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# ÉTUDES ÉCONOMIQUES ET JURIDIQUES

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## THE FUTURE OF WORLD TRADE

Towards the International Trade Conference 1946

BY

DR. PAUL P. KANTOROVITZ

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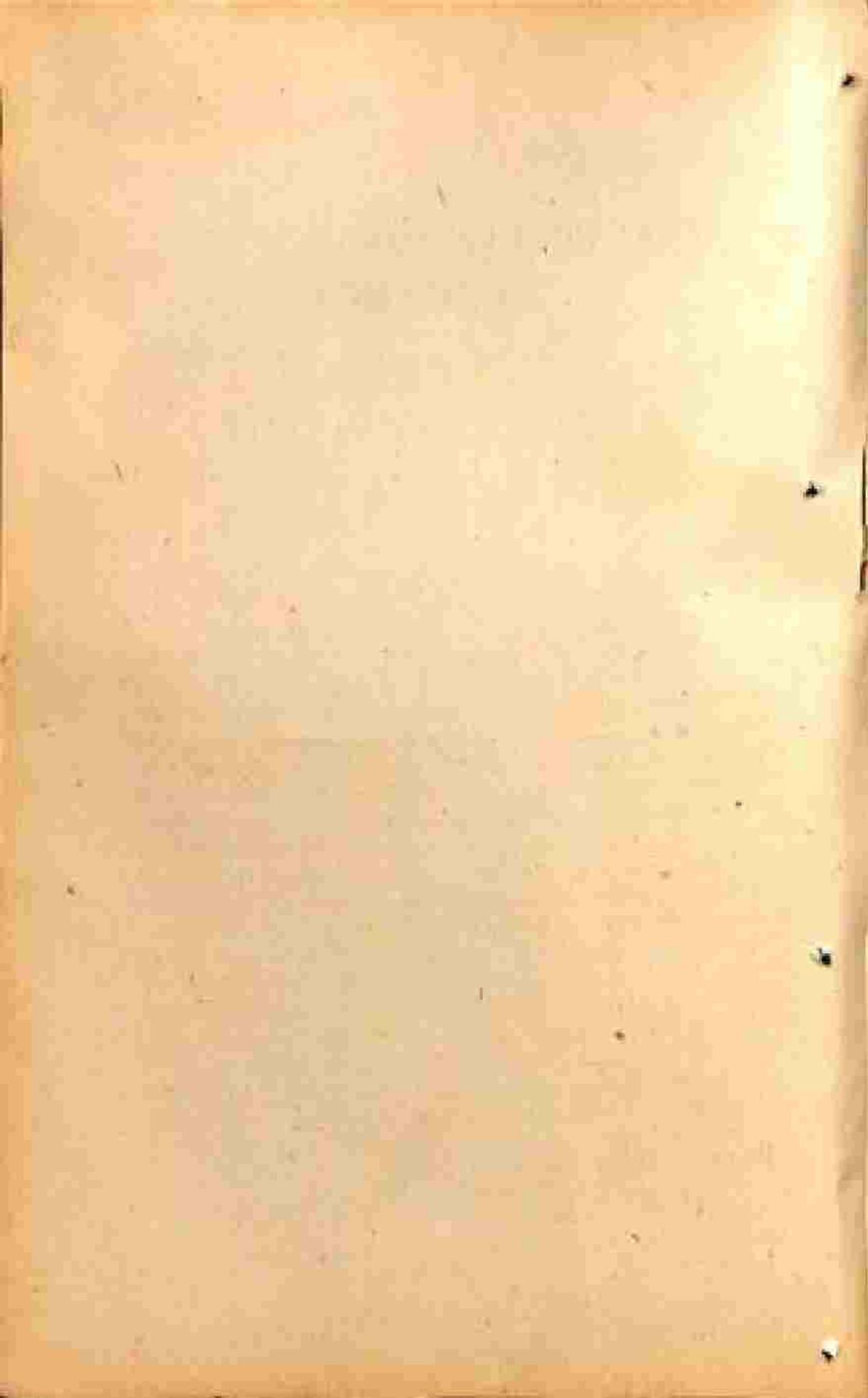
### PREFACE

This essay is intended as an agenda for discussions on post-war trade problems and the potential difficulties with which expanding world trade will be confronted. As shown in the "references" most material of up-to-date information is taken from the recent League of Nations publications and a number of economic and financial monographs published by American universities, notably Princeton, N.J.

I am indebted to "La Société Française d'Économie politique", for giving me this opportunity to place the conspectus of the problems before an interested public. Most grateful am I to Mr. J. I. Craig of the Egyptian Ministry of Finance, to Mr. P. A. Wilson of London University, now with the British Supply Mission, M.E., to S/Ldr. J. Fisher of London University now with the British Middle East Office, to Mr. N. Koester, formerly at the League of Nations, now with Foreign Exchange Department of the National Bank of Egypt, and Dr. K. Grunwald of Jerusalem, for reading and reviewing the manuscript and having made many helpful criticisms and suggestions.

CAIRO, November 1946

Dr. P. KANTOROVITZ



" Yet such remains  
to conquer still: peace hath her victories  
no less tranſported than war: new loſes ariſe  
threatening to bind our ſouls with ſecular  
chains."

## I.—INTRODUCTION

These classical words of John Milton in his famous Sonnet to the Lord General Cromwell have never been so justified as right now; When we are still rejoicing in the great achievement of victory over the "master races" and their promised "new orders" but start to fulfil the own promises of a better world to all people in all lands. The disillusionment that followed the last war became a definite obstacle in creating a determined and united civil morale. This time, our great leaders have uttered more promising and sweeping statements than ever before; they have served to fan the flames of hope in the many hearts of the economically ill-favoured. That latest and final document, the Charter of the United Nations which says in its promising preamble:—

"We, the Peoples of the United Nations, determined to save succeeding generations from the scourge of war, which, twice in our lifetime, has brought untold sorrow to mankind, and to reaffirm faith in fundamental human rights of men and women and of nations large and small, and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standard of life in larger freedom and, for these ends, to practise tolerance and live together in peace with one another as good neighbours, and to unite our strength to maintain international peace and security, and to ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest, and to employ international machinery for the promotion of the economic and social advancement of all peoples, have resolved to combine our efforts to accomplish these aims.

"Accordingly, our respective governments, through representatives assembled in the city of San Francisco, who have exhibited their full powers found to be in good and due form, have agreed to the present Charter of the United Nations and to hereby establish an international organisation to be known as the United Nations."

A cynic might ascribe this promise of a new brave world to a lively realisation of the social and political dangers that accompanied the violent economic fluctuations and prolonged unemployment caused by the last war and its ensuing subsequent crises. There is an obvious desire at all costs to forestall a repetition of these troubles, although there is some doubt whether the good wishes will be sufficiently backed by the necessary capability that modern statesmanship in this complicated time of problems will require.

The demand for an increased measure of social security, however, has far deeper roots. It is not merely a bribe in advance to future veterans. Behind it lies a vivid memory of the failure to achieve economic adjustment and stability between 1919 and 1939. Behind it lies the bad conscience of hundreds of statesmen, political and economic, who are still on the top or exert a certain influence behind the screen. That conscience should not give them rest and tranquillity, should wake them up again and again, to see to it that not for a third time should the piece-torn world be plunged into the ordeal of war; for it seems unlikely that our battered civilisation will be able to survive.

The XIX<sup>th</sup> century system of cosmopolitan private enterprise based on the initiative of the individual citizen, beyond all limits of national boundaries, could not be satisfactorily restored after the last war, because the conditions necessary for its functioning were no more present. Not that it had been established that private enterprise is incapable of ensuring employment and a decent standard of living for all people. What there was missing as against the situation before 1914, was that there was no sufficient assurance of peace, and hence no political stability on which it is the only possible prerequisite of international economic co-operation.

Moreover, a vast and complex series of economic maladjustments had developed within each country and between them. Each national economic system had developed independently. Nations, therefore, logically sought to improve their economic well being by national measures without regard to the effect that such measures had or were bound to have upon others. Tariffs, for instance, and other attempts

to regulate the flow of goods, always recognised as one of the main expressions of unrestricted sovereignty were developed and spread to cover other fields of major economic activities. When tariffs were raised by one country, others invented even more drastic restrictions on imports or on the flow of capital. The generally held notion that a community, whether local, sectional, or national, could improve its economic situation by injuring others, resulted in uncoordinated action, in which each nation proceeded on its own independent course, and the world's economic life was transformed into something like an "economic madhouse", in which each nation in the end destroyed its own customers. There can be no doubt that the almost total stagnation of world trade, the increasing difficulties in transferring funds, the growing tendency on the part of governments to assume control over the available foreign exchange, are directly related to this economic policy of everyone for himself.

It is now evident that the original cause for the breakdown of normal economic relations lies not only in the pure lack of co-ordinated action among the nations. It must be sought also in the elimination of the usual classical "Peace time" characteristics of foreign trade which started during World War I. As long as an international metallic standard prevailed and the stability of exchange rates could be taken for granted, as long as credit facilities were abundant, trade barriers reasonably low, equality of treatment in tariff matters universally recognised and practised, all control or intervention by the state appeared absolutely unnecessary. When war broke out, orthodox views based on classical financial terms were no longer applicable. Even when after the war, upon the experience of world-wide inflationary booms and subsequent deflationary depressions, most countries returned to the gold standard, when, ultimately, in 1929, capital was moving again between countries in larger quantities, the conditions underlying could not be considered healthy and normal. Some countries had returned to the gold standard at parities no longer appropriate to their existing trade balance or their internal price structure, and in some cases, without adequate reserves in either gold or foreign exchange assets. Recollection of the extreme price inflations and exchange depreciations in the early twenties made investors and bankers more sensitive to signs of monetary pressure than ever before. Servicing of debts, reparations, etc., became burdensome loans and international transactions became unresponsive to changes in the

basic trade position and in the financial situation of the debtor. Over-extension of agricultural and raw material production reduced the world prices to levels unremunerative to the producers. Increased rigidities in price and cost calculations resulting from the growth of monopolistic organisation of private business or from increased public social security programmes, lessened the adaptability of the national economy to the downward trends of prices and to the pressure exerted by the usually precarious balance-of-payment position. As a natural effect, exports dropped drastically, credits, especially international investments, tended to dry up, pressure on the exchange rate of currency became widespread, defaults on repayment of debts occurred frequently, and above all: the rate of employment fell below unprecedented levels.

In the absence of an effective concerted action, each country sought to protect its own economy without concern as to the impact on others and the world economy as a whole. Some countries left the gold standard and allowed their currencies to depreciate. Others clung to their existing rate of exchange, but increased their tariff barriers against imports or introduced import quotas to relieve pressure on their balance of payment and—at the same time—to check inflationary tendencies under way in their internal market. Others, again, established a system of direct exchange controls allegedly to protect their currencies and to avoid adverse trade balances.

What actually happened was that the nations became caught in a vicious spiral from which nobody could any longer extricate himself by independent action. The more each nation undertook to protect its national economy by autonomous measures, the more others were forced to do likewise. In the end all suffered. In the end all financial and economic problems were aggravated and became difficult of solution.

National measures were in no small degree responsible for the weakening of the fabric of international economic relationship, for the virtual breakdown of the international economic system. Wartime conditions have led to still farther intensification of national measures as far as controls and obstacles to international commercial relations are concerned. Shortage of shipping more than shortage of supplies restricted economic activities. Furthermore, the economic distortions produced by the war have undoubtedly made the attainment of international economic relations more difficult.

The situation would never have become and would not be now so difficult if it had been possible for the nations to establish themselves as self-sufficient economic units. The advocates of independent national action were often animated by the belief that their particular nation could live successfully without a substantial exchange of goods with other nations. Thus, the policies of the countries rich in resources and in possession of colonies gave substance to the claim advanced by the so-called "underprivileged" nations that the world was divided into "have" and "have not" peoples.

This logic formed a basis—and will do so in future—on which potential "Axis" powers will justify expansionist policies. They, the "have not" nations, will clamour for the same privileges as have those others sharing in the rich resources of the world; and since force might again be stronger than argument, military action as in the past might be considered the logical way to create a "co-prosperity" sphere in which a nation might establish itself as a self-sufficient unit by incorporating into its political or financial orbit those sections of the world that possess the resources it lacks.

Whether modern European economic nationalism has been started by the lack of foreign exchange to pay for the necessary raw materials for keeping industry busy, or by the fact that the countries in question refused or were, in fact, incapable of adapting their agriculture and industry to the flood of cheap grain and manufactured goods from the New World, is irrelevant for the purpose of a survey on the prospects of foreign trade in the post-war world. That it was, however, economic nationalism that has led in the past to the stagnation of world trade and to an aggravation of depressive crises all over the world, is beyond any doubt. The inevitable result of this world-wide chasing of an economic mirage—a mirage in which the wealthier nations led the race—was an economic and political atmosphere that could not but logically lead to war (1).

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(1) See the impressive description of economic nationalism and its aggressive tendencies in the inter-war period in Prof. JACOB VINCIG's "Free Markets and Controlled Economy in Foreign Trade", published by the League of Nations, Geneva-Princeton, 1942, pp. 16-19; also ARTHUR DE HAAS on "World Trade", in *Harvard's Business Review*, autumn edition, 1942.

