese exports which were sold in greater quantities in 1932 than in 1931 may be mentioned rayon tissues, the value of which came to exceed that of silk tissues, wheat flour (milled from imported wheat), tinned foods, glassware and iron manufactures.

Italy.

Though Italy suffered considerably from the trade depression in 1932, her exports fell less, in value as well as quantum, than those of Germany and France, and less, at least in value, than did those of any of the small industrial countries in Europe. Import prices fell more than export prices, and, though the percentage reduction in the quantum of imports was less than half that of exports, the trade deficit remained practically unchanged.

Year	Imports				Exports			
	Quantum	Price	Value		Quantum	Price	Value	
	Per cent of 1929			Lire (000,000's)	Per cent of 1929			Lire (000,000's)
1929	100	100	100	21,665	100	100	100	15,236
1930	92.5	86.5	80.1	17,347	95.1	83.7	79.5	12,119
1931(1)	79.7	67.4	53.7	11,638	98.7	67.9	67.0	10,210
1932(1)	72.0	52.8	38.1	8,257	77.2	58.1	44.7	6,811

The quantum movement of trade (see graph, below) indicates that, in spite of the heavy contraction in the export of manufactured goods since the beginning of

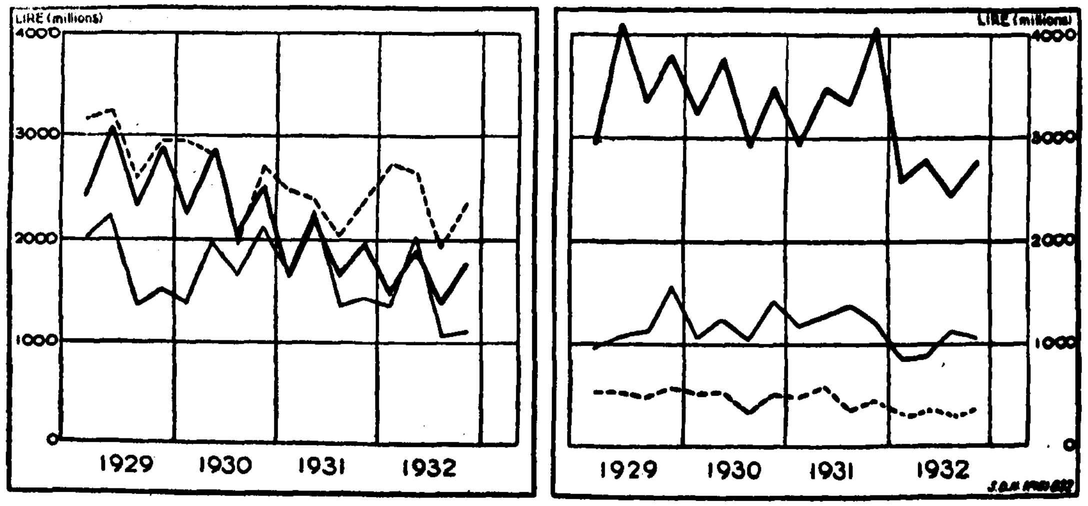
(1) Revised figures.

1932, the import of raw materials rose. Detailed trade statistics show that this increase affected a large number of raw materials. The quantitative increase from 1931 to 1932 was 12 per cent for cotton, 56 per cent for wool, 25 per cent for raw mineral oils, 52 per cent for rubber and 5 per cent for pulp.

ITALY : QUARTERLY MOVEMENT OF THE QUANTUM OF TRADE
(values at 1925 prices).

——— Foodstuffs.
- - - - Raw materials.
━━━ Manufactured articles.

Imports. *Exports.*



This increase in raw material imports suggests that the reduction in the sales abroad by the manufacturing industries was compensated, at least in certain branches, by an expansion of the domestic market.

The reduction in the exports of foodstuffs during the early part of 1932 must partly be attributed to an unusually small crop of citrous fruit.

An unofficial exchange control exists in Italy, but is not used for the restriction of imports. Import quotas have been used only as retaliatory measures against countries restricting imports of Italian goods. A general supplementary *ad valorem* duty of 15 per cent, intended as a fiscal measure and levied on raw materials as well as manufactured goods was introduced in September 1931 ; later increases in duties have been confined to a limited number of goods.

Other European Industrial Countries.

The aggregate foreign trade of Austria, Belgium, Czechoslovakia, the Netherlands, Sweden and Switzerland represented about 12 per cent of world trade in 1931. It is thus of the same relative importance as, for example, that of the United Kingdom or the United States of America. The recent reduction in their exports has been as marked as that of the greater industrial countries in Europe, and their domestic economy has suffered heavily, particularly as their highly developed industries are very dependent upon exports on account of the smallness of their domestic markets.

The conditions under which Sweden carries on her trade were radically changed through her abandonment of the gold standard in the autumn of 1931. The apparent effects of this step upon her exports have not been as great as might have been expected, partly because of a labour dispute in the pulp industry during the first half of 1932, partly because of the high share of her exports represented by capital goods (and raw materials used in their production), such as machinery, iron ore and timber. The quantity of exports of iron ore in 1932 was less than half of what it was in 1931 and only 20 per cent of what it was in 1929, and heavy reductions are recorded for different groups of machinery. Exports of timber, paper, manufactured iron and various other goods were, however, maintained on almost the same quantitative level as in 1931, and the reduction in the gold value of exports (38 per cent) was less than that of imports (41 per cent). The quantum of Swedish imports fell for the first time since 1925 ; the decline was marked, not only for capital goods, but for manufactured articles in general. The quantities imported of mineral oils and a number of raw materials such as wool, cotton and fatty vegetable oils rose. New import restrictions have only been in the form of increased tariffs on a limited number of goods.

Of the remaining countries belonging to this group, Belgium and the Netherlands have pursued the most liberal trade policy and their domestic level of wholesale and retail prices has fallen most in recent years. The decline in the value of their exports from 1931 to 1932 amounts to 36 and 35 per cent respectively as against 40 to 44 per cent for Austria, Czechoslovakia and Switzerland.

The reduction in the quantum of Belgian as well as Dutch exports in 1932 would appear to have amounted to 15 to 20 per cent. In both the countries the manufacturing export industries have suffered the most, and quantitative reductions amounting to 30 to 50 per cent or more are recorded for machinery, certain textile goods, pottery and glass, and, in the Netherlands, also for margarine. Iron and steel manufactures and chemicals show smaller reductions ; the Dutch exports of artificial manures rose in quantity. Belgium records larger exports of zinc and certain other non-ferrous metals, as well as of eggs and sugar.

Neither Belgian nor Dutch food imports fell off materially in quantum in 1932 ; for several items increases are recorded. Imports of raw materials fell less than those of manufactured goods. It would appear that the recent contraction of the trade of both the countries is largely the result of reduced exchange of manufactured goods with other industrial countries, where impediments to imports of such goods have compelled industries in Belgium and the Netherlands to work to a greater extent for the domestic market.

High production costs, partly connected with the protection granted to agriculture, have compromised the competitive position of the manufacturing export industries of Austria and Czechoslovakia. The direction of their exports towards other countries in Central and Eastern Europe, whose ability to purchase foreign goods has been seriously reduced, has contributed to the difficulties experienced by their export industries. Domestic exchange control and a number of bilateral clearing agreements regulate their inward and outward payments on account of foreign transactions. The Austrian exchange control has, however, recently been rendered less severe. The trade balance of Czechoslovakia changed from active to passive in 1932. The passive balance of Austria, on the other hand, was reduced by one-fourth. This reduction was largely due to the effect upon imports and exports of the depreciation of the schilling in the " free " exchange market to less than four-fifths of its par value ; this lower rate has formed the basis for almost the whole volume of Austria's transactions with foreign countries since the middle of 1932, when the transfer moratorium in regard to the service of Austria's foreign debts was introduced.

The recent collapse of the exports of certain important manufactured goods may be illustrated by a few data. The quantitative reduction in Czechoslovak exports from 1931 to 1932 amounted to 74 per cent for woollen tissues, 53 per cent for cotton piece-goods, 49 per cent for hollow glass and 82 per cent for iron sheets and plates ; similar figures for Austrian exports are : 38 per cent for woollen piece-goods, 50 per cent for silk manufactures, 60 per cent for leather manufactures, 56 per cent for non-electrical machinery.

Swiss exports fell in 1932 in value by two-fifths and in quantum by one-third. The contraction was due mainly to the collapse of manufacturing export industries. As in the case of Sweden, the quantum of imports fell for the first time since 1925. Of a contraction in the import value amounting to 22 per cent, more than one-third was due to reductions in quantities. The trade deficit has steadily increased in recent years, at the same time as Switzerland's net income from her foreign investments abroad and receipts from foreign tourists would appear to have fallen. There was no visible effect upon the trade balance resulting from the system of import permits and quotas introduced in the autumn of 1931 for numerous agricultural and industrial products. In 1930, Swiss exports of manufactured articles still exceeded imports of such articles by over 400 million francs ; in 1932, on the other hand, there was a net import of manufactured articles of 118 million francs :

Year	Francs (000,000's)								
	Foodstuffs and fodder			Raw materials			Manufactured articles		
	Imports	Exports	Balance	Imports	Exports	Balance	Imports	Exports	Balance
1930	709	183	— 526	803	123	— 680	1,053	1,456	+ 403
1931	630	154	— 476	657	105	— 552	965	1,091	+ 126
1932	496	84	— 412	523	91	— 432	744	626	— 118

European Agricultural Countries.

During the early part of the depression, the trade of Russia increased in contrast with that of almost all other countries. Even in 1931, the quantum of both her imports and exports rose. In 1932, on the other hand, that quantum was considerably reduced. The reduction in value (imports plus exports) from 1931 to 1932 amounted to 34 per cent and thus slightly exceeded the percentage reduction in world trade. The excess of exports of foodstuffs was only 89 million roubles in 1932 against 261 million roubles in 1930(1). Imports of foodstuffs had to be increased in 1932, but imports of raw materials and manufactured goods — the latter, for some years, almost exclusively consisting of iron and steel products, machinery and other capital goods — were reduced, partly as a result of the declining pace of industrialisation, partly because of the substitution of domestic for foreign sources of supply. Certain imports were almost discontinued ; thus imports of agricultural machinery fell from 97 million roubles in 1931 to 0.6 million in 1932 (those of tractors from 68 to 0.1 million roubles). In this connection, attention should be paid to the reduction in imports from the United States from 230 to 32 million roubles. On the export side, a continued heavy fall is recorded for cereals, the value of which was reduced to almost one-third of the 1931 figure and was surpassed by both mineral oil products and timber. The latter fell somewhat, however, in quantum as well as in value.

In most of the remaining agricultural countries in Europe, exports of agricultural products have also fallen recently. The competitive position of cereal-growing countries has been very unfavourable as, owing to the disintegration of the agricultural estates

(1) " Foreign-trade roubles ", the value of which has been maintained stable in terms of gold.

through land reforms, they have not been able to compensate the price fall in cereals by cost reduction to the same extent as have certain countries in other continents, where estates are large and the use of highly-developed agricultural machinery has been much expanded. Exports of wheat, rye, barley and oats since the autumn of 1932 have been heavily reduced, not only owing to a fall in the yield on account of rust — coinciding with an unusually high yield in the importing countries of Europe — but also in some countries on account of a considerable reduction in the area under these cereals.

PRODUCTION AND EXPORT OF WHEAT, RYE, BARLEY AND OATS.

Country	Increase (+) or decrease (—) in 1932 in		Exports Aug.-Dec. Metric tons (000's)		
	Area %	Production %	1931	1932	Increase (+) or decrease (—) %
Poland	— 2	— 4	169	261	+ 54
Hungary	— 1	+ 6	381	139	— 64
Roumania	— 13	— 35	1,420	394	— 72
Bulgaria	— 2	— 16	202	58	— 71
Yugoslavia (1)	— 11	— 34	287	22	— 92
Total	— 6	— 15	2,459	874	— 65

The area under maize, on the other hand, which is not so directly affected by agricultural protection in importing countries, was expanded in 1932, and production as well as exports increased.

The exports of other agricultural products from the same countries have suffered from the impoverishment of certain of their foreign markets, increasing trade barriers and competition from countries whose currencies have depreciated. Polish exports of butter fell from 1,246 tons in 1931 to less than one-tenth of that amount in 1932. Exports of cheese from Poland and Yugoslavia fell in quantity by 73 and 38 per cent respectively. The Yugoslav export of eggs during the first nine months of 1932 was 42 per cent lower in quantity than during the corresponding period of 1931 (figures for the whole of 1932 are not available). At the same time, the prices of these products were heavily reduced.

Sales of other goods did not compensate these countries for the reduction in their agricultural exports. Polish coal exports fell owing to smaller requirements by her foreign clients and the loss (to the United Kingdom) of a portion of the Scandinavian market which Poland had captured in 1926. Polish and Yugoslav exports of wood and timber were unable to meet the price competition from Russia and Scandinavia, and fell appreciably ; Polish iron and steel exports, which had grown during 1930 and 1931, were reduced in quantity by almost two-thirds. A similar reduction occurred in Hungarian exports of iron and steel products. Roumania, on the other hand, was able to increase in 1932, as in 1931, the quantity of her exports of mineral oils.

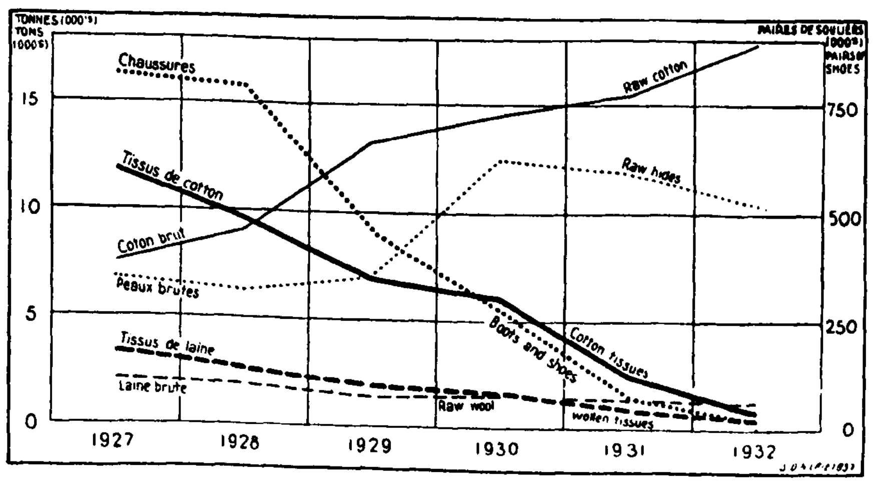
The various forms of new import restrictions which have been established in the countries under review — such as exchange control in Hungary, Roumania, Yugoslavia and Bulgaria, licensing systems in Poland and Hungary, import quotas in Roumania and tariff increases in all these countries — have mainly affected their imports of manufactured goods. An increased share of their consumption is thus being met by domestic production. The commercial policy of the countries concerned has, during several years, favoured such a development. With few exceptions, however, the very