## II.—THE ILLUSION OF SELF-SUFFICIENCY

Recent events have proved that, in modern economy, with demands that modern civilisation has brought upon us, self-sufficiency is an illusion. The entire Continent of Europe is deficient in most important raw materials. There are insufficient oil resources. The vegetable oil supply is far below requirements. Tungsten, chromium, tin, and other important materials are almost entirely lacking. No territorial expansion on the European Continent could possibly solve these deficiency problems. But even the United States do not fare much better. The serious shortages which have developed there during the war, give ample evidence on these facts. The truth is that the world, despite its fabulously rich resources, cannot live without access to the Far East. No matter how successful American business may be to develop the hitherto neglected resources of its Latin-American neighbours, no matter what its industry may achieve in replacing essential materials by new chemical and artificial processes, they cannot escape the fact that the entire American Continent cannot supply all the raw materials its industrial plant will require in the post-war world.

Thus, the maintenance of trade relations with other countries and other continents is from the pure provisioning point of view (set aside the financial—and full—employment—aspects), essential to American as it is to the British Commonwealth, to Japan and to Germany. There are no "have" and "have not" nations. Such a view changes the entire aspect of the world's economic picture.

The claims that the possession of colonies could solve economic problems are unfounded, even under a system of most autocratic exploitation. A redistribution of the earth's territories would not solve the problems of either Britain or America. To attain real self-sufficiency a country would need to control the major portion of all continents. Thus, new "have nots" would be created. Equality of possession is not the solution. It must be sought not in equality of possession but in equality of opportunities. When the Atlantic Charter speaks of "access, on equal terms, to the trade and the raw materials of the world", this document carries the odd implication that possession is an important factor in the situation. As we glance back to the years preceding the present war, we see that political control has played practically no role in the matter of "free access" to raw

materials. There have been instances in which, by means of preferential export duties, political control made certain raw materials available at slightly lower prices to the nationals of the nation in control than to others. But such instances were rare and economic nationalism—except where trade is a government monopoly—could not break business aspects. It may be said that almost without exception raw materials were offered for sale in world markets to all buyers, regardless of nationality. The British and Dutch paid the same prices for the rubber produced in Malaya and the Dutch East Indies as did the manufacturers in the U.S.A., Germany, or Japan. It is true that in cases of shortages of raw materials or at periods of strict government control over business, these principles might not always be followed. But deficiencies in raw materials can and will be only short-term ones. After having met the demand deferred during this war, there is bound to be a surplus again both of raw materials and foodstuff. How to bring the ample resources through the right channels to the consumer masses and not to burn them or to throw them into the seas, is another question and mainly one of proper distribution; but it has nothing to do with the access to the sources from a national point of view.

Should shortages arise at some future date or for the reconversion period from war to peace for which similar principles hold true, the powers will have to determine the basis of non-discrimination from the supply point of view for all members of the United Nations. If the colonial system is going to be retained—and it looks that subject to some modifications in the form of the new established trusteeships it will be—the one most essential principle of the Colonial Charter must be this: that the colonial or mandatory power should not be entitled to establish any privileges for its nationals in regard to the access to the territory's economic resources (see Art. 75 of the United Nations Charter). It should be one of the main tasks of the Economic and Social Council and the Trusteeship Council of the United Nations Organisation to see to it that no member of the organisation should in any way be discriminated or be made a party to discriminatory action against others, provided, of course, that the interests of the colonial and protected territory should always be kept in mind and not be prejudiced by the principle of non-discrimination. The old League of Nations mandates where this principle was recognised and strictly applied often proved incapable to reconcile these obligations. The compatibility of a system of bilateral agreements between

the mandatory and the mandated people or an "Imperial Preference" scheme with the principle of non-discrimination in supply matters appears doubtful as well.

By the establishment of these principles and the strict adherence of all nations to their application, the wording "free access to the trade and to the raw materials of the world" may be rewritten in a simple form "free access to the trade of the world". Thus, the revival of world trade and its maximum expansion will hold the centre of the stage as before. In no other way—with the wording of the Atlantic Charter—can "the object of securing, for all, improved labour standards, economic advancement, and social security," be attained. The determination to secure these various advantages "for all" implies that the indivisibility of prosperity is at least recognised. It also implies that the division of the world into "have" and "have not" nations would in itself be disastrous. In no other way can this division, however, be avoided than by the undertaking of all nations that political control over their resources will not preclude business of whatever nation has free access to it so that economic activity in its first step will be freed from politics and control.

### III.—THE NEW POSITION OF TRADE INTERESTS

We now face the problem how to attain these desiderata. Good intentions will certainly not be enough. We must realise that there are many obstacles in the way, and we must lay plans to overcome them. The future of world trade will largely depend upon the degree to which "free access" to world markets can, in fact, be established. In turn, the extent to which it will be possible to establish this free access will be determined by the degree to which the principle of "indivisibility of prosperity" will be translated into the commercial policy of the nations. The main obstacle that stands in the way will not be found in the fact that the principle is not attractive. It will be found in the fact that a common objective can be reached only through common sacrifice. To be sure, this sacrifice demanded of all may be of the nature of the drowning man who kicks off his shoes to enhance his chances of survival. But the matter is complicated by the circumstances that, as always, the sacrifices will be demanded

of certain selected nations and, within a nation, of selected groups. Sacrifices will be evident immediately; benefits will accrue to all but might only be expected in the long run and not in the immediate future.

The materialisation of free access to trade will, therefore, be limited by the degree to which special interests can be subordinated to the welfare of the individual nation and of the world. It is, therefore, essential to see what special interests have been created by the war and what already existing interests will be strengthened or weakened by them.

What this war is causing in the field of production and trade, is not so much physical destruction but more economic dislocation. True, the scorched earth policy in Europe and the Far East combined with the destruction wrought by air and ground fighting has changed the industrial picture of all countries directly in the path of the war. The Axis policy of dismantling industry has made industrial recovery in liberated territories even more difficult. All this may in itself result in a substantial change of the relative competitive positions of nations. But most important will be the effect of the geographical shift of the centres of production. The point of gravitation of world economy has now definitely passed from the Old to the New World. Already before the war the industrial production of the United States represented as much as 46 per cent of the total industrial production of the world. Since then there has been a tremendous increase in productive capacity which should not be underrated. American Government statisticians were entrusted in 1942 with the task of estimating the possible national output of the country in 1943, if all the forces of production and manpower were fully employed. They took as a point of departure the national output of 1940 which amounted to 108 billion dollars and arrived at the conclusion that an increase up to 125 billion dollars would be possible. However, the actual volume of the national output exceeded that forecast and reached nearly 190 billion dollars calculated at 1943 values. Last year it reached the 200 billion mark which is nearly six times that of the United Kingdom. It is estimated that the level of technical efficiency now attained in the U.S.A., owing to the accelerating and stimulating influence of the war, would have been reached under peace-time conditions only in 1970. America has now reached a level of industrial production which is almost two and a half times greater than her pre-war capacity.

The United States alone now seems to dispose of industrial potentialities exceeding those of the whole world together.

On the other hand, industrial capacity in the rest of the world has not been destroyed. On the contrary, it increased in Great Britain; it was at least maintained at its pre-war level in the Soviet Union after the great shift to the East; it was tremendously expanded in the British Dominions, India, the colonies, and a large number of independent countries in the Middle East and Latin America. Because of war industrialisation under these conditions, the world prospects seem to be those of short term efficiencies but of long-term surpluses of commodities. The problem confronting world economy is, therefore, one of reorganisation and readaptation to ensure full employment and keep plant and manpower busy, rather than that of physical reconstruction. The actual devastation only affects a small section of the world's productive machinery. It should be borne in mind that in modern economy productive forces are of far greater importance than actual assets. It has been estimated that the national income of the United States within a period of three years is equal to the entire national wealth of that country. John Stuart Mill already realised a long time ago that wars have a very superficial influence on the capacity of production as long as human forces remain productive and active. The idea, therefore, that generations will have to pay for his war, is completely fallacious. The war is being paid by the war generation itself, and nearly half of the British and American war expenditure has already been paid. Thus the forecasts of Lord Keynes, that we shall not be made poorer by the war, and that, therefore, we should prepare for the problems of poverty amidst plenty, and not for the problems of deficiency, except for a short period of transition, seem to be very well founded indeed.

The scrutiny of analogies and differences in the aftermaths of two wars in their proper perspective indeed leads to the conclusion that, after a short period of transition we might approach a state of affairs which will in some way be similar to that of the inter-war period. However enormous the deferred demand will be all over the world, the inability to satisfy a desire does not mean necessarily that the desire carries over and becomes a basis for a later demand. People who have polished their shoes only twice weekly now because of shortage of materials will therefore not do so six times a day after the war. Or people who have had to substitute margarine for butter for the last five years will not consume much more butter than normally because of abundant supplies. Deferred demand must also be backed by a

substantial reserve of purchasing power which is not available in all countries. Under the circumstances, we might be confronted again with the problem of overproduction both of manufactured articles and of raw materials.

This stage of overproduction may be accentuated by the fact that in pre-war years most countries have attempted to assure the farming population a price for their product which allowed for some margin over costs by restricting the quantity produced. Now bumper crops are welcomed as contribution to the effort of prosecuting the war to the end as well as feeding the starving populations all over the battle-stricken world. More production, not restriction, has been the slogan. What holds good for agriculture, applied equally to raw materials for industry. Now that the Far East had not been accessible to the United Nations, America had been developing tin-mining elsewhere notably in Latin America (Bolivia, etc.) and is building smelters to refine the poor grade of ore she receives from these new sources. The growing of rubber is encouraged and financial aid is given to Brazil and other South African countries as well as to Liberia. More millions are being spent daily for the expansion of the so successfully started synthetic rubber industry in the States. All through the field of raw materials and foodstuff a similar stimulation to production is still taking place. But before the war, many of these products were produced in quantities greater than could be sold at a profit. Once the war restrictions are over, most of the old sources of supply will again begin to bring their products into the world market. The need for exports resulting from the necessity to make larger purchases abroad for reconstruction will make the competitive struggle among the old producers very keen indeed. The future for these old producing centres might not look too bright, now that they must also meet the new competition of artificially stimulated sources of supply and of synthetics and substitutes as well.

Thus, in the long run, the spectre of overproduction hovers over the markets of the world. It also hovers over industrial production. Those industries which have been called into being because of the temporary disruption of normal supplies, may not find themselves in a position to meet the competition of the natural products they were called upon to supplant. Other industries, such as steel, airplane, and shipbuilding, will have been encouraged to expand greatly beyond normal peacetime requirements.

There is thus reason to believe that the economic conditions which led to the disastrous trade restrictions during the last 25 years will make their reappearance in aggravated form. Industrial interests in the older-highly "industrialised" — areas will demand protection against the products produced by "pauper" labour of the new industrial countries. Their industries, in turn, will clamour for protection against the financially stronger competitors from the older countries<sup>(1)</sup>. Recently developed mining enterprises will demand protection against the older and lower-cost production, again coming into being. Synthetic product industries will demand protection from the natural products they replaced. All these appeals will be voiced not only by economic, but also by political and strategic interests. The forces behind them will stand in the way to creating a "world of fullest collaboration between all units in the economic field". With the stronger intervention of government into economic life, these interests will become national interests. Governments, parliaments, people will defend them, will throw into the scales the full weight of their "sacred sovereignty", and will ultimately adopt measures which are bound to injure others. As long as there is a common enemy to fight, the collaborative spirit may overcome differences and conflicts. But peace and the attempts to reap the fruits of victory brings that same disintegration that followed the last victory.

<sup>(1)</sup> A detailed analysis of the effect of industrialisation upon international trade since the 1870's is about to be published by the League of Nations. The Report on Economic Depressions, *cit. sup.*, has discussed the importance of the changes involved by the industrialisation of less developed countries with the object of raising their standard of living. The conclusions digested in the latest report on "Commercial Policy in the Post-War World", Geneva, 1945, pp. 42-43, is:—

"It is clearly in the interests of both the older industrial countries and those anxious to industrialise and diversify their economies: (i) that the latter countries proceed with due reference to local resources and comparative cost advantages; (ii) that there should be some international consultation in regard to the effects of these developments on commercial policies." Finally, the League's Report on "Transition from War to Peace Economy", 1943, p. 107, says: "There is no single simple solution of this problem. It will present itself in different forms at different times and to different countries. Some caution against the incidence of too rapid change may be required. But there would, we believe, be a very real advantage if, instead of leaving this problem to be settled when it arises by unilateral action, it would be discussed by an international body which would review it in all its aspects and tender advice to Governments."

## IV.—THE PSYCHOLOGICAL BACKGROUND OF POTENTIAL CONFLICTS

The ideological basis of economic activity is, of course, one of the main points where future conflicts might arise. It is quite natural that a country like Russia if she is to retain her socialist structure (I do not like to argue on the terms), will pursue another, substantially conflicting, foreign trade policy than the Western powers. Her economic aspects are based on prerequisites not recognised or non-existent in the Western world. How far the individual or the community is affected by an economy where foreign trade is managed exclusively by the state, is a question which will be dealt with later. Here we are dwelling mainly on the problem of how far can foreign trade be impaired and retracted by conflicting business ideas and by the different attitude of individuals to the state and vice versa in a country where the individual and not the state is the "trading factor".