(1) The export figures refer only to wheat and oats.

considerable increase in protection since the autumn of 1931 has not been able to stimulate activity in domestic industries owing to the heavy reduction in the purchasing power of the agricultural population. For this reason imports of raw materials also fell in 1932. There are certain exceptions to this rule ; thus the quantities of Hungarian imports of raw cotton, oil-seeds and raw iron (pig and scrap) were greater in 1932 than in 1931 by 16, 27 and 2 per cent respectively, and the Yugoslav imports of raw cotton during January to September 1932 were 12 per cent greater than in the corresponding months of 1931. The great difficulties under which the majority of manufacturing industries in the countries concerned are working is reflected in the heavy fall in the imports of machinery from the already very low level of the preceding year. Thus Hungarian imports of non-electrical machinery fell in gold value by 53 per cent and in weight by 53 per cent and Polish imports of machinery by 57 and 55 per cent.

The conflict of interests between agricultural and manufacturing industries in matters of commercial policy is most marked in Hungary. At the same time, as industrial protection in this country has almost eliminated foreign competition in certain branches, it has contributed to maintain prices of manufactured goods — and accordingly the cost of the industrial requirements of agriculture — at a relatively high level, and has led to severe disputes with the neighbouring industrial countries which form an important market for Hungarian agricultural products. Agricultural interests have been in favour of a commercial rapprochement with these countries ; but this would not have been possible without the sacrifice to a certain extent of the interests of the manufacturing industry. In the meantime, the growth of agricultural protection in these neighbouring countries, as well as in Italy and Germany, has rendered it extremely difficult to arrive at a final settlement satisfactory to Hungarian agriculture.

HUNGARY : IMPORTS OF CERTAIN RAW MATERIALS AND MANUFACTURED ARTICLES.



Countries whose exports consist largely of meat and dairy products suffered very considerably in 1932 from unprofitable prices. The quantity of Danish exports of bacon continued to rise, while export prices, even in kroner, were lower than in 1931. It is interesting to note that the quantitative restriction of bacon imports in the United Kingdom introduced in November 1932 caused domestic prices to rise in that country ; together with the depreciation of the krone early in 1933 to a level corresponding to the Australian pound, this has again rendered the production of bacon profitable in Denmark. The Government has, however, recently had to take measures restricting

the production of bacon in Denmark in accordance with the reduction in the quantity admitted for import into the United Kingdom.

Danish exports of eggs and condensed milk also increased in 1932, but those of butter and meat fell off. Imports were heavily reduced, partly through exchange control, and the reduction was greater for manufactured articles than for raw materials. Imports of certain raw materials — for example, cotton — even rose in quantity.

Largely owing to the policy of industrialisation pursued by the Irish Free State, her exports of food products have for several years shown a tendency to decline in quantity. The decline was accelerated in the middle of 1932, when the country's financial dispute with the United Kingdom developed into a tariff war. The quantities exported during the last half of 1931 and of 1932, as percentages of those during the corresponding period of 1930 were, for cattle, 90 and 66 ; for pigs, 80 and 37 ; for butter, 78 and 38 ; for eggs, 74 and 55, and for malt liquors, 97 and 76. The quantities which were not exported had to be absorbed by the domestic market. The share of live animals and foods of animal origin in the value of imports fell from 7.6 per cent in 1930 to 3.8 per cent in 1932. Various protective measures have been taken in order to render the country more self-supporting in other foods and in a number of industrial products. On February 27th, 1933, the Irish Minister of Commerce stated that imports of meat, poultry, bacon, butter, margarine, eggs, condensed milk, flour, meal, bread, sugar, chocolate, confectionery, preserves, etc., had completely or almost ceased, and that conditions had been created which would gradually bring imports of textiles, apparel and numerous wooden and iron manufactures, slates and roofing material, cement, etc., to an end.

The average exchange value of the Spanish peseta in 1932 was 16 per cent lower than in 1931 and 45 per cent lower than in 1929. Spanish exports of most foodstuffs, as well as of iron ore, continued to fall in quantity in 1932, though not at the heavy rate of the fall in 1931. The heavy contraction in both imports and exports which then took place has been followed by a change in the composition of imports, indicating a higher degree of self-sufficiency in manufactured articles. Thus imports of several raw materials, such as raw tobacco, raw hides and skins, oleaginous seeds, cotton and wool, were much higher in quantity during 1932 than during the preceding two years.

The measures taken by Spain to protect wheat-growing in these years caused the area under wheat to increase from 4.3 million hectares in 1929 to 4.55 million in 1931 and 1932. In 1931, the wheat crop failed, and wheat imports rose in 1932. The 1932 crop, however, was exceptionally rich and is estimated to exceed domestic consumption during the crop year by about half a million tons.

Owing to rich crops of grapes, olives and other fruit, Greek exports of dried currants rose in quantity in 1932 by 6 per cent, of raisins by 27 per cent, and Greek exports of figs were twice, and of olive oil nearly four times, as great as in 1931. The production of tobacco, which is the main export article of Greece, continued, however to decline (the area under tobacco has fallen by almost two-fifths since 1929), and exports fell in quantity by 18 per cent. Export prices were on a low level, and although exports of cigarettes, carpets, resins and several other articles were favoured by the rapid depreciation of the drachma to 42 per cent of its par value in the course of the year, the total export value, in terms of gold, was 35 per cent lower than in 1931. Imports were heavily reduced in 1932, partly by means of the exchange control introduced in September 1931, and the passive trade balance, in terms of gold, was only half as large as in 1931.

Non-industrial Countries in Other Continents.

In previous editions, tables have been given showing the broad trade movements for some of the main export products of the countries belonging to this group. Owing to the lack of information for some countries for 1932, only certain data of this kind can be given below.

The exports of wheat, barley, rye and maize from the main producers within the group of countries under consideration are shown in the following table. Figures have been added for the United States of America for purposes of comparison.