A country which monopolises foreign trade in the hands of the State does not know this problem. Its relations with others are diplomatic, not commercial, and they belong to another chapter altogether.

But even within the Western—capitalistic (don't let us argue on the term either) world there exist focal points of greatest potential economic conflict, both from the national and the sectional point of view in each country. As far as foreign trade is concerned, they centre around the following points:—

(1) Tariffs, (2) other trade barriers of a political nature (as foreign exchange control, import quotas, and government trade), and (3) trade barriers of economic (or purely commercial) nature (as private monopolies, cartels, etc.). To these, one must be added which might have indirect bearing on problems of foreign trade, viz. shipping and aviation.

- It must be borne in mind that in many countries each governmental or business group interested in one or another of these subjects, tends to try to work out an interest on its own, without regard to the national welfare as a whole. Each group tries to play its own game without much regard to the signals that are being given from some centre. That is probably one of the main characteristics of capitalism, of a free economy, and it is much more outspoken in the U.S.A. than anywhere else. The British, similar now to the French, the Dutch, and many other European nations, have a great advantage in the unity

of their viewpoint on general international economic problems, from the Tory Disbards to Harold Laski. Their unity is apparent when their diplomats approach one of these major points. It also exists among their business groups. In America, nobody—except under emergency legislation—can steer counter to the clamour of special pressure and interest groups. In Britain, and that will hold true now for many other countries, a closer, more or less traditional, affinity exists between business and government. The British Board of Trade, for instance, often used the Federation of British Industries to sound out public opinion by having the Federation send up trial balloons on new proposals. If the balloons are not punctured by public opinion, it is easier for the Board of Trade to incorporate them into government policy. The U.S. Department of Commerce would never have similar relations to the National Association of Manufacturers. The American businessman's independence of government is too well known.

In the main line, there is the prevailing domestic policy of the U.S.A. placing maximum reliance on private enterprise and private initiative. Sometimes, this policy has been obscured by crisis measures and by steady assault from the extreme left and right, but there is no doubt that it remains the central economic doctrine of the New World. We should suppose that U.S. international economic policy, which reacts heavily on the domestic sphere, would be an extension of it. Hence U.S. policy throughout the world will place maximum reliance on freest possible trading among private enterprises; will foster a system which excludes unnecessary obstacles to the expansion of trade; will recognise by applying the principle of international specialisation of production the general advantages of international trade. The power that such a policy strictly carried out in all parts of the world, will exert upon the present trends towards a planned economy and state control might be tremendous. It might reverse the tendency towards economic nationalism and in the end solve conflicts which might otherwise become an inevitable prelude to war.

There is, of course, a good reason for America's attitude towards free economy and her reliance on private enterprise. It is her pre-dominant role in industry, her favourable balance of payments, and in normal times, also that of her trade. Not that a large part of the

requirements of the world must be necessarily met from U.S. sources; but it is simply a matter of a favourable position of American goods in competitive trade.

Here lies the main potential economic conflict between the United States on one hand, and the European and other powers on the other. They arise from the stark fact that their economic problems are substantially different.

The great, liberal Lloyd George had to predict an accelerating role for the state in the British economy—certainly contradicting his ideological attitude—with less and less emphasis on private initiative and enterprise. For America, he predicted the reverse.

\* There is a danger that some British leading trading circles—which are doing best to hold back this process—are doing so not so much for the purpose of expanding foreign trade but for securing their own capital interests. The ruling classes in Britain as in many other European and Eastern areas, have had security of capital in their ownership of land. One function of government, in their view, is to provide security for capital. The British have a faith in capital—and the French, the Dutch, the Scandinavians as well—which is integrated into their social system and has grown out of their historical development, a faith in capital such as the Americans and many younger nations lack. These, however, have a faith in capitalism which the British lack. These two terms are often intermingled, often used interchangeably, in both countries, in fact, in the world. But they should not be, in face of our economic experience nowadays. There is, for instance, a profound difference between the British emphasis on capital and its right to security and to income, and the instinctive emphasis on the part of the bulk of the Americans on capitalism, the essence of which is opportunity for new venture, and the spirit of which is risk-taking.

The British emphasis on security of capital and the British reluctance to take risks are emphasised by the way their businessmen look to government to take the full load in new and risky areas, such as aviation and broadcasting, which are government financed or government owned and operated. Under pressure of the left, this feature will appear in many new spheres thus far left to private economy.

The average American businessman thinks that private individuals and private capital are better qualified in new and risky areas, such as aviation and broadcasting, than in areas from which the risk has

largely disappeared. He does not view the government as a tool to be used in his interest — as do the ruling classes of many a country — or as for what they conceive to be the national interest. A great many U.S. businessmen regard the government as a kind of interloper, the principal job of which is to keep them and their competitors from shooting it out in the street corners.

Hence, the characteristic British and European view in domestic as well as in foreign trade seeks maintenance and protection of well established business, will fight for its "vested interests". The characteristic American view seeks opportunity for the individual to compete; wants to give newcomers a chance and protects individuals against a contraction of power either in private or in government hands. It nails its flag not only to private enterprise but also to the Sherman Antitrust Act. With all the power of big business in America, we have to concede one thing: that there is nowhere else on earth a law against an agglomeration of business, against cartels or trusts.

This is the substantial point which may develop — if consequently and strictly applied in foreign trade — to a steady and continuous conflict within the free world. The emergence of some urgent and essential — even if not principal — problem after the strain of the war effort by many people, notably the British, must be added to this. "Export or die" is not a principal slogan, but an outcry for relief to a strained economy. Not only the British but also the French, the Scandinavian and many other diener plates of once rural countries must largely be imported. Their trade balances, on the other hand, for the post-war period do not look too bright. Britain, for instance, which is still the strongest trading power outside America, has always had an adverse balance of trade. She paid for her imports with income from overseas investments. These amounted to some 4,000 million pounds and yielded more than 200 millions annually. To pay for this war, she had to sell all she could dispose of, and is left now with only some 50 per cent of her original investments, unmarketable overseas securities valued at some £ 2,200,000,000 which will have a post-war yield unpredictable, but far less than the prewar £ 200 millions.

Britain also paid with balances derived from shipping, banking, insurance, communications, and other services. These paid for nearly 15 per cent of her annual pre-war imports of some £ 950,000,000. The re-establishment of these services is now — at least for the first period — considerably diminished, but of paramount importance.

Finally, she paid with exports of tangible goods, yielding some 560 out of 900 millions. It looks to all of us, as though, after the war, England will have to export more than ever. She will have to export foremost in competition with U.S. goods—apart from those originating from her quickly developing own dependencies and dominions, and mostly competing for the same markets. Lord Keynes estimated that if she is to continue importing at the 1936-1938 rate, she must step up her exports by 50 %.

I have taken the example of Britain because of all those countries which have had to tighten their belt for paying for the war, she is the most typical and most representative. Other countries will be even worse off because their economy is not only dislocated as the British one, but partly destroyed and disrupted.

The United States is in a very different position indeed. She is now the greatest creditor in the world. She still controls—in spite of sales all over the world—some 65 % of the world's monetary gold. Except for a few items she can at least feel herself (not employ 60 million workers). The war has strengthened her position more than anything else. Foreign trade has never accounted very much in her total business, but also she will have to speed it up if she wants to employ her industrial plant and manpower.

The difficulty is now that America and Britain are not only going to compete in certain markets which themselves cannot produce the goods offered, but that Britain must rely upon the American market in order to be able to buy American goods. A similar problem arises for many other countries which will need U.S. goods—not only on credit terms—but in the form of foreign trade in normal commercial relations, and they will need the potential American market for their goods as America will need their markets to keep her industry busy. There is no necessity to-day to prove the general advantages of international trade. The exchange of goods in the post-war world is not merely an advantage: it is a prerequisite for the existence of millions of workers; it is the only means to avoid the social cancer of modern civilisation: mass unemployment; with which—if affected—freedom and democracy cannot survive. If this view is accepted and if people are united in the desire to avoid the relapse into the atavism of a planned economy in which the individual is merely at the disposal of the state, it would appear to follow that the international exchange of commodities should be as free as possible from all restrictions and hindrances.

## V.—TARIFF PROTECTION OF INTERNATIONAL TRADE

It appears, indeed, to be very generally conceded that restrictions on international trade are inimical to the interests, or at all events the purely economic interests, of the world as a whole. To some, this consideration alone has been decisive in favour of Free Trade. It is not necessarily the case, however, that the policy which is best from the point of view of the whole world should be recognised also the best from the point of view of each country individually. It is, therefore, from a nationalist standpoint that the policy of Protection is usually advocated. Most protectionists agree that any gain which one country may derive from its own protective policy is accompanied by injury to others. Now since almost all countries are at present practising Protection to a greater or lesser degree, it follows that each protectionist country is suffering from the trade restrictions imposed by the others. On this ground many protectionists would agree that it would be a good thing for each country, as well as for the world as a whole, if all these restrictions would be abolished, although they might add that the abolition ought to be effected gradually, in order to avoid too violent a dislocation of the industries which have grown up in dependence on protective tariff<sup>(1)</sup>. But the prospects for achieving a "general tariff disarmament" of this kind are by no means bright, and meanwhile the Protectionist maintains that each country is right in pursuing its protective policy with a view to advancing its own interests. The fact indeed that other countries are practising Protection appears to many to provide a reason for their particular country to impose import duties which would not be justifiable, even from its own point of view, especially of the consumer masses. But, the most regrettable kind of import duties, is that of "fiscal import duties", in which duties are levied on goods not to protect own—locally produced—goods, but to constitute a good source of revenue for the national treasury.

It appears from the wording of the Atlantic Charter and subsequent resolutions that the world is moving somewhat to trade, freer, at least than before the war. The main concession that is to be made is demanded from the United States, and it is indeed this country upon

(1) See WHITE, "International Trade", London, 1930, p. 60.

the policy of which the tariff barriers of many other will depend. The recent renewal of the Reciprocal Trade Agreement Bill in the American Congress—which means a renewal for the period of transition from war to peace—gives some reason for optimism.

To understand American foreign trade views we have to know that during the 100 years before the Great Depression of 1931-1933, the commercial history of the U.S.A. was, in some way, a reflection of the conflicts of interests between agriculture and industry. The American home market did not absorb the whole agricultural output. Therefore, planters and farmers had always fought high duties on imports of industrial products. Industry, on the other hand, was anxious to keep out foreign manufactured goods in order to supply an expanding home market, but wished to import essential raw materials free of duty. The victory of the more industrial North after the Civil War was followed by a policy of high tariffs on industrial goods. This policy was continued throughout the century and reached its peak in the Hawley-Smoot Tariff of 1930, pushing up U.S. tariff far above its pre-1914 level. Internal sources of economic instability, together with external ones, gave American industry apparent justification in its demand for protection to deal with the problem of securing the domestic market, for the root of the trouble lay in the decline of the internal market through unemployment and in the external through the impoverishment of nations, which, not being allowed to sell, could not any more afford to buy. In passing, however, the Hawley-Smoot Act, Congress took a step which deepened the world's depression and postponed the recovery of world trade for many years<sup>(1)</sup>. Taken at a time when, with the cessation of capital exports, goods should have flowed to the U.S.A. in payment of debt and interest, it marked a turning point in the history of trade relationships. It represents the first step in the disintegration of trade relations and was rapidly followed by a series of further shocks to economic stability, culminating with the depreciation of the sterling and the official abandonment of the traditional free trade policy by Britain<sup>(2)</sup>. Thereupon, blow after blow hit the system of multilateral international trade, the Ottawa Conference and the British Empire Preferential System, Germany's

(1) See F.E.P. Publication: "From War to Peace", London, 1944, p. 66.

(2) See League of Nations' Publication: "Commercial Policy in the Post-War World", 1945, pp. 17-18.

exchange control and multiple exchange rate scheme, France's import quota devices, and finally the collapse of the last attempt to restore some kind of order in the chaotic labyrinth of international commercial relations, the failure of the London Conference in 1933.

Under the Roosevelt Administration, some encouraging development took place by a new trade policy commonly associated with the name of Cordell Hull. The direction of policy was not towards free trade. It tried to exclude all form of interference with the international and free flow of goods which were intended to be discriminatory, *viz.* all quotas and other commercial entanglements. Protective duties themselves were allowed but were supposed to be moderate, applied without discrimination, and multilateralized by the operation of the Most Favoured Nation Clause. The main step towards the implementation of this policy was the Trade Agreement Act, 1934. Under this Act, renewed every three years, agreements based on the unconditional Most-favoured-nation clause have been concluded with 28 countries. Duties on about 70% of the dutiable imports of the United States have been reduced, and on some 65% (by value) of the goods affected, the reduction has amounted to the full 50% of the goods affected, the reduction has amounted to the full 50% permitted by the Act. (1) Reciprocal concessions on the side of other parties to the agreements in question have abated some discriminatory practices and modified to some extent preferential systems. Between 1934 and 1938, U.S. exports to agreement countries increased by 62% and its imports by 22%. The corresponding figures for non-agreement countries were only 31 and 12 per cent respectively. This increase was encouraging in view of the general tendency towards further restrictions in foreign trade throughout the world (2); but the change of the commercial policy in recovering America, and the agreements concluded under that policy could not restore foreign trade to its lost position. It did not mean the abandonment of protectionism and it did not result in any wholesale revision of the tariff. As generous as the reduction in a large number of goods was, the Hawley-Smoot Tariff as such has never been formally repealed.