	Metric tons (000's)				$ (000,000's)			
	1929	1930	1931	1932	1929	1930	1931	1932
Exports of wheat from :								
Canada	5,741	5,654	5,302	6,211	249	186	114	114
Argentine	6,613	2,213	3,639	3,440	264	77	61	58
Australia	2,040	1,459	3,583	3,367	89	50	54	56
United States of America	2,453	2,389	2,186	1,494	112	88	50	33
Total for above countries	16,847	11,715	14,710	14,512	714	401	279	261
Exports of barley from :								
Canada	370	62	528	218	12	1	10	4
Argentine	250	144	206	281	8	2	3	5
United States of America	643	215	171	153	24	7	5	3
Total for above countries	1,263	421	905	652	44	10	18	12
Exports of rye from :								
Canada	49	33	93	226	2	0.5	1.6	4
Argentine	187	13	60	214	7	0.2	0.8	4
United States of America	87	7	3	28	4	0.2	0.1	1
Total for above countries	323	53	156	468	13	1	2	9
Exports of maize from Argentine	5,048	4,670	9,767	7,055	160	89	113	82

The revival of the international cereal market in 1931 was only temporary and was followed by a reduction in exports from the majority of cereal-exporting countries during the last five months of 1932, when the quantity of wheat entering into international trade is estimated to have been about one-fourth less than in the corresponding months of 1931. An increase in the yield in the importing countries on the European continent was mainly responsible for the contraction, but other factors which should not be neglected are the increase in the area under cereals in certain of these countries, a similar increase in the area under cereals in certain cereal-importing countries in other continents (for example, India and Egypt), whose production for export of other agricultural products, such as cotton and jute, has become unprofitable with the fall in their prices, and finally the discontinuation of the increase, or the reduction, in the use of cereals as fodder, due to the falling-off in certain European countries of the consumption of meat and dairy produce.

Reduced consumption and increased domestic production in certain importing countries also caused a contraction in the trade in sugar during 1932. Trade in dairy produce, which had increased in 1930 and 1931, was also reduced. According to the monthly reports of the International Institute of Agriculture, the quantities of butter and cheese in the trade of some thirty countries, among which are the main importers and exporters of the world, were respectively 6 and 11 per cent lower in 1932 than in 1931. The meat exports of Australia and New Zealand rose in quantity, but those of the Argentine continued to fall and were less than half of those in 1930.

In view of reduced activities in the manufacturing industries it is only natural that the quantities of the majority of industrial raw materials exported from the countries under review should also have contracted. There are two important exceptions : the quantities of cotton and wool rose considerably in 1931.

The increase in the trade in raw cotton corresponds to the growth in the demand for cotton goods which has been dealt with elsewhere in this volume (1) and was almost

(1) *Cf.* pages 33 and 45.

entirely due to larger exports from the United States where a bumper crop was harvested in 1931. The area under cotton has been reduced in recent years in the United States as well as in India and Egypt.

	Metric tons (000's)				$ (000,000's)			
	1929	1930	1931	1932	1929	1930	1931	1932
Exports of raw cotton from :								
United States of America	1,806	1,584	1,663	2,179	771	497	326	345
India	713	738	578	291	242	199	107	42
Egypt	343	267	333	301	204	118	92	64

Wool exports from several of the main exporting countries rose in 1932. It is very uncertain, however, to what extent the total increase in the quantity of wool entering into trade reflects growth of factory consumption, as wool stocks are generally held, not by the exporting, but by the importing countries and no complete statistics of such stocks are available.

	Metric tons (000's)				$ (000,000's)			
	1929	1930	1931	1932	1929	1930	1931	1932
Exports of wool from :								
Argentine	129	135	141	131	66	39	26	19
Uruguay	51	78	66	43	28	23	11	9
Union of South Africa	130	125	107	169	71	42	27	31
Australia	347	387	370	386	242	162	114	92
New Zealand	107	89	96	108	75	36	23	18
Total for above countries	764	814	780	837	482	302	201	169

In the following pages, a few particulars are given concerning the trade in 1932 of certain of the most important countries in the group under review.

The quantum of Argentine exports was 11 to 12 per cent less in 1932 than in 1931, largely as a result of the fall by 28 per cent in the quantity of maize exported, due to a smaller crop. Exports of chilled beef rose in quantity by 5 per cent and those of dairy produce by 16 per cent, and these increases largely offset the fall in the exports of other animal food products, particularly frozen and preserved meat, which were severely hit by the increased import barriers in Europe. The fulfilment of the country's financial obligations abroad called for a continued curtailment of imports, the quantum of which was almost 30 per cent lower than in 1931 and 50 per cent lower than in 1930. In both years, the imports of capital goods fell much more heavily than those of other goods. Imports of machinery and vehicles, for example, were lower in 1932 than in 1931 and 1930 by 70 and 88 per cent respectively, by weight, and by 70 and 90 per cent, by (gold) value. The possibilities of expanding manufacturing industries in the country have obviously been extremely small, and the new import barriers in the form of exchange control and higher tariffs have mainly been imposed for financial or fiscal reasons.

Exports of coffee from Brazil, which had increased steadily in quantity from 1928 to 1931, suffered a setback in 1932 when the ports of the province of São Paulo were blocked from July to October as a result of domestic political disturbances. A rise in coffee prices from the extremely low level of 1931 began, however, before these disturbances and was furthered by them, and, though prices subsequently fell somewhat, they remained in the last quarter of 1932 some 25 per cent above the level of the corresponding quarter of 1931, and thus encouraged a certain revival in the trade of Brazil. The destruction of stored coffee, financed by means of an export tax, continues. Between May 1931 and the end of 1932, over 12 million sacks were destroyed; of these 12 million, 9 million were destroyed in 1932 ; nevertheless, coffee stocks in Brazil are estimated to have increased during 1932, and the new Brazilian crop is estimated to exceed one year's exports. The transfer of payments for the service of the bulk of the country's foreign debt was suspended in the autumn of 1931. Imports, which are regulated by a rigid exchange control, did not fall in quantum much below the low level of 1931, and the export surplus was reduced.

The foreign trade of Canada was affected during 1932 by the preferential treatment accorded to Canadian goods by the United Kingdom ; further, by the enactment of a new Canadian tariff bill increasing Canadian preference for British Empire goods by either lowering rates for such goods or by increasing rates on foreign produce, and by new import duties levied by the United States on many Canadian products. The greater depreciation of the Canadian dollar in 1932 than in 1931 discouraged imports from countries on the gold standard, while imports from the United Kingdom and other countries the currencies of which had depreciated more than the Canadian dollar were being restricted by means of special duties. Imports fell more in value than exports, and the active trade balance rose. The quantities of most exported goods fell ; but increases are recorded for several products, such as wheat, canned fruit, meat and pork, poultry, unmanufactured tobacco, type-writers, motor-cars, etc. Exports to the United Kingdom rose from 28 per cent of the total export value in 1931 to 36 per cent in 1932. The share of United Kingdom goods in Canadian imports rose only during the last few months of 1932, and then at a lower rate than the exports. (1)

Decisive factors in the trade of India in 1932 were the marked increase in industrial self-sufficiency, favoured by growing protective duties and the depreciation of the rupee, and the easing of the financial situation through the heavy exports of gold from domestic hoards. Gold exports from the beginning of the depreciation of the British pound to the end of 1932 totalled $294 million ; those during 1932 amounted to $198 million and are approximately equal to the gold production of South Africa for one year. The active balance on account of commodity trade was reduced from $91 million in 1931 to $10 million in 1932, mainly owing to very poor exports. Cotton exports fell in quantity by 50 per cent. An increasing share of the reduced domestic cotton production is consumed by the expanding cotton industry, which also imports larger quantities of foreign cotton of higher quality than that produced in the country. In 1932, the Indian cotton-mill consumption rose by some 12 per cent.