(1) Figures quoted for the period ending December 31, 1941, by the League of Nations: "Commercial Policy in the Post-War World", p. 18, see 60 and 68 per cent respectively.

(2) It must be taken into consideration that these figures do not include the reciprocal trade agreements concluded with Britain and her colonies in 1938, Turkey, and a few Latin-American republics which followed shortly afterwards. Their share in the increase of foreign trade activities is certainly considerable.

It appears now that there are strong forces in the field advocating a further lowering of tariffs far beyond that achieved under the Reciprocal Trade Agreement Act (1). The powers which have been given to the Administration are by no means sufficient to change the whole structure of tariff systems. Those who support drastic steps (2) are still considered radical and subject to suspicion by the leading businessmen and members of Congress. The present Secretary of Commerce, Henry Wallace, is said to favour the most drastic measures; But, in America, foreign trade is not under the control of the Department of Commerce, but of the State Department. The attitude of Mr. Byrnes is unknown, but he is not such an outspoken New Dealer as is Wallace. His conservatism within the Democratic Party may bar the way to a radical change of policy. The main argument of the Wallace adherents is that America may hope by a substantial reduction of tariffs to induce the British Commonwealth to modify the Ottawa Agreements and similar preferences within the Empire and the Sterling Bloc. The larger number of British businessmen, it is thought, would certainly favour freer trade with the United States.

There are still strong powers who will oppose further renewals even for the Reciprocal Trade Agreements Act. This time, the dissidence is apparently mounting among farmers and other raw material producers, particularly in the interior West of the States. Not that these people would not desire lasting peace as genuinely as others. On the contrary, they, with their Senators, favour international co-operation on the political side, but are not as yet persuaded, of the need to accompany such political co-operation with an economic one as would promote trading between nations, and would permit large-scale imports into the U.S.A.

Political isolationism, accepting at least temporary defeat, had gone into disguise as economic nationalism. And it has persuaded many people who genuinely favour political co-operation, for the

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(1) The Reciprocal Trade Agreement Act has been renewed for further three years during the summer of 1945. It authorizes reductions by 50 per cent of customs duties in effect on January 1, 1946.

(2) The United States Department of Commerce in its recent study "The United States in the World Economy", Washington, 1944, p. 21, says: "A further reduction in the U.S. tariff structure beyond that already achieved under the reciprocal trade agreement programme... is not an alternative but a natural corollary to new investment of American capital abroad in the years of peace ahead."

sake of a lasting peace, that in the interests of their very livelihood, they must oppose any further lowering of trade barriers. Their senators may not dare to go back home to their states and face the wrath of raw material producers, who may feel that their case has been betrayed on behalf of "foreigners", with the excuse only of what will seem to them, at best, a vague assurance that they will in the long run be better off.

Wool growers want an important quota, and ask for it because they are pretty sure they cannot get the 50 per cent tariff increase they really want. Sugar people want protection against a thriving Far Eastern sugar growing industry. Non-ferrous miners want barriers to enable them to build up the suggested post-war stockpile of strategic metals at comfortable profits entirely from the low grade American ores. Gold and silver miners inveigh against the agenda of Bretton Woods as meaning a "managed currency" and the definite and final demotion of gold to a commodity status. Cattle-men favour international accord, but simultaneously demand a continued tariff system to protect all American producers and a continuance of the embargo on Argentine raw beef.

Owing to the make-up of the U.S. Senate, where two senators from Nevada, with a populace of 110,000 have exactly the same voting strength as two from New York with a population of 13  $\frac{1}{2}$  millions or of Pennsylvania with its 9 $\frac{1}{2}$ , producers of raw materials have a political strength far beyond their numbers. This time, still under pressure of war exigencies, these senators have agreed to the Reciprocal Trade Agreement Act; but it is by no means sure that they will do so when War economy has definitely come to an end.

Tariffs, of course, are the most typical and classical symbol of trade barriers. It is the fashion of many intellectuals these days to discount the relative importance of tariffs. Actually they are the most important of all the barriers, though the others in total may transcend tariffs in themselves. Many barriers are hidden, and do not feature in the books on economics as do tariffs. It is in the development of the hidden barriers that the world has excelled during the past two decades, and they have become much more dangerous in their effect, because the world has not been able thus far to detect them in all cases and to make them subject to international regulation or to prohibit them at all.

Apart from the protective tariffs, we have mentioned the fiscal tariff above which is not designed to protect local production. There is a third kind of tariff, the so-called "retaliatory tariff" which is often advocated as a means of bargaining but restricts trade as well. So far as this is the only object in view, the tariff is not intended and ought not to be in operation for any length of time, and its efficacy depends on the advantage of a speedy withdrawal by the country against which the retaliatory measure is being taken. A tariff policy of this sort involves quite different considerations from those we have been discussing so far. They are not a measure of protection but largely used as political tariff bargaining, and as such was often resorted to in the inter-war period; this will be dealt with in the subsequent chapter.

The circumstances, therefore, in which there is something to be said for protectionist tariffs can be summarised as follows:—

(a) *Infant Industries.*

If there arises a difficulty in establishing an industry in a new region in competition with the producers in other regions where the industry is already fully developed. Such case for protectionist policy was even recognised by John Stuart Mill in a famous passage: "The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalising a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production often arises only from having begun it sooner. There may be no inherent advantage on the one part, or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire may in other respects be better adapted to the production than those which were earlier in the field. It cannot be expected that individuals should at their own risk, or rather to their certain loss, introduce a new manufacture, and bear the burden of carrying it on until the producers have been educated up to the level of those with whom the processes are traditional. A protecting duty continued for a reasonable time, will sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment. (1)" (*Principles, Popular Edition, p. 556*).

(1) Quoted in WEALE, *cit. op. cit.* pp. 98-99.

In order to justify a claim to protection on this ground, the producer, in the country in which the industry is new ought to show that there is a good prospect of the removal of their disadvantages as the industry grows. This implies that sooner or later the industry in question will have access to resources — in use in similar industries abroad — without their withdrawal from more advantageous employment. This implication is the more important in times of shortages or of difficulties of shipping and transport.

In practice, the infant industry argument will be brought on to the agenda of all future economic conferences, and all hitherto agricultural countries now fostering the manufacture of many articles will justify a protectionist policy on these grounds. Special caution is advisable in discussing such argument: for the very fact that originally agricultural countries have thus far neglected, a particular industry will often afford a special ground for the suspicion that the industry is one for which the country is not really suited. During the last century, such a policy was pursued by many countries initiating industrial production and protecting it from the competition of others, more industrialised ones, such as Britain. Consequently, Britain was the most ardent adherent of Free Trade whilst Germany and America developed a protectionist policy. To-day the position is the reverse: others, especially the British Dominions, have recently developed new industries which may become a serious competition to the well-established American manufacture. Hence, it is America which will demand free trade in future against the others protecting their industries by tariffs. There are, of course, many difficulties in practice for the adoption of such a general line, due mainly to the monetary complications which will be dealt with in another chapter.

There is, of course, also something to say against the Infant Industry argument, mainly that it is not always necessary. One may point to the establishment of flourishing industries in the southern and middle-western states of the U.S.A., unprotected from the competition of the older industrial regions of the East. The most that can be inferred from history in favour of the Infant Industry argument would appear to be that protection has sometimes accelerated anyhow the right development (1). On the other hand, there is always

(1) WEALE, "International Trade", *id. op.* pp. 99-100.

the risk that developments will be encouraged which may not justify themselves. If a mistake is made, it will often be impossible to rectify it without involving serious repercussions on the part of that wrongly protected industry. There has been the practical suggestion that protection should be given for a limited period (on probation), and I suggest it for serious consideration before protection on the infant industry basis is resorted to. It should be noted, moreover, that a subsidy, diminishing as time goes on and the infant industry grows up and presumably becomes able to stand on its own feet, is in every way preferable to a protection tariff<sup>(1)</sup>. It does not matter very much in what way the subsidy is being granted, whether in good credit facilities, in exemption of taxes, or in free-of-duty import of machinery and capital equipment for this particular new industrial enterprise: provided it is given equally to all such industrial undertakings, in an indiscriminatory way, and on strictly economic considerations. Such measure will show very shortly whether the subsidised infant industry will be able to escape from its infancy.

For some time to come, young industries will be protected by the fact that the older industrial countries will have to reconvert their production to peace-time requirements; they will also continue to be sheltered by high transport costs from the traditional sources, by high insurance rates, and by the general shortages due to the war and the pent-up demand deferred. But I have shown in a previous chapter that with the end of the so-called transitional period, these advantages will go, and states will be confronted with a set of serious difficulties in formulating a sound tariff policy in the protection of these new industries.

#### (b) *Old Industries.*

Similar to the Infant-Industries-argument protection is often advocated as a means of assisting old industries which have fallen behind their foreign competitors in efficiency, and have become incapable of reorganising themselves and adapting themselves to new conditions. The task of readapting industries to peace-time requirements will anyhow not be easy and it would be unjust to leave without protection those old undertakings which when war-time exigencies called for their switching over to war production, followed

(1) I owe this very convincing point in the argument to J. I. CRAIG, Esq., Adviser to the Egyptian Minister of Finance, when reviewing the manuscript.

that call immediately and instantly. But the danger of protection of vested interests will be acute, indeed <sup>(1)</sup>. In so far it is expected that the protection will achieve its purpose within a limited period—this type of protection has a resemblance to the protection of new industries. But here, there is a considerable danger that the protection of an industry which has fallen into difficulties largely through its conservatism and lack of initiative will simply result in the perpetuation of the old faults. The argument for a "reconstruction tariff" is, therefore, weaker than that of "new industrial development".

(c) *Dumping Protection.*

Another type of case in which intervention by tariffs is *prima facie* justifiable is where a country's industries are threatened with disturbance with the "dumping" of foreign competitors in their home market. But it is important to limit the term "dumping" to a large extent. Often it appears to be extended to cover any foreign competition which the home producers are unable to meet successfully. To prevent dumping in this sense would obviously be to forego most of the advantages of international trade. Used more accurately, the term implies the sale of goods for export at a lower price than that at which the home market is supplied. Sometimes, dumping is extended so far as to sell goods on the foreign market at a price below the cost of production.

Save in the case in which government (or some other public authority) is giving some kind of bounty on exports, dumping will only occur when there is some form of monopolistic arrangement amongst the producers of the dumping country to maintain prices in their home market. The worst of these cases are when producers dump abroad to get a footing in a foreign market, or to ruin financially weaker competitors. It appears justified in such cases that protection is feebly resorted to for the purpose of securing economic stability. Duties which are to counteract dumping fully require constant adjustment to the changing situation. Assuming that satisfactory administrative machinery can be devised for the purpose, the sudden changes in duties are likely to be extremely disconcerting to importers in exercising their natural function of seeking supplies in the cheapest markets.

<sup>(1)</sup> See Note by the Secretariat of the League of Nations on "Measures to prevent the Growth of Vested Interests", Geneva, 1948, Annex II.

Whether protection against dumping is worthwhile, despite these difficulties, depends on the extent to which the objectionable forms of dumping are practised and the vulnerability of the home industries. A problem somewhat similar to that of sporadic dumping is raised by the competitive advantage given to a country in foreign trade by the undervaluation of its currency on the exchange market. This is commonly called "exchange dumping". It will be dealt with under the chapter of "monetary entanglements"; for it is mainly the maintenance of the international equilibrium of the rates of exchange and not protectionist measures that are involved in counter-acting such exchange dumping.

(d) *Standard of Living Protection.*

In countries with a relatively high standard of living import duties are advocated as a means of protecting home labour from the competition of the lower paid workers of the other countries. Employers naturally tend to unite with the workers on this issue; and if the employment of labour is subject to especially strict regulation with respect to safety, sanitation, etc., whereby it is made more expensive, the employees are likely to demand offsetting duties on this account too. Amongst home producers the good employer is safeguarded against the undercutting of the "sweater" by trade union action and legislation. On the face of it, it seems anomalous that he should be left exposed to foreign competition of the same type.

But caution must be used when stating that labour's standards are threatened in any particular case. Low wage labour does not necessarily mean cheap labour from the point of view of the entrepreneurs. Low standard of living and low efficiency commonly go together, so that the labour which appears the cheapest is often comparatively dear. Egypt, for instance, cannot produce textiles as cheaply as the United States, although her labour is definitely "cheaper". But the productivity of an American textile worker (computed in international units) is much higher which fully compensates his higher wages.

In the inter-war period a good deal of attention has been given to an alternative method of dealing with these problems, namely the common regulation of labour conditions by international agreements. The idea was to secure the adoption internationally under the auspices of the League of Nations of the same kind of minimum standards as are enforced nationally in the more advanced countries.