India: Raw cotton production and trade

	1928	1929	1930	1931	1932
Area under cotton (2) (million hectares)	10.95	10.49	9.56	9.50	9.04
Production (2) (thousand tons)	1,049	930	875	742	803
Imports (thousand tons)	30	24	37	82	96
Exports (thousand tons)	636	713	738	580	291

Indian jute exports fell from 870,000 tons in 1929 to 672,000 in 1931 and 503,000 tons in 1932, while the area under jute and the production of jute were reduced by more than two-fifths.

On the other hand, the area under wheat and sugar cane has increased in recent years, and the production of wheat and cane sugar has grown. The sugar duty has been increased and numerous sugar factories have recently been built. Wheat imports fell from 721,000 tons in 1929 to 249,000 tons in 1931 ; in 1932, no wheat was imported. Imports of sugar fell from 1,019,000 tons in 1929 to 684,000 tons in 1931 and 469,000 tons in 1932. India has thus become more self-supporting in agricultural products.

(1) According to recorded values, this share was 18 percent during the last nine months of 1931 as well as of 1932, but 22 to 26 per cent during the last three months of 1932. It should be observed, however, that, since the autumn of 1931, imports from the United Kingdom are overvalued in Canadian trade returns, as conversion to Canadian dollars has been made at a higher sterling rate than that actually paid by importers ; the calculated percentage share of the United Kingdom in imports is thus somewhat too high.
The effect of the overvaluation of imports from the United Kingdom has been ignored in converting total Canadian imports into American dollars in Table IV, as the error probably does not exceed 2 to 3 per cent.

(2) The figures for the area under cotton and the cotton production refer to crop years (*e. g.*, "1928" means "crop year 1928/29").

Increased duties on cotton goods in 1930, 1931 and 1932 and the boycott of foreign goods in the two former years favoured the development of the Indian cotton industry. But, while in these years imports of cotton goods fell, they increased in quantity by 56 per cent in 1932. Imports from Japan show a greater increase than those from the United Kingdom ; imports from countries whose currencies have not depreciated either rose less or fell. The increase took place during the first half of the year. In the beginning of September, the duties on non-British cotton goods were raised from 31 to 50 per cent *ad valorem*, while those on British goods remained at 25 per cent ; nevertheless, imports from Japan, which consist largely of grey goods, fell less during the ensuing months than did those from the United Kingdom.

Imports of silk and woollen tissues also rose in 1932. Imports of most other manufactured articles fell in quantity, in 1932 as well as in 1931, and, except in the case of a few articles — *e.g.*, matches — the fall would appear to have been due more to a contraction of demand than to an increase in self-sufficiency.

The rupee value of imported textile machinery rose in 1932, while that of almost all other items of machinery was considerably reduced.

In 1930, Egypt replaced her Customs tariff, with its uniform 8 per cent *ad valorem* duty on almost all goods, by a new tariff consisting mainly of specific rates and aiming at the protection of the production of wheat, rice and other vegetable foodstuffs consumed in the country, as well as of manufacturing industries. So far, the effects of the new tariff are most apparent in agriculture, where they have been intensified by the rapid fall in the prices of cotton. The area under cotton has fallen rapidly, though this fall has not yet been fully reflected in exports owing to variations in the yield and in cotton stocks within the country. Wheat production, on the other hand, has increased, and the imports of wheat and wheat flour have fallen accordingly. Sugar imports were eliminated in the course of 1931 and 1932 as a result of the protection granted to the production of cane sugar.

	Cotton				Wheat			
	1929	1930	1931	1932	1929	1930	1931	1932
Area (thousand hectares)	774	875	707	459	653	616	668	713
Production of cotton lint (1) (thousand tons) .	383	363	279	189	1,231	1,082	1,254	1,431
Exports of raw cotton (thousand tons) . . .	343	267	333	302	—	—	—	—
Imports of wheat and wheat flour (thousand tons)	—	—	—	—	234	196	190	96

Exports in 1932 were favoured by the depreciation of the Egyptian pound, and the reduction in cotton exports was partly offset by an increase in the exports of eggs, onions, benzine and phosphates. Imports of textile goods increased somewhat in quantity, but those of most other goods fell off.

The rubber exports of the Dutch East Indies in 1932 were lower in quantity than in 1931 and 1930 by 15 and 12 per cent respectively, and her sugar exports by 4 and 9 per cent respectively. Like other sugar exporters, the Dutch East Indies has suffered by the increased sugar production in importing countries, such as India, the United States and the United Kingdom. But coffee exports (as in the case of Central America) increased during the stoppage of exports from Brazil. Though imports of textile goods increased, total imports fell considerably in quantum.

The gold value of Australian imports in 1932 was only 5 per cent below the extremely low level to which it had fallen in the critical year 1931, and the import

(1) The figures for cotton production refer to the crop years (*e.g.*, "1929" means "crop year 1929/30").

quantum was considerably greater than in that year. Imports thus reflect the improvement of financial conditions in Australia, resulting partly from the suspension of war debt payments, partly from the continuous expansion of export industries under the influence of good seasons and of the depreciation of the Australian pound. The rise in the export quantities during the period from the fiscal year ending June 30th, 1930, to that ending June 30th, 1932, was 12 per cent for wool, 215 per cent for wheat (wheat exports in the former year were, however, abnormally low), 31 per cent for wheat flour, 87 per cent for butter (the increase in butter exports has, however, taken place partly at the expense of cheese exports), 65 per cent for mutton and lamb and 6 per cent for beef, and the data available for the first months of the fiscal year 1932-33 suggest that the increase has not ceased. The activity in domestic manufacturing industries, on the other hand, has contracted. The situation prevailing during the years 1925-1928, when an expansion of the protected manufacturing industries was accompanied by a weakening of the competitive power of certain of the export industries, has thus been reversed.

The Australian tariff underwent a partial downward revision during the first half of 1932, and, later in the year, the special import restrictions in the form of Customs surtax, primage duties and prohibitions were removed in the case of a considerable number of items. The increased preference granted to British goods as a result of the Ottawa Agreements was reached, however, by increasing the general rates on almost half the number of items in the tariff. Since then, certain reductions in the general rates have again been made.

The trade of New Zealand has, during the last few years, followed a course similar to that of Australia, though the various stages were reached at a later date than in that country. Her active trade balance has risen, and her exports of wool, meat and dairy produce have increased considerably in quantity. Domestic costs of production have been reduced, and in January 1933 the exchange value of the New Zealand pound was deliberately reduced from 91 to about 80 per cent of sterling, or to the same level as the Australian pound. The new preference which New Zealand granted to British goods in the autumn of 1932 was obtained by the abolition of Customs surtaxes previously paid on such goods.

The Union of South Africa increased the premiums granted to exporters of agricultural products. Considerable quantitative increases are recorded for exports of wool, hides and skins, fruit, butter, maize and maizemeal. Exports of gold rose by 5.2 per cent and their share in the total export value rose from 67.3 to 71.8 per cent. Since 1928, when this share amounted to 47.6 per cent, it has steadily increased. Other mineral exports fell in 1932. Imports were heavily reduced, owing to increased duties and a contraction in domestic demand, and the active trade balance more than doubled.

Little detailed information is available concerning the trade of certain mining countries in South America, such as Chile and Peru. The demand for base metals and mineral manures fell heavily during the depression ; while the export prices of these goods fell almost as much as prices of agricultural products, the quantities exported were heavily reduced. Though both Chile and Peru suspended payments for the service of their foreign debt in 1931, their imports were heavily reduced in both 1931 and 1932. The gold value of Chilean imports in the latter year was only 13.2 per cent of that in 1929 and imports were largely confined to bare necessities of life. Since Chile is very dependent upon her foreign trade (it has been estimated that normally 50 per cent of the goods produced in the country is exported), the strangulation of exports has been catastrophic in her economic life.

Any comparison between the trade of China in 1932 and previous years is rendered difficult by the fact that the trade returns for 1932 as yet available include the trade

of Manchurian ports during the first half-year only. The following division of trade by ports affords, however, a comparison of total trade figures for the provinces under Chinese administration.

	U. S. A. $(000,000's) (1)							
	Imports				Exports			
	1929	1930	1931	1932	1929	1930	1931	1932
Trade of China by ports situated in :								
Manchuria	147	95	52	(2) ...	210	133	110	(3) ...
Rest of China	673	516	441	336	450	287	200	123
Total	820	611	493	...	660	420	310	...

The increase in protective import duties, during the last few years, is reflected in the fall of imports of certain articles, such as cigarettes and matches, to a fraction of their volume in 1929. Imports of cotton piece-goods fell in quantity, at least up to 1931, while imports of raw cotton rose and exports of raw cotton fell. In 1932, the development of the Chinese cotton industry was checked by the hostilities in Shanghai, the centre of this industry.

	1928	1929	1930	1931	1932 (3)
Cotton, raw (metric tons (000's) :					
Imports	115	151	208	281	225
Exports	67	57	50	48	40
Cotton yarns (metric tons (000's) :					
Imports	17	14	9.6	2.9	5.7
Cotton piece-goods (U. S. A. $ (000,000's)) :					
Imports	116	83	59	37	24

The fall in domestic foods production caused by the 1931 floods in the Yangtsze Valley necessitated large imports of rice and wheat in 1932, the latter financed by credit operations between the Government and the United States Farm Board. Imports of machinery fell far below the high level of the two preceding years. Imports from Japan represented 14 per cent of total imports, against 20 per cent in 1931 and 25 per cent in 1930.

Chinese exports were on a low level in 1932. Large quantitative decreases are recorded for numerous articles, such as eggs, hides, seeds, silk and silk goods.

The Balance of Trade.

In *Balances of Payments, 1930* (4), the estimates of the total international accounts of a considerable number of countries are roughly analysed. By reference to the tables there given, it is possible to show how the positive or negative trade balance is covered by what are commonly known as the invisible items of the whole statement of accounts and by a net import or export of gold.

Too much emphasis is frequently placed on the excess of imports over exports or of exports over imports. There is no *a priori* reason for presuming that either

(1) The figures refer to general trade.
(2) During the first half of 1932, imports by Manchurian ports amounted to 25 million U.S. dollars and exports to 45 million U.S. dollars. The trade of Dairen with countries other than China (in 1931 representing 71 per cent of imports and 66 per cent of exports of Manchurian ports) during July-December 1932 amounted to 168 million yen ($39.2 million), imports, and 242 million yen ($56.5 million), exports.
(3) Excluding trade of Manchurian ports during July to December 1932.
(4) Series of Publications : 1931.II.A.28[II].

form of surplus is desirable or undesirable, or that it is indicative of prosperity or the reverse. An excess of imports may be due to large receipts on account of interest due on foreign capital investments or to earnings from a mercantile marine, as in the case of the United Kingdom. It may equally well be due to foreign borrowing, such as that effected by Germany and Poland in 1925, 1927 and 1928. In fact, most countries outside Europe have a positive trade balance because their interest and dividend payments, which take the form of merchandise exports, exceed their new borrowings.

The receipts of interest and dividends by the United States are, of course, greater to-day than her payments on this account, but her capital exports — in recent years heavily reduced — and other " invisible " items, of which the most important is the expenditure of American tourists abroad, normally leave a net debit balance which is paid for by means of an excess of merchandise exports. The figures given in the table for the United States, as well as for Canada and some other countries, are affected by the exclusion of freights and insurance from the recorded import values. If import values were recorded by the United States in the same manner as by the majority of other countries, her trade balance would probably have been passive in 1931 and 1932.

A negative balance is recorded by most European countries. This is partly due to the fact that imports are valued c.i.f., though the balance of a few countries is influenced to a large extent by capital and interest movements.

The Belgian negative balance is more than offset by the yield from foreign investments, earnings on transit traffic, foreign tourists' expenditure and a number of miscellaneous receipts. That of Denmark and Norway is covered mainly by shipping freights and similar charges ; that of Greece by foreign borrowings, shipping earnings and emigrants' remittances ; that of the Irish Free State by the positive balance of interest and dividends and by emigrants' remittances ; that of Italy by the receipts from tourists and remittances from Italians abroad ; that of Latvia by capital borrowings, emigrants' remittances, and transport and shipping earnings.

Since the middle of 1928, the flow of capital from creditor to debtor countries has gradually dried up and, in certain cases, has been succeeded by a movement of capital in the opposite direction. This change in capital balances might have been expected to be accompanied by an increase in the passive (or a reduction in the active) trade balance of creditor countries, and an increase in the active (or a reduction in the passive) balance of debtor countries. As the following table shows, such a change has not always taken place, owing largely to the heavy fall in the prices of the main export products of the non-industrial debtor countries. The international accounts of certain of these countries have been brought to balance, for example, by gold exports or by a reduction in the yield transferred abroad of foreign capital invested in the countries.

TRADE BALANCES (*see table on following page*).

Between 1929 and 1931, the nine debtor countries indicated in the table " improved " their trade balance by $1,264 million, but this change was due largely to the increase from $9 million to $684 million in the active balance of Germany, whose terms of trade were rendered more favourable by the change in relative prices. In the case of non-industrial debtor countries, tendencies differed: while the balances of Canada and Australia changed from passive to active and the active balances of the Union of South Africa and Brazil rose, those of India and the Dutch East Indies were reduced and China increased her excess of imports. The most outstanding changes between 1931 and 1932 are the fall in the active balance of Germany by $429 million and in the passive balance of the United Kingdom by $812 million — changes the reasons for which were dealt with in the preceding chapter.

TRADE BALANCES.