But in no case would such international regulation be of any assistance to the workers of more prosperous countries. This should be considered before attempting to regulate wages internationally, let alone hours of work. It has often been argued at I.L.O. Conferences that in Western countries labour may widely decide to take part of its income in additional leisure rather than in additional supply of minor luxuries; in the Orient, however, this would amount to hardship for the mass of the population since it would curtail their necessities. The only scope of international labour regulation would appear to be found in the suppression of abuses in the employment conditions, recognizable by all standards. This would include protection of women and children in factories, etc.

In all these cases, there appears to be some justification for protectionist policies, provided they are limited in time and application, and have nothing in view but the assistance to certain national economic interests by the acceleration of a process that would naturally take place. Tariffs must, therefore, be designed to render assistance to activities that are already going on and not merely to set such activities in motion. Tariffs should particularly not be used to shelter inefficiency which would not hold its own on competitive lines. Finally, unless they have to be applied against a dumping country or as a purely retaliatory measure, they should be under no circumstances discriminatory.

Unfortunately, modern protectionism has often neglected these principles; and when under pressure of Free Trade tendencies certain countries had to make some concessions, they tried to invent other measures designed to disguise a policy which was in effect purely chauvinistic and uneconomical.

The main target must be the maintenance of the standard of living, and it is only by international trade that the individual consumer will be enabled to purchase what is produced in the cheapest markets for only thus can he convert his own work into the maximum possible amount of goods and services, the product of the work of others<sup>(1)</sup>.

(1) The effects upon living standards of the high agricultural tariffs that developed in many industrial countries in the inter-war years was brought out in the final report of the League of Nations Mixed Committee on Nutrition: "The Relation of Nutrition to Health, Agriculture and Economic Policy", Geneva, 1937, pp. 206-220; quoted by League's Report on "Commercial Policy in the Post-War World", Geneva, 1945, p. 31.

## VI.—COMMERCIAL TREATY POLICY AND TARIFF BARGAINING: (THE WAY TO DISCRIMINATION AND BILATERALISM)

Commercial treaties cover a wide variety of subjects: they may deal with shipping, fishing rights, immigration, temporary residence and travel, with the ownership of property by foreigners, and with the rights of foreign business associations and agencies. But it is mainly with customs or with barriers of mutual trade that problems of foreign trade in such treaties are concerned; as far as economic activity is concerned, a certain presumption has grown up under the capitalist system that trade is open to all and that a foreigner will not as a foreigner be deprived of ordinary civil rights. Nobody can predict, however, at this stage of growing nationalism all over the world, whether the rights of foreigners will be safeguarded (1).

Agreements between two nations to make mutual concessions in the import duties imposed on one another's products would appear to entail differentiation in the duty imposed on a particular class of imports according to whether the goods involved are the products of the treaty country or those of a third country. If thus one country is given special concessions with regard to its goods in another country, such treatment necessarily involves a discrimination against other third parties. Such a treaty is, however discriminatory it may be, not yet "bilateral" in the applied scientific meaning of the word which is a further step "down the road". We should, therefore, distinguish two kinds of commercial treaties between two nations having discriminatory characteristics, viz.: (i) purely discriminatory and (ii) bilateral arrangements. A purely discriminatory treaty only favours the goods of one country as against all others; a trading agreement becomes bilateral (2) when it involves an effort to achieve

(1) Art. 1 of the United Nations Charter (Sec. 2) mentions as one of the purposes of the organization to "promote and encourage respect for human rights and for the fundamental freedoms for all without distinction as to race, sex, language or religion". It does not mention nationality or citizenship and guarantees, therefore, no equal rights to foreigners.

(2) Howard S. Ellis in his *Discrimination and the Future of International Trade* (Princeton, 1943, pp. 6-7) defines bilateralism as the achievement of a ratio of the exports of country "A" to country "B" to the exports of country "B" to country "A". Since the underlying price and exchange rate relationship are rarely such as actually to achieve the contemplated ratio, the definition must run in terms of the approximate goal. In many arrangements a 1:1 ratio will be the norm.

a predetermined quantitative ratio of exports and imports from one country to another. The ratio need not be 1:1 although it will be usually based on it. Often interest payments on outstanding debts, amortisation, or new obligations will be incorporated. In order to secure the bilateral balance between the two partners, the form of compensation or clearing is mostly resorted to, ranging from the necessity of each exporter to look up the available commodity to match his own deal to the system of general clearing where one-sided balances can well pile up for a certain time. But whatever the method employed for enforcing the ratio predetermined in the treaty, bilateral agreements must cause a reduction in the volume of international trade, let alone in profitability. Exports are no longer free to sell in the best market but must sell now to those countries, which buy enough from the home country to give the exporter an opportunity of receiving payment. The importer, on the other hand, cannot buy from the cheapest source but from that to which a clearing balance is outstanding thus securing the trade. After the recent trade agreements which Britain concluded with certain Western European countries (after their liberation) on a bilateral basis, the argument had been brought forward in defence of these agreements that they do, in fact, not restrict but expand trade; for Britain would be unable to buy from France a certain amount of goods owing to the shortage in francs, unless France will buy the equivalent amount of goods (they themselves facing a shortage of sterling). This is true if the agreement would not practically exclude imports from other countries which would have supplied France or Britain on better terms, at lower prices, or with better quality. There is hardly a bilateral or a barter agreement possible that would not in its effect injure others. Never has a barter agreement on the above-mentioned basis been concluded between two countries, where the parties have definitely agreed that "natural" or free multilateral balances would not be disturbed. If such clause would be incorporated into the agreement, the import-export ratio of clearing would not necessarily distort trade at all; with the lapse of time only unless the ratios were constantly revised, the system would probably lose contact with relative costs and prices in the countries themselves as well as with the clearing rate of exchange. Such constant revision is, however, incompatible with the nature and with the purpose of clearing; for if it were carried

through with complete success the result would amount to a free multilateral trade system; and clearings would lose their very *raison d'être* (2).

In order to minimise discriminatory treatment against others, tariff treaties usually bind the contracting parties to grant each other "most-favoured-nation treatment." The strict application of this most-favoured-nation clause has often resulted in a double tariff system. The contracting powers have a general tariff which may be called "general tariff" and is actually a bargaining tariff only applied before negotiation or for such commodities of the other country which is not covered by the treaty; they have, furthermore, a conventional tariff made up of the rates which have been specially negotiated and have to be applied to the products of all countries enjoying most-favoured-nation treatment. The special rates of the conventional tariff are then fixed for the duration of the treaty, after which the general or bargaining tariff becomes valid again until a new treaty is being concluded.

The most-favoured-nation clause has been defined as the right to demand and the obligation to concede all reduction of duties and taxes and all privileges of every kind accorded to the most-favoured-nation, no matter whether such reductions and privileges are granted autonomously or in virtue of conventions with third parties (3). Its main implication is the guarantee that it provides an entire equality of treatment with the country which is the most-favoured one.

The clause can be given unconditionally and conditionally. In the first case, the grant of the most-favoured-nation clause implies that the parties will have every advantage conceded to third parties, without any compensation and automatically as a matter of right. The latter, however, limits the application of the most-favoured-nation clause to the effect that a reduction of duties or any other concessions in matters of foreign trade is being given against a compensation by the other party which concession must not be accorded to any third party. This opinion is based on the conception that a country which has not, in some respect, made the same concessions as another, is not entitled to obtain, in that respect, the

(1) H. S. RITZ, *cit. op.*, p. 9.

(2) See League of Nations' Document E.803, 1933, "Doctrine of the Economic Committee relating to Most-Favoured-Nation-Treatment", Annex I to "Commercial Policy in the Post-War World", Geneva, 1945, pp. 66-104.

same advantages (even if it had made wider concessions in another respect). The conditional application of the clause is, therefore, besides being based on conditions to be met by the other party, limited to certain commodities or rights or other advantages that may accrue to the parties out of the treaty concluded. Originally America, and later France, have been the most frequent applicers of the conditional form of the clause. France, for instance, has preferred the adoption of maximum and minimum tariff schedules which is more flexible since the minimum schedule (in contradistinction to the conventional tariff) can be altered from time to time. In the inter-war years, the French Republic used to develop this system by according the other party the minimum rates, but not committing herself to what this rate will actually amount. This system in which all the rates are changeable has the advantage from the strictly protectionist point of view that the duties can be adjusted at any time as may seem desirable for the purpose of safeguarding home industries. It was only a natural consequence of this policy that retaliatory action was being taken by others to whom the special advantages, implied by the general and unconditional application of the most-favoured-nation clause, had not been accorded. One step further down the road, and there was the import quota system with an open admittance of discriminatory and bilateral trade practices.

I have said above that, originally, also the United States had adopted similar conditions in the most-favoured-nation clause, although it never resorted to fix changeable minimum rates as did France in the inter-war period. The official American interpretation was that a concession obtained by one country with a *quid pro quo* could not justly be claimed by another country without that compensation. But it accorded to that other country at least the opportunity to make a similar bargain. This policy forced strongly protectionist powers to make concessions in their tariffs since they were not automatically generalised for a larger number of exporting countries.

The effects of the conditional interpretation of the most-favoured-nation clause have been summarised by Professor Whale <sup>(1)</sup> as follows:—

(i) It resulted in a considerable limitation of the benefits for those to whom the most-favoured-nation treatment was granted. America

(1) "International Trade", *op. cit.* p. 96.

in granting the treatment to others always maintained that the concessions given depended on the peculiar relations between herself and the other party, and, therefore, could not be matched by a third one. Thus, if a country which, under the most-favoured-nation clause had yet to buy each concession at a price satisfactory to the U.S.A., or with an equivalent concession, its position did not substantially differ from that of a country which had no treaty rights at all. Thus the clause in its conditional form assures the country to which it is accorded of no more than immunity from malicious discrimination (1).

(ii) It opened the way to a bilateralism in tariff matters that was—as mentioned above—subsequently to be followed suit by quotas and other administrative manipulations. It lost its origin of strict protectionism to become a retaliatory tariff system, notably when U.S. tariffs started to discriminate between importers, not on the basis of *ad hoc* bargains, but on that of the actual treatment of U.S. exports. In practice, it has proved to be of more value than the concession of variable minima by France; for fixed rates if conventionalised for a certain period, is a stronger bargaining counter, and it is more reliable for the other party than rates which may be altered at any time.

Whilst, therefore, the most-favoured-nation clause if conceded conditionally, might open the way to bilateralistic practices in tariff matters, it does, in effect, not place the nation to whom it is granted in a substantially better position than it would have been without the concession at all. Hence, countries pursuing a sound commercial policy, even from a strong protectionist point of view (let us presume such thing was possible), will preferably resort to other bargaining manipulations, notably quantitative trade restrictions, and will achieve much better results, at least temporarily. The most-favoured-nation clause must be unconditional in principle, will it be effective to both parties, and impede the complications and difficulties accruing to international trade from bilateralistic practices.

The League of Nations (2) has furthermore recommended that the clause, apart from being unconditional, must also be unrestricted;

(1) It appears that this was the main concern of U.S. policy.

(2) Doctrine of the Economic Committee relating to most-favoured-nation treatment, Document E. 866, 1932, in Annex I to "Commercial Policy in the Post-War World", Geneva, 1945, p. 70.

*i.e.*, it must apply to the whole of the tariffs of the contracting parties. There is no doubt that, if the clause is made not to apply to a large number of articles or even to a single article which plays an important part in the trade between two countries, it ceases to provide equality of treatment with any third state and, on the contrary, results in actual discrimination as between the country which is thus excluded from certain advantages in respect of particular goods and the country or countries which receive such advantages. Such restriction will usually be accepted only as a lesser evil than the absence of any agreement whatsoever in regulation of trade. It would be only justified if both parties would be affected equally and to the same extent; but, apart from the fact, that that will rarely be the case, the advantages of the most-favoured-nation treatment will be very imperfect, indeed.

If the clause fulfils the two prerequisites, we have mentioned above if it is, that is, unconditional and unrestricted, it assures the best treatment, which two countries can possibly grant one another in customs matters. If extended to more countries, to many countries, the most-favoured-nation treatment will be to the general advantage of international trade, and possibly the best bulwark against bilateralism and discriminatory treatment.

The most-favoured-nation clause, however, has sometimes appeared to stand in the way of a general reduction of tariffs. When, for instance, the Oslo Group (the Scandinavian countries, Belgium, and Holland) concluded the famous Ouchy Convention just before the war, intended to reduce substantially trade barriers between the nations concerned, the Great Powers, especially Britain and the U.S.A. blocked such attempts—quoting the most-favoured-nation clause, which they had been stipulating in their treaties with these nations. The League of Nations' Economic Committee<sup>(1)</sup> has recommended for such cases that an exception to most-favoured-nation treatment should be admitted in favour of collective agreements, and the so-called multilateral clause based on these recommendations was, in fact, extensively used in various continental European treaties. As an example, the context of the corresponding section in the Switzerland-Belgo-Luxemburg Treaty of 1929 may be quoted. It reads: "The most-favoured-nation

(1) Recommendations of the Economic Committee relating to Commercial Policy, *op. cit.* p. 13, quoted by "Commercial Policy in the Post-War World", p. 49.

clause cannot be claimed by the High Contracting Parties with a view to obtaining new rights or privileges that may in future be granted to one of them in collective conventions to which the other High Contracting Party is not a party, if the said conventions are concluded under the auspices of the League of Nations or registered by it and open to the accession of all states. However, such rights and privileges can be claimed by the High Contracting Party interested (i.e. the other party), if the said rights or privileges are laid down also in conventions other than the collective conventions satisfying the above conditions, or, further, if the High Contracting Party claiming to enjoy them is prepared to grant reciprocity of treatment."