	Active (+) or passive (—) trade balance in $(000,000's)				Exports as percentage of imports			
	1927	1929	1931	1932	1927	1929	1931	1932
Creditor countries :								
United Kingdom	— 1,880	— 1,858	— 1,813	— 1,001	64.7	65.6	49.4	56.2
United States of America	+ 596	+ 818	+ 290	+ 247	114.3	118.9	113.9	118.6
France	+ 87	— 317	— 461	— 398	104.2	86.1	72.1	66.0
Netherlands	— 261	— 306	— 234	— 183	74.5	72.3	69.2	65.1
Switzerland	— 96	— 115	— 169	— 183	80.1	77.7	60.4	44.9
TOTAL, five countries	— 1,554	— 1,778	— 2,387	— 1,518	88.1	87.0	72.0	73.1
Debtor countries :								
Germany	— 954	+ 9	+ 684	+ 255	71.9	100.3	142.7	123.0
Canada	+ 150	— 74	+ 15	+ 88	113.5	94.3	102.5	122.1
India	+ 256	+ 262	+ 91	+ 4	128.3	128.9	119.6	101.1
Argentine	+ 147	+ 87	+ 79	+ 115	117.8	110.6	122.6	153.5
China	— 65	— 160	— 178	— 184	90.7	80.3	63.5	46.7
Union of South Africa	+ 108	+ 37	+ 70	+ 154	131.4	108.9	126.6	191.7
Australia	— 95	— 114	+ 118	+ 81	87.9	83.9	159.9	143.3
Dutch East Indies	+ 298	+ 135	+ 63	+ 73	182.1	130.3	126.5	145.9
Brazil	+ 44	+ 39	+ 101	+ 73	111.3	109.4	172.1	168.9
TOTAL, nine countries	— 111	— 221	+ 1,043	+ 659	98.7	102.5	124.0	121.7

The following balances on account of imports and exports of bullion and specie in recent years reflect the main gold movements due to disturbances in the international accounts.

NET IMPORTS (—) OR EXPORTS (+) OF BULLION AND SPECIE.

	$(000,000's)				
	1928	1929	1930	1931	1932
Creditor countries :					
United States of America	+ 411	— 156	— 269	— 148	+ 440
United Kingdom	+ 57	+ 78	— 25	+ 143	— 59
France	— 240	— 333	— 452	— 727	— 830
Netherlands	— 14	+ 11	+ 8	— 198	— 118
Switzerland	— 9	— 10	— 12	— 222	— 171
Debtor countries :					
Germany	— 223	+ 101	+ 12	+ 240	+ 20
Japan	+ 0	+ 1	+ 149	+ 200	+ 42
India (1)	— 119	— 91	— 90	+ 97	+ 202
Argentine	— 84	+ 168	+ 25	+ 166	+ 3
Brazil	— 47	— 2	+ 129	+ 11	+ 4

The pressure upon debtor countries during the depression has caused a steady outflow of gold from these countries, and their gold reserves have been considerably reduced. In 1932, gold exports from Germany contracted heavily owing to the standstill

(1) A considerable portion of the Indian net imports of bullion and specie before 1931 consisted of silver.

agreement regulating the repayment of her short-term debts, and those from Japan owing to the exchange control and the depreciation of the yen. A very considerable amount of gold was, however, exported from Indian hoards as a result of the rise in the price of gold, in terms of rupees, implied by the depreciation of sterling in 1931.

Of the creditor countries, France during a period of three years received about $2 milliards of gold, or much in excess of the total gold production during this period, and large amounts of gold went to the Netherlands, Switzerland and, before 1932, to the United States of America. The United Kingdom, which, unlike other creditor countries, exported gold in 1931, became a gold importer in 1932 ; on the other hand, the United States had to export large amounts of gold in the first half of that year in connection with the withdrawal of a portion of the foreign short-term capital invested in that country.

Composition and Direction of Trade.

The tables which used to be given in this volume concerning trade by classes of commodities according to the international (Brussels) classification and direction of trade have been omitted in this edition, as little information has become available since the publication of the last issue at the end of 1932.

The most outstanding change which took place in the composition of trade during 1932 was a decline in the share of manufactured articles in the trade of the majority of countries.

It may be recalled that for a number of years prior to 1929, international trade in manufactured products had grown more than that in any other group of goods. In 1929, this movement was reversed in the imports of a number of borrowing countries in Central and Eastern Europe, more especially Germany, Poland, Hungary, Yugoslavia and Estonia. This tendency naturally continued in 1930 as prices sank lower. With borrowing arrested and the national income steadily shrinking, the demand for foreign manufactured commodities inevitably contracted. In 1930 and 1931, the tendency spread to the imports of Austria, Spain and New Zealand and a number of other countries, and, with the growing impediments to trade in manufactured articles, it reached in 1932 the industrial creditor countries, such as the United Kingdom, the United States of America and France.

The same tendency naturally prevailed in exports, though the United Kingdom and Japan, owing to special circumstances, were able in 1932 to increase the share of manufactured goods in their exports.

The change in the composition of trade during the past few years is partly concealed by the price *disagio* in relation to other categories of goods. Even where the share of manufactured articles in the value of trade remained unchanged or rose somewhat during the period under review, the quantum of such goods is likely to have fallen more rapidly than that of other goods.

The percentages in the table on page 61 show for four important industrial countries the shares of main groups of articles in imports and exports *after elimination of variations due to price changes*. As the figures refer to different national classifications (those for Germany, to the international — Brussels — classification), those for the different countries are not strictly comparable, but their movement from year to year reflects the tendency at work.

PERCENTAGE DISTRIBUTION OF TRADE BY CLASSES *(see Table on following page)*.

In the case of these countries, the fall in the share of manufactured articles in 1932 was greatest in imports — a fact which suggests that the exchange of manufactured articles between industrial countries suffered more than the exchange with non-industrial countries of manufactured articles for primary products.

On the other hand, the increase in the share of foodstuffs in imports in 1932 does not imply that the quantum of food imports rose or even remained at the same level as in 1931. The quantum of such imports fell indeed by 3 to 4 per cent in the United Kingdom and Italy and by a smaller amount in Germany and France. While it was estimated (1) that the quantum of foodstuffs in international trade rose in 1930 and 1931 (in the case of European imports the increase from 1929 to 1931 appears to have amounted to 6 per cent), there can be no doubt that this quantum fell in 1932, in spite of the fact that certain countries (such as Australia and New Zealand) increased their exports of foodstuffs. The reason for the decline would appear to have been the impoverishment of certain importing countries and the increase in self-sufficiency, noticeable, not only in the industrial countries in Europe, but also in certain agricultural countries (such as India and Egypt), where the agricultural production of raw materials and foods for export contracted while that of foods for domestic production expanded.

PERCENTAGE DISTRIBUTION OF TRADE BY CLASSES OF COMMODITIES, AFTER ELIMINATION OF VARIATIONS DUE TO PRICE CHANGES.

Note. — The figures represent the percentage share of the various classes in the value of trade, calculated, for all the years, according to the average import and export prices in a given base year — namely, for the United Kingdom 1924 and 1930, for Germany 1928, for France 1913 and for Italy 1925.

	Imports				Exports			
	1929	1930	1931	1932	1929	1930	1931	1932
United Kingdom :								
Food, drink and tobacco	43.8	47.7	50.0	54.9	8.0	8.7	9.5	9.1
Raw materials and articles mainly unmanufactured	28.3	22.4	20.4	23.6	12.7	11.6	12.5	11.6
Articles wholly or mainly manufactured	27.9	29.9	29.6	21.5	79.3	79.7	78.0	79.3
Germany :								
Food, drink and live animals	30.1	30.2	30.1	31.9	5.8	5.8	5.5	5.1
Materials, raw or partly manufactured	53.3	54.1	55.4	56.1	22.0	21.5	21.8	23.0
Manufactured articles	16.6	15.7	14.5	12.0	72.2	72.7	72.7	71.9
France :								
Foodstuffs	21.3	20.6	27.7	30.0	9.7	11.4	10.7	10.9
Materials for industry	57.5	54.8	49.1	51.2	21.4	22.3	18.8	23.1
Manufactured articles	21.2	24.6	23.2	18.8	68.9	66.3	70.5	66.0
Italy :								
Foodstuffs	23.9	26.2	28.6	25.5	22.5	23.9	27.1	24.7
Raw materials	40.1	38.3	39.5	44.4	10.1	9.3	10.1	9.3
Manufactured articles	36.0	35.5	31.9	30.1	67.4	66.8	62.8	(2)66.0

The geographical distribution of trade in 1932 presents one aspect of special importance. This is the disturbance caused by the increase in trade barriers since the autumn of 1931, in particular the endeavour of many countries to render their trade balances less passive (or more active) by reducing the passive balances in trade with individual countries (3).