The United States notes adopted these recommendations as well, and the other American States joined at the International Conference of the American States at Montevideo in 1933. The Convention which followed and was officially deposited in Washington, in 1934, explicitly stated in its Art. 1 that all multilateral agreements which would meet certain qualifications, should be exempt from the most-favoured-nation clause, and their benefits should not be subject to any objection by a state claiming the most-favoured-nation clause. As such "certain qualifications", the following have been mentioned in the article under consideration:—

- (a) The multilateral agreement must be general in application
- (b) It must include a trade area of substantial size.
- (c) It must have as its objective the liberalisation and promotion of international trade or other international intercourse.
- (d) It must be open to adoption by all countries.

A proviso (Art. 2 of the said Convention) was inserted to the effect that a non-party state may claim most-favoured-nation treatment for itself if it, in fact, accords the benefit so claimed to all party states.

Unfortunately, these loopholes in the most-favoured-nation clause were never extended to European countries, but remained restricted to all attendants of the Montevideo Conference. Cordell Hull's policy directed to the exemption from the most-favoured-nation clause of all multilateral treaties which had as their general purpose "the liberalisation of international trade relations and which were open to accession to all countries", was never adopted by a world over which the spectre of war was already hanging.

The exploration of other loopholes in the most-favoured-nation clause will be important for the purpose of expanding trade relations. To the generally recognised exception of Frontier Traffic, which allows freedom of trade within a restricted zone on either side of the frontier, there have come systems of regional arrangements or blocs of nations, which will become the more important with the recognition of political regional leagues or federations and which are sooner or later bound to extend to commercial relations (1). These blocs need not necessarily lead to the establishment of customs unions and will, in fact, only amount to special concessions that members of federations or blocs grant each other on account of the special ethnic, historical, geographical or other non-economic ties which unite them. It is, however, doubtful whether such clause of special concessions (like the Iberian clause, the Scandinavian clause, and the Latin-American clause) are still compatible with the unconditional and unrestricted application of the most-favoured-nation treatment. The Economic Committee of the League of Nations (2) does not accept them as implicit by mere reference; they should be explicitly stated in the most-favoured-nation agreement, and both their meaning and their scope must be agreed to by the parties concerned. The same prerequisites will have to be existing in case of preferential treatment granted to colonies or to other dependancies by the motherland or vice versa. Although the Committee in its investigation on the Most-Favoured-Nation Treatment (Document E. 805, 1933, Annex I to "*Commercial Policy, cit. op.*" p. 98) has refrained from investigating the question "in view of its political implication", it is an important economic problem that cannot be left to be decided on the merits of each case. If examined against the requirements of the Montevideo Convention for multilateral agreements, most of these preferential treaties (and notably the Ottawa Agreement, 1932) would not meet the qualifications under (c) and (d); for Empire preferences are hardly open to access by all other countries, nor have they, in effect, as their objective the "liberalisation and promotion of international trade". On the contrary, what they create, are entanglements of a commercial and monetary character suitable to exclude other nations from markets which would be accessible to them under normal conditions. All it constitutes now is a

(1) See Arts. 52-53 of the United Nations' Charter.

(2) "*Commercial Policy in the Post-War World*", cit. op., p. 98.

strong bargaining counter of its adherents against the necessity of dollar-loans from the United States, a problem which will be dealt with in one of the next chapters. Here it may be sufficient to point out that there is a very weak case for reconciling preferential arrangements with the most-favoured-nation clause, and it is only due to the exceptional circumstances prevailing in the later thirties' that no satisfactory solution could be found to that delicate question. As far as we know, the abolition of these preferences is, for the time being, not contemplated by its adherents, despite strong American insistence.

As a compromise, an Inter-American Financial and Economic Advisory Committee (acting upon the recommendation of the Montevideo Conference, 1933) has worked out a formula in September 1941, under which arrangements of preferential character might be permitted within the framework of the most-favoured-nation principle; it reads (1) :—

"That any such tariff preferences, in order to be an instrument for sound promotion of trade, should be made effective through trade agreements embodying tariff reductions or exemptions.

"That the parties to such agreements should reserve the right to reduce or eliminate the customs duties on like imports from other countries.

And that any such regional tariff preferences should not be permitted to stand in the way of any broad program of economic reconstruction involving the reduction of tariffs and the scaling down or elimination of tariff and other trade preferences, with a view to the fullest possible development of international trade on a multilateral unconditional most-favoured-nation clause basis."

In regard to Customs unions, however, it has been considered that they constitute an exception to the most-favoured-nation clause<sup>(2)</sup>. The question of their formation — it must be stated — is quite controversial. Third parties have often opposed the formation of any union, sometimes on political but often on merely commercial reasons. In both cases, the contemplation of such union will give some apprehension abroad (as did the proposed Austro-German Union of 1932).

(1) Resolution XXIII, quoted by League of Nations' "Commercial Policy in the Post-War World", *cit. op.*, p. 64.

(2) *Doctrine of the Economic Committee*, *cit. op.*, p. 93; see however, contradictory opinion in WHEELER, "International Trade", *cit. op.*, p. 69, who says: "The right of Customs unions in the frame of the most-favoured-nation clause has never been admitted with certainty. In treaties this contingency has to be expressly provided for."

There is, however, no reason to oppose a formation of a Customs union as long as the arrangements result in breaking down the protection of home markets, thereby increasing specialisation. In such cases they will tend towards an expansion of trade. But there are cases where Customs unions may also be harmful; they are liable to divert international trade from its previous channels; hence it would be advisable that they should not be brought about at one stroke, but should proceed in stages in order to soften the impact of the changes in world economy or at least the economies of the countries concerned. Often, Customs unions will entail an increase in duties against outside countries. In general, it may be said, unions are beneficial when concluded between countries producing very much the same kind of commodities; most likely harmful when concluded between countries producing entirely different things. I know that this conclusion may be surprising and disappointing to many; for it is often the complementary character of the economic entities concerned which makes a projected union seem attractive. The fact is that people are more apt to see the advantage of being assured a good market for their products than to realise the disadvantage of being restricted in their purchases. In a period of surplus of goods this attitude does not surprise. Countries contemplating unions should, therefore, assume a reserved attitude during the transitional period when there is shortage and not a surplus of goods.

Customs unions are dangerous when they are concluded between countries with a different standard of living, and consequently, with different price levels. The inclusion of a country with a higher standard of living into a Customs union of countries with a lower one would affect the equilibrium as well as the development of the first country, because the uniform custom system would certainly be orientated towards the requirements of the other countries. On the other hand, the inclusion of a lower-standard-country into a union of higher standards would lead to dumping on the part of the country with the lower standard and would affect the industries of the whole union. It will in both cases tend to decrease the standard of living of people who had been living on a higher standard so far, instead of raising the others. Similar to the justification of a pure protectionist policy for maintaining a certain standard of living, the argument will hold good the more as not only tariff reductions but tariff abolition is being contemplated within a particular group of countries.

Trade bargaining, apart from the special case of Customs unions or preferences discriminating against others, usually erects new trade barriers instead of reducing them. As long as the principal trading powers of the Old World pursued a comparatively liberal policy which gave them little scope at all to make concessions, countries bargaining with a growing market for industrial goods (which had to be imported to them), succeeded in securing substantial advantages. One of these countries was the United States. When, however, after the last war, American export interests, especially in manufacture, had grown much in importance, when the United States had to become more concerned with foreign market conditions, and finally, when others — for the purpose of protection of their national interests — adopted a more aggressive policy, it had to revise its traditional attitude. Thus, from the adherent of discriminatory treatment, as so obviously expressed in the conditional interpretation of the most-favoured-nation clause, it has turned to the principle of equality of treatment and has upheld it ever since it hoped that it would most likely serve its interests.

History of protectionism, however, shows a most curious tendency. From its original intention to protect home industries against undue competition, modern tariff policy has been made with a view to securing a reduction of tariffs by other countries. Aggressive bargaining which has been practised by most European powers during the inter-war period recognised a reduction of tariffs only if followed by concessions from the other power. It has kept to the high tariffs even if it has realised that it would have been in the interests of its own economy to reduce them. Protectionism has thus lost its very sense. Tariff bargaining tending to raise instead to lower tariffs has often led to tariff wars, in which normal trade relations have been completely disrupted.

Considering history of protectionism and the objectives and effects of trade bargaining, it would appear that the latter unless operated with a view to reducing tariffs and thus facilitating international trade relations, can only lead the world into trade conflicts which are more powder into the inflammable creg into which the world is drifting. It is, therefore, useless to fight bilateralism and discriminatory trade practices, whilst resorting to a protectionism which is, in fact, a "tariff de combat" of the kind the world experienced in the inter-war period.

If commercial policies are not pursued vigorously with a view to reducing trade barriers, duties and others, they must necessarily drift towards quantitative restrictions, discriminations, and the like. It must be admitted that the United States — though serving its own interests — has a very good and strong case for insisting on multilateral trade which is the only prerequisite to trade expansion. But, at the same time, it must realize that it cannot "profit from selling unless it is equally willing to buy, and to buy in quantities far in excess to which even needs of war have accustomed it. It is idle to insist on freedom to sell, if through restrictive tariff policies would-be customers are being denied the means with which to buy" (1).

#### VII.—ADMINISTRATIVE TRADE BARRIERS (DISCRIMINATORY TRADE)

Tariffs and commercial treaties on tariffs are trade barriers which may be called legislative; for in all countries with some kind of parliamentary system, treaties and tariffs must be, except in periods of emergency, subject to legislative procedure, i.e. they must be approved or ratified by parliament. They must be promulgated in form of laws and are subject to open criticism by the public. They are committal for the government and the country concerned. They are, therefore, often burdensome to an arbitrary trade regulation and inconvenient to administrations which like to do things "smoothly and without interference". Hence they have invented a system of trade barriers which are outside such public control, beyond the reach of democratic institutions. They can apply these trade barriers in an arbitrary and discretionary way. Governments never like to commit themselves. What we shall, therefore, call administrative (2) barriers, are the

(1) See JAMES H. LAYTON, Harvard Law School, in *Fortune*, New York, September 1942 "Middle East Challenge".

(2) The League of Nations' Economic and Financial Committee in its report on "Commercial Policy in the Post-War World", *id. op.*, p. 43 distinguishes between "quantitative restrictions and exchange controls" and "administrative and legal barriers"; the latter can be legal, e.g. excessive customs formalities and double taxation, but they distinguish themselves as against what we have called "legislative" barriers in that their evils lie in the uncertainties, the vexations, and the burdens they impose on traders and on foreign enterprises. Among the latter barriers are also the "administrative" ones which are indirect measures quite difficult to counter even by international

various "non-committal" ways the administrations can use to exercise control over business, and frequently, they are the most effective indeed.

Apart from export restrictions (which may be also legislative barriers though they are mostly of administrative nature), there are mainly two forms in which barriers of a discretionary, and consequently, discriminatory, character can be set up against international trade:—

- (1) Control of foreign exchange, and
- (2) Import quotas and allocations.

There are, of course, many others, tending to restrict trade or securing certain sectional or fiscal advantages (and of what government conceives to be also national advantages), which may find their expression by pricing or subsidising certain privileged associations or cartels, or by supplying them with the available foreign exchange only. They may be used exclusively or in conjunction with each other. They still declare that formally trade is left free to carry on its transactions on own account, but the state has created or permitted to exist certain special conditions that have vastly restricted foreign trade on the basis of free, private initiative.—

#### (a) Exchange Control.

Of all the possible forms of administrative barriers, exchange control has during the past twenty years been the most effective, and

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action. Many countries, for instance, have introduced sanitary restrictions on the importation of animals, meat and plants, statutes and regulations designed to protect business against "unfair" competition, against abuse of patents and copyrights, etc., which can be, and frequently are, used as instruments of economic protection. "Protection by this means is the more dangerous because it is concealed from the public and subject to administrative discretion". "The League's Committee believes that the most promising international approach is to devise rules for general adoption embodying the maximum guarantee which importing countries are justified requiring from exporters. I do not think these measures are equivalent in their restrictive effects to quantitative restrictions or exchange control. I do not, therefore, propose to deal with them in details since they involve no economic or financial problem. They are just bureaucratic nuisances, and in that respect, I believe, the League's Committee has not been very conservative. Bureaucracy can invent thousands of nuisances and difficulties and the war has given it ample opportunity to practise them.

since it has more than any other means tended to spread all over the world, has become the most dangerous for the future. Beginning with the onset of the Great Depression, country after country adopted, either on a partial or on a comprehensive basis, the exchange control method of regulating its commercial relations with other countries. By 1939, a substantial part of the world was entangled into what we would be able to call the most scientific monetary labyrinth that had ever been necessary to be coped with by international trade and that could only result in a political war.

In most countries, the primary purpose of exchange control was to protect existing gold or foreign exchange value of local currency, which was under extreme pressure, as a result of the departure by other countries from the gold standard, of extreme exchange depreciations, of sharp falls in the world market prices, both of raw materials and foodstuff, of new trade barriers, and of the unavailability of credit assistance from outside sources. On the Continent of Europe, in particular, there was an almost pathologically extreme determination to maintain, at whatever cost, the official gold values of the national currencies, because of the reminiscences of the havoc that had resulted from the hyperinflations following World War I. In some cases, resort had already been made to other devices than exchange control as a means of supporting the value of the currency, such as increased ordinary tariffs, quotas on imports, and even induced price deflations. But all these devices had failed adequately to relieve the pressure on the exchanges or had intensified the severity of the depression. To many countries these other devices appeared too cumbersome, too indirect, too slow, uncertain and inflexible in their mode of operation as to be suitable for dealing with a problem, the character and intensity of which were subject to frequent change. Even the most intelligent manipulations of commercial clauses were all in all too stable for such changes as were required in the "roaring thirties". Direct control of the foreign exchange market seemed the most appropriate way of protecting the value of the national currency. By requiring the turning over of foreign exchange for disposal of the government at fixed rates, by prohibiting and limiting through a licence system the export of capital, by restricting the use by "foreigners" (or better, foreign residents) of their holdings of domestic balances (so-called "blocking" or "freezing") and finally, by withholding foreign exchange for imports, it was hoped that the rate

of exchange of the national currency would be maintained without involving deflationary pressure on internal price structures<sup>(1)</sup>.

In line with the general trend towards totalitarianism in Europe and government intervention in general, exchange control appeared more effective than tariff barriers for the following reasons:—

(i) It involved administrative discretion and was more amenable to frequent adjustment to conform to changes in conditions than are tariffs which must be set up by statute.

(ii) Tariff discrimination arouse foreign resentment and possibly deliberate retaliation. Exchange control discrimination, however, dealing with individual applications, can be so fine between countries, categories of commodities, importers and exporters as is wished.

(iii) Exchange control provides a more effective instrument for trade bargaining with other countries than does ordinary tariff bargaining. It allows greater administrative flexibility, secrecy, individuality. It is less subject to criticism by the press and the general public.

In the past fifteen years, country after country adopted, either on a partial or on a comprehensive scale, the method of exchange control to regulate trade with other countries, and by 1939 a substantial portion of the aggregate volume of trade was subject to it. With World War II, there was a further wide extension of exchange control and to-day its practice is almost universal.

No country, except the United States, has ever made effective attempts to check the growth of the use of exchange control by other countries as a means of regulating trade. But even in the case of the United States, the policy was ambiguous, mild and basically irrelevant except that it was revealing a principal trend. It convinced more progressive countries as Britain and France, that exchange control could not provide a satisfactory base for international economic collaboration. But there were too many obstacles between them and the "exchange control" countries for flourishing trade. Originally, exchange control had been established to protect overvalued currency against depreciation. With respect to gold or gold currencies, the exchange controlled currencies continued to be overvalued. As a result, it was difficult for these countries, apart from the few specialisms produced by them, to market their products without resorting to

(1) See Conclusions, J. Vixen's "League of Nations Publication, Trade Relations between Free Markets and Controlled Economies", 1943.

subsidies or using multiple currencies. The monetary equilibrium was gone. The exchange control countries, therefore, had strong incentives to seek to persuade other weak currency countries and those with whom they had a favourable balance of payment to enter into payment- or barter agreements with themselves, and thus to obtain wider markets for their exports, and a wider range of possible imports-sources of needed commodities, where payment need not be made in strong (hard) currencies or gold. The countries committed to exchange control thus were anxious to secure the transfer of as many countries as possible from the free exchange to the exchange control category.

Thus, the number of exchange control countries increased, especially as the tendency to enter into bilateral agreements with other exchange control countries gained momentum. Countries outside the control system found themselves at apparent disadvantages because of preferential treatment accorded to those who belonged to it.

The exposition of the merits of exchange control has almost invariably been the point of view of national interest, narrowly interpreted. It was practised, truly, as an emergency measure with recognition that its adoption by any country tended to make the world's economic situation even worse, but in the hope that it would nevertheless make their own position somewhat better. It was essentially a "sauve qui peut" procedure. National policies have always been fashioned primarily to serve national interests, and it must be presumed that it will continue to be the case in fields in which national autonomy prevails. But it is often clearly in the interest of a nation to do things in concert with others as part of a common plan, which it would be against its interest to do its own initiative. Granted that it is in the interest of some countries, under some circumstances, directly to regulate their foreign trade by means of exchange control, when acting singly, it may nevertheless be in the interest of these same countries, and even more so of the world at large, that there should be an international agreement not to resort to that narrow nationalistic practice.

Summarising the possible objectives of foreign exchange control are the following:—

- (i) Additional protection against foreign competition to domestic industry.
- (ii) Trade bargaining instrument to induce foreign countries to modify their tariff, quotas or other import restrictions in favour of the exchange control country.

(iii) Causing decline in market quotations of national securities held abroad by preventing nationals from using their foreign exchange assets, and thus to enable their repatriation at bargain prices.

(iv) If a debtor country, the diversion of the use of such foreign exchange from meeting debt services on external indebtedness to the purchase of commodities.

(v) If a creditor country, the influence on the apportionment by a debtor country of its holdings of the creditor's currency as between use for new purchase of commodities or liquidation of outstanding debts.

(vi) With the aid of the overvaluation of the national currency in clearing agreements, to obtain a flow of imports in excess of the flow of exports, and thus to obtain quasi-enforced loans from other countries; and at a later stage, to obtain preferential treatment, for its exports, for the purpose of rapid liquidation of these loans.

(vii) By establishment of margins between rates at which foreign exchange assets must be delivered to the Government and the rates at which Government releases foreign exchange for the use by the importer, and thus the provision of revenue for the Treasury.

(viii) The maintenance of price structures internally, without disturbance from the impact of price conditions in outside markets.

(ix) By threatening unfavourable treatment or promise of specially favourable treatment under the exchange control, to bring pressure to bear on other countries with respect to the general orientation of their political and economic policies.

In its defence, only one argument might have been brought in the past: In a world where the threat of war is overhanging, where currency is disorganised and the international credit machinery has collapsed, and above all, in which creditors while insisting in payment of claims, would not accept payment in goods, exchange control might be the only barrier to a complete breakdown of international economic relations. With the rise of Hitler to power and the failure of the London Economic Conference of 1933, the only alternative, viz. multi-lateral agreements for world pacification and sound monetary relations, reduction of trade barriers and restoration of better employment conditions, became impracticable. There is no excuse, however, for projecting defeatism with respect to the past, where it may be

justifiable, into the future, where it never is. The general abandonment of exchange control, however, cannot be procured by any country acting singly, no matter how important it is, or by any small group of countries, unless this group contains several of the trading powers, and at least the United States and the British Commonwealth of Nations.

For the purpose of this essay, we have to treat foreign exchange control as purely commercial though it is in itself an administrative measure and therefore an administrative barrier. The distinction which has sometimes been drawn between exchange control and trade control on the ground that the former affects payment for goods, whereas the latter affects the actual movement of goods across national frontiers, is purely legalistic. In most cases, in the past, control of commercial payments proved interchangeable with, and often actually merged into, a system of control of imports. Exchange restrictions on current transactions are a form of commercial policy on a par with import quotas, licences, or tariffs.

The first condition to the abandonment of exchange control is the expansion of trade. The second is the restoration of the monetary equilibrium, a subject which will be dealt with in a subsequent chapter. But before going into these matters which might in themselves already constitute the therapy, we have to diagnose a second administrative barrier which has in the past been an obstacle to trade expansion: the import quota system.

#### (b) *Import quotas.*

Import quotas have often been advocated as an alternative to import duties, in certain cases under the pretext of giving protection to a particular industry. It is in its form a direct restriction of importations below the amount which would otherwise take place and is designed to give the competing home industry the same kind of advantage as it would derive from tariffs, only that it seems more certain in its operation. For the rest of the community the effect will not be quite the same and will differ according to the form taken by the quota. If the latter simply limits the quantity to be imported within a given period, those who get permits to import or who succeed in importing before the limit has been reached, will sell at the same price as the home producers. The public will pay as much, for a given

extension of home production, as under import duties, but the importers will take to themselves the revenue which the duties would have yielded to the Government. If, on the other hand, the restriction takes the form of regulating the proportions in which home and foreign products are used by each intermediary at some stage, (if, e.g. the miller is not allowed to use more than a certain proportion of foreign wheat), the public will pay less, for a given degree of protection, than under import duties, the price being based on the weighted average of the home and foreign cost. The government would in this case not obtain the revenue it would have obtained from import duties, but it may prefer to raise this in other ways. In this form the quota system has recommended itself as superior to import duties in the case of foodstuff which it is not desired to tax. In the past the quotas have taken the following forms:—

(i) *Tariff quotas* (or "contingents douaniers"), i.e. those only applied to quantities which may be imported at specific minimum rates of duties, additional imports being admitted without limit, subject to payment of higher rates of duty.

(ii) *Absolute quotas*, i.e. those which cannot be exceeded any terms. They constitute the same deviation from the principle of regulation of imports by free market process subject only to the impact of ordinary import duties. But when the rates of duty, as frequently, at which such excess imports can be made, are in fact prohibition of imports, there is little or no difference in principle or in the economic effect between the two forms.

(iii) *Indirect quotas*, which is frequently applied in the case of foodstuff. Often, millers have been obliged by law or regulation to use certain mixtures of flour, as in the example given above. Sometimes, refineries have been directed to use a certain amount of domestic alcohol.

(iv) *Guaranteed quotas*, in cases where the importing country permitting quotas to another agrees at the same time to buy the stated quantities as minima. To carry out such pledges, it has been necessary either that government monopolies or private monopolies under official sanction be set up. These forms of quotas are utterly discriminatory in practice, and they are the type which is the most difficult to reconcile with the principle of equality of treatment in foreign trade.

In many cases the exporters administer such quotas with the consent of the exporting government, of course— which brings profits to monopolists. Often the producing interests in the importing country will

welcome such agreement, as the margin is usually high and enables local production to compete successfully. At any rate, their own products will be less subject to pressure from cheaper imports if the exporters are organised "to charge the highest prices, which are consistent with the free utilization of the quotas.

In Europe, there have often been agreements between producer cartels in the exporting and importing countries, sanctioned by the governments concerned, under which quotas have been prescribed, as part of a general agreement, for sharing markets on a monopolistic basis, and for suppression of price competition and "reciprocal dumping", and for a share in the gains resulting from the elimination of sales at dumping prices.

Under the impact of the Great Depression the "gold bloc" countries, France, Switzerland, Belgium, Holland, adopted comprehensive systems of import quotas in lieu of exchange control. Others applied them as a supplement to exchange controls, or as retaliation against or for use in bargaining with other countries which were using import quotas. Still others, notably Britain and the United States, which refrained from adopting a quota system in general, did apply it to a limited number of commodities, chiefly agricultural. In a number of cases, countries had to impose import quotas in order to meet the demands of other countries for preferential treatment or for assured markets for their exports. There appear to be very few countries which have made no use of quotas, and Continental Europe has made the most comprehensive use of it. As compared with import duties, quotas have proved more flexible an instrument in view of the rapidly changing conditions in the thirties. They were, similar to exchange control, subject to administrative discretion and needed no legislative procedure. Import duties have often been covered by treaties and could not be changed without their violation. Import quotas were rarely covered by treaty provision. If they were, they are prejudicial to the most-favoured-nation treatment. They furthermore provided a much more definite and certain instrument for regulating the quantity of imports than did duties, and finally removed more effectively than anything else the pressure of foreign competition on domestic prices.

Since quotas inevitably involve a departure from the principle of equality of treatment in its traditional sense, they are more in contradiction with future trade relations than are trade barriers, which

guarantee such equal treatment and leave to competitive market processes the sole determination of the source of imports. If the quotas were wholly unallocated, the discrimination would be reduced to a minimum; still imports would remain subject to licences, and if the licences were freely transferable, they would be sold to the highest bidder. There would still be the danger of discrimination; but compared to the system of exchange controls, it must be admitted that such quota system would involve much less of a break with the free market economy, less departing from orthodox monetary practices, less interfering with private business, and a lighter and simpler administrative burden. These considerations—apart from the monetary aspect—were important factors in leading the gold bloc countries to choose the quota system instead of resorting to exchange control, even when realising the shortcomings of quotas as trade bargaining devices.

A good example is offered by analysing French trade practices in this respect. France succeeded in obtaining important concessions in return for specific quota allotments, and by the introduction of quotas she regained freedom to use for bargaining purposes her imports of commodities, on which by previous trade agreements the ordinary tariff duties had been "bound" or consolidated. But protests from countries led to severe import duties, e.g. Britain in 1934, which retaliated against French quotas in favour of the U.S.A. and the gold bloc.

Great Britain had considerable successes in obtaining preferential treatment for her exports from her traditional markets, and in continuing to insist upon the most-favoured-nation treatment from others. Of course, retaliatory measures resulted also in her case in serious controversies. There was also a special complication for the commercial policy of the United Kingdom that the Dominions regarded preferential access to the British market as a birthright. They were not wholly satisfied with the Ottawa Preferences and used to look with a zealous eye at any concession, which Britain granted to any non-British exporters of agricultural products.