In order to gauge the effect of these tendencies upon the distribution of trade, an enquiry has been made, covering fifteen countries (fourteen European countries

(1) *Cf. Review of World Trade, 1931 and 1932 (First Half)* (Series of publications 1932. II.A.25[1]), pages 57 and 58.
(2) The increase in the share of manufactured articles in 1932 was due to the heavy reduction in the quantum of citrous fruits and certain other vegetable food products which had expanded in 1931 owing to a rich crop.
(3) *Cf.* above, pages 15 and 16.

plus the United States of America), the aggregate trade of which represents about 60 per cent of world trade. The total value of the trade of each of these countries in the years 1929, 1931 and 1932 has been divided into three groups, as follows :

I : Imports and exports offsetting each other in trade with individual countries ;

II : Total import or export balance ;

III : Balances in trade with individual countries not reflected in the aggregate balance (group II) — *i.e.*, balances with opposite sign, offsetting each other (1).

In order to simplify the calculation and, in some cases, owing to the lack of full information concerning the distribution of trade in 1932, the enquiry was confined to the trade of each country with its principal import and export markets, in most of the cases representing more than 90 per cent of the entire trade of the country concerned (2).

Group I consists entirely of "bilateral" trade, while "triangular" trade is included in groups II and III. Of the latter, it is natural for group II (the total trade balance) to display great resistance against recent tendencies towards reduction, as it largely represents the net outward or inward payments on account of fixed charges and of services. The growing discrepancy between the price levels in different countries has, in many cases, tended to increase the exchange of services, which is not impeded by trade barriers (though it often is by exchange control). Group III is the group likely to be most affected by the plea for reciprocity.

The distribution of the total trade (imports plus exports) of the fifteen countries, between the three groups of trade under consideration, was as follows :

	$(000,000's)			Percentage movement			Percentage distribution		
	1929	1931	1932	1929	1931	1932	1929	1931	1932
Group I: Bilateral trade	26,999	15,269	10,011	100	56.5	37.1	72.0	66.9	69.3
Group II: Aggregate trade balances	4,106	4,238	2,520	100	103.2	61.4	10.9	18.6	17.4
Group III: Offsetting trade balances	6,423	3,313	1,926	100	51.6	30.0	17.1	14.5	13.3
Total	37,528	22,820	14,457	100	60.8	38.5	100	100	100

Between 1929 and 1931 the total value (in gold dollars) of the trade balances of the countries in question (group II) rose slightly, owing largely to the contraction of capital movements (3), and the share of that group in the total trade of the countries concerned rose from 10.9 to 18.6 per cent, while that of both the other groups fell. Between 1931 and 1932, in which year efforts to reduce passive trade balances became

(1) Calculated as the difference between the total of import or export balances (ignoring their sign) in trade with individual countries and group II.
(2) The percentage varied between 89 and 97, except in the case of Italy and the Netherlands, for which, owing to lack of data, only 70 to 80 per cent of the total trade could be taken into account.
(3) *Cf.* pp. 58-59.

an outstanding feature in trade relations, the share of group I (bilateral trade) again rose. The share of group III has fallen steadily from 17.1 per cent in 1929 to 14.5 per cent in 1931 and 13.3 per cent in 1932. The movements in question may be studied in greater detail in the following table, which indicates the percentage shares of groups I and III in the trade of each of the countries considered.

	Group I			Group III		
	1929	1931	1932	1929	1931	1932
Austria	71.6	67.0	64.9	7.5	6.5	5.0
Belgium	77.0	74.8	77.1	15.1	21.9	18.2
Czechoslovakia	76.0	70.8	75.4	24.0	27.1	17.3
Denmark	53.0	48.2	55.3	45.8	48.5	43.3
France	69.6	72.3	74.9	23.5	12.8	6.1
Germany	75.2	65.9	66.5	23.1	12.8	19.1
Greece	60.9	58.5	64.3	11.3	9.4	13.5
Hungary	72.7	64.0	73.4	24.3	35.0	25.3
Italy	72.8	80.1	83.6	6.2	12.3	6.0
Netherlands	74.4	68.1	74.1	11.3	19.1	9.9
Poland	75.2	66.1	68.9	19.8	21.9	18.4
Russia	61.4	49.3	60.1	36.0	34.8	27.7
Switzerland	72.3	62.6	59.4	11.6	11.2	2.3
United Kingdom	75.1	64.6	67.3	4.8	2.5	5.9
United States	68.6	70.1	69.3	21.4	19.3	17.0
All the countries	72.0	66.9	69.3	17.1	14.5	13.3

The figures for individual countries do not always follow the trend indicated by the totals. Thus the share of group III in the trade of Germany and the United Kingdom rose in 1932 — in the case of Germany, because of a reduction in the competitive power of her exports and, accordingly, an increase in her passive balance of trade with certain non-European countries, from which she imports the bulk of her requirements of foods and raw materials, and, in the case of the United Kingdom, because her increased competitive power resulting from the depreciation of sterling changed her balance of trade with a number of countries from passive to active. The total share of group III in the trade of the remaining thirteen countries, which was 20.5 per cent in 1929 and 20.1 per cent in 1931, fell to 14.8 per cent in 1932. The heaviest fall (from 11.2 to 2.3 per cent) between 1931 and 1932 is recorded by Switzerland. While the total passive trade balance of Switzerland increased in 1932, her balances resulting from her trade with her main import and export markets were reduced.

Swiss Net Imports from (—) or Net Exports to (+) Individual Countries.

	(Swiss francs (000,000's).)										
	Germany	France	Italy	U. K.	U. S. A.	Hungary	Belgium	Sweden	Japan	Other countries	Total
1931	— 462	— 206	— 86	+ 140	— 72	— 31	— 2	+ 15	+ 18	— 176	— 902
1932	— 388	— 149	— 61	+ 8	— 60	— 8	— 46	+ 3	+ 9	— 270	— 962

Similar movements are recorded for other countries. Where the total trade balance fell, the balances in trade with individual countries generally fell much more heavily (1).

It should be taken into account that the annual trade figures for 1932 reflect but incompletely the change in the trade policy of certain countries, which, in many cases, was not accomplished until the end of the year. In particular, a large number of the clearing agreements regulating bilateral trade were not concluded until the summer or the autumn of 1932. The reduction of the trade balances (active and passive) of many countries in 1932 was undoubtedly caused partly by the tendencies now referred to, which, if they are allowed to have their full effect upon trade, will increase very considerably the difficulties experienced by countries largely dependent upon triangular trade.

(1) *Cf.* also the data for the United States given on page 38.