In order to reduce the barrier-capacity of quotas to a minimum, the following rules have been recommended by the League of Nations to be adopted by countries still adhering to them<sup>(1)</sup> :—

- (i) All countries should undertake to ban all secret quotas.

(1) J. VIKEN, *Free Markets and Controlled Economies*, cit. op., p. 119. See also League's Publication on *Commercial Policy in the Post-War World*, cit. op. pp. 79-72.

(ii) The allotment of quotas should remain a governmental function and should in no case be delegated to non-official agencies as trade associations or monopolies.

(iii) In all trade agreements countries should foremost agree not only not to discriminate against each other in their own quotas, but also not to seek preferential quotas in third countries for commodities, in which the other country also is interested as an exporter.

Quotas even under these agreements would remain objectionable, for the simple reason that they always constitute an administrative trade barrier in that it can discriminate and is in itself inconsistent with the principle of equality of treatment. It leaves foreign trade in a political zone.

(c) *Export Duties.*

In some cases in the past, duties and prohibitions have been imposed on certain exports with the purpose of preserving a country's economic advantages, implying a certain sacrifice of present for future interests. Rarely these measures have been based on legislation, at least not in normal times when there is an abundance of commodities. We place it, therefore, under barriers which are imposed by the administration and as administrative measures.

There are two types of cases in which it may appear reasonable to restrict exports from this point of view :—

(i) That of exports which are likely to increase the power of the importing country to compete with the industries of the exporting country, e.g. exports of machinery first introduced in the manufacturing industries of the exporting country.

(ii) That of exports of important raw materials which can only be obtained from a limited, exhaustible supply, e.g. timber and minerals of various kinds <sup>(1)</sup>.

However much it may be in the interest of the world in general that the most up-to-date machinery should be available for every country capable of using it, it cannot be demonstrated that a particular country may not gain by keeping an invention to itself. It is

<sup>(1)</sup> See detailed and enumerated, in *WHITT, "International Trade", cit. op., p. 118.*

practical rather than theoretical considerations, therefore, which have led to the general abandonment of the once common restrictions on the exports of machinery. An important circumstance contributing to this change has been the specialisation, as a result of which the work of improving mechanical technique has been largely transferred from the industry using the machinery to special machine making industry. The latter naturally desire the widest possible market, and the machine using industries have come to realise that they stand most by the proximity of flourishing and progressive industries of this sort. A further factor has been, of course, the increasing ease with which ideas are being communicated from country to country. To prohibit the exports of machines, or even the migration of mechanics, would no longer be a very effective way of safeguarding the secret of inventions.

Restrictions of exports with a view to conserving limited supplies of natural resources has survived longer and was being practised by some countries at the outbreak of the war. The danger of a too rapid exploitation of resources often arises only when the products can be easily disposed of in the world markets. But in all cases in which a decision has to be made with respect to the wisdom of conserving resources for the future, the great difficulty is to estimate the future conditions of demand and supply in a world, in which industrial technique is progressing rapidly. A country which restrains itself from using up its resources quickly may find that later they have little or no value.

All I have said with respect to export restrictions does, of course, not apply in emergency times, where there is a short term deficiency and not a surplus of goods in general. Exports will, therefore, be restricted for the period of transition from war to peace, and it will be rigidly applied by the majority of countries, including the U.S.A. until production is again reconverted to normalcy.

There are, of course, other administrative barriers which could easily be invented by a bureaucratic world and employed in furnishing obstacles to the expansion of international trade. It must be admitted that those dealt with are not enumerative; but they appear to be the most frequently used and will be most likely resorted to. They constitute potential dangers unless regulated and reduced to the minimum. By far the most important is the control of foreign exchange since it is nearly universally accepted to-day as a means of restoring the equilibrium in the balance of payments for economic units, which have

been dislocated and distorted by the war ravages. There is very little likelihood of countries abandoning this measure unless monetary stabilisation can be attained as a dependable measuring rod for international trade, so that traders can make their plans without fearing to be paid off in arbitrarily debased currency.

The Bretton Woods proposals which have now been ratified by most countries, aim at stability of exchange rates and an international monetary equilibrium. Such stabilisation will also provide some protection of trade against financial and currency entanglements such as have been established or developed through war-time operations and subsequent "emergency debts". Their implications will be dealt with in the subsequent chapter.

Summarising administrative barriers to the expansion of world trade, we cannot but deplore the general preparedness even of commercial circles all over the world to accept the discriminatory interferences of bureaucracy which exchange controls, import quotas, and export licences necessarily imply. In no case are such operations made public, and even international quota arrangements can easily be hidden from discussion and criticism. The following passage from the frequently quoted study of Professor JACOB VIXER in his "*Trade Relations between Free Market and Controlled Economics*" (League of Nations, 1943, pp. 85-86) sets out forcefully and succinctly the dangers of such administrative trade restrictions: "The three major types of direct governmental regulations of foreign trade are: exchange controls applied to commercial transactions (4); import quota systems; and, government monopolies of foreign trade (5). Against all three of these though in different degrees, the charges can be made that:—

"(1) They tie up diplomacy closely with the detailed conduct of foreign trade and thus promote international controversy and facilitate the harmful injection of political and military considerations into trade relations.

(4) I should think that this distinction between foreign exchange control applied to commercial transaction and other purposes should not be made. The qualification of exchange controls according to the application to certain activities is an academic one. I shall indicate later that all foreign exchange control even if intended to regulate capital movement only is bound to affect movement of goods as well.

(5) See Chapter IX.

"(2) They lend themselves more effectively than ordinary import duties to the application of monopolistic methods to foreign trade, to the economic injury of the world as a whole.

"(3) They promote bilateralism in foreign trade, at the cost partly of economically superior multilateral trade and partly of the suppression of profitable foreign trade.

"(4) They lend themselves to discriminatory treatment of the trade of different countries for economic or political purposes.

"(5) They promote, or even require for their execution, the development of internal monopolies and the restriction of the field of private enterprise, and especially small scale enterprise.

"(6) By placing other countries not following similar practices in a position of relative disadvantage in trade bargaining, once established in some countries they tend to spread to other countries."

#### VIII.—MONETARY BARRIERS

Foreign exchange control — we have indicated above — is a means originally designed to protect the national currency, or better, to avert balance of payment difficulties arising out of a depression. But except perhaps for the limited form of control designed to restrain abnormal short-term capital movements (a control which is frequently advocated even by the most liberal adherents of a free foreign trade), the instrument of foreign exchange policy falls more properly under the heading of commercial policy because its effects are mainly on foreign trade. Since originated by the administration and not requiring any treaty which is subject to approval by legislative assemblies, we have described it as "administrative barrier to foreign trade". We are now concerned with the more technical problems of the monetary equilibrium of a country and the policy it has to pursue to maintain or — if lost — to restore it; this maintenance of the monetary equilibrium being the only alternative to avoiding direct controls and restrictions in international commercial relations, and, in my opinion, the only suggestion that can be made to those who do not see another solution but to adhere to it, in some form, in the post-war world. From this aspect, the maintenance of the monetary equilibrium is one of the central issues in future monetary and commercial relations.

(a) *The Equilibrium Rate of Exchange.*

All international spending for the time being involves exchange transactions and thus is bound to affect the balance of payments. It is admitted that important items affecting a balance of payment of a given country are often "invisible" ones, as contrasted with statistical records on imports or exports. The distinction between "balance of trade" (which only considers visible items) and "balance of payment" (which includes invisible ones) is, therefore, made. The importance of the latter for the position of a country has served to draw increasing attention to the influence of fluctuations in the capital items on cyclical movements and changes in the gold and foreign exchange situation.

We have said that the first prerequisite of the expansion of international trade must be a kind of monetary security, a currency stabilisation in all important countries. But even the International Monetary Fund which has been primarily established for this purpose provides for, however, agreed and orderly changes in the exchange rates of member countries, whenever a change is considered necessary to correct a fundamental "disequilibrium". The interpretation of this phrase has been left to the managers of the Fund or to the members concerned in each particular case. It appears that this has been done by purely tactical reasons. It is agreed that the constitution of the Fund may not have been a suitable place for the exact definition of so abstruse and perhaps controversial a subject. On the other hand, such definition is essential, and it should be given a priori and on principle and not be decided on the merits of each individual case. If circumstances change at a later stage so as to make the once accepted rules out of date, the internationally recognised *clausula rebus sic stantibus* may always serve as outlet to new conditions. For the successful operation of the Fund it is absolutely essential that there should be some more or less generally accepted notion as to what constitutes "equilibrium" or "disequilibrium" in regard to international exchange rates.

The only satisfactory way of defining the equilibrium rate of exchange is "to define it as a rate which, over a certain period, helps the balance of payments in equilibrium (1)".

(1) See RAYMOND NURSE'S, "Conditions of International Monetary Equilibrium", published by Princeton University, Princeton, N.J. 1945, who deals extensively with these terms.

In this connection, there is, of course, a large measure of controversy over the term "balance of payment" as well as over the phrase "over a certain period". Not all sorts of capital movements can be included in the term balance of payment. The transfer of gold, for instance, as well as other liquid reserves which may be necessary to balance a country's external accounts must automatically be excluded. Otherwise these accounts would always be in balance, and no disequilibrium would ever occur. There is a question whether short-term capital movements should also be excluded, and the very fact that they cannot be statistically controlled and remain an unknown factor rather favours their exclusion. During the inter-war period such capital movements became very familiar in the form of capital flight and were due mainly to the fear of exchange depreciation and of war. In fact, the equilibrating type of short-term capital movements was possible only in a system, in which there existed absolute confidence in the maintenance of fixed exchange parities among the currencies concerned. That was a system in which exchange stabilisation was accepted without question as the primary objective of monetary policy and in which there was sufficient readiness on all parts to pursue the objective even at the cost of internal instability. These conditions which were maintained like the strict rule "*pacta sunt servanda*" being considered as an international agreement which could not be altered by unilateral action, engendered confidence in exchange stability; such confidence was essential if private liquid funds were to move in an equilibrating manner. If a banker was to be induced to transfer some of his liquid balances into a currency which stood temporarily at the gold export point, he had to be confident that the currency in question would not depreciate below that point. If the incentive consisted of differentials in the money or discount rate, then similarly he had to be confident that this slight gain would not be wiped out or turned into incalculable loss through exchange depreciation.

I have shown above that the confidence in exchange stability which existed before 1914 was greatly weakened by the first war and by the subsequent monetary disturbances. After the failure to restore the pre-war system in the twenties, the necessary confidence was still further undermined. In these circumstances, liquid funds failed to respond in the usual way to variations in the exchange or discount rates; often they even responded in a disequilibrating manner. When, for instance, the discount rates were raised in a given country, funds

would often take flight and move out-instead of inward. In consequence, they often moved from countries with high to countries with low interest rates. Thus, instead of taking some of the strain off the central gold and foreign exchange reserves, they would place an additional and frequently unbearable strain on these reserves. They were disequilibrating the score as they moved from areas with a deficit (Europe) to areas with a surplus (America) in the balance of payments. Such movements occurred frequently, especially from France and other European countries in the twenties (e.g. the flight and repatriation of capital from and to France before and after 1933).

Capital movements of this type do not represent basic investment decisions and seldom increase employment in the country into which they flow. The United States Department of Commerce has made the following interesting comments on the imports of such money into the U.S.A.: "While internal activity did expand and a small excess of payment on current account did appear from 1925 to 1927, the influx of foreign capital into the U.S.A. was apparently not an important factor in these changes. The capital was held largely in liquid form or employed in stock market transactions, and was not directly expanded on a significant scale in new investment of an income generating character (1)."

In the countries from which they originate, however, such capital movements may have serious effects on national employment and income unless these countries institute exchange control, allow their currencies to depreciate, or have enough gold to lose and are careful to offset the effects of this loss on the domestic credit base (2). They always give rise to large discrepancies in the balance of payment which is proved impossible or undesirable to meet by means of adjustments other than mentioned above unless they can be covered by large gold movements. Summarising, therefore, in considering the balance of payments as a criterion for exchange equilibrium, it is advisable, as a rule, to exclude all discrepancies due to such abnormal factors. Even amongst the adherents of a liberal economy there are many advocating the suppression in the future of such capital movements;

(1) Quoted in "The U.S.A. in the World Economy", U.S. Department of Commerce, Economic Series, No. 23, p. 192.

(2) "Economic Stability in the Post-War World", Part II, League of Nations, Geneva, 1945, pp. 90-92.

I should only go so far to suggest that they may be curbed by some balancing factors such as drafts from the reserves of the International Monetary Fund, in order to avoid the too negligently accepted means of foreign exchange control.

All other international transactions entering into the balance of payments must be included, in particular capital movement relating to international investment. A rate of exchange may be kept on an equilibrium rate with a certain flow of foreign investment. After the last war, the exchange rates which were established during the twenties' may have been appropriate so long as there was a substantial annual capital export from the United States. The fact that during the thirties' the currencies of nearly all debtor nations depreciated below their previous parities with the American dollar was no doubt partly due to the complete cessation of capital exports from the States. Some depreciation was apparently justified for restoring the equilibrium under the new conditions in the capital market (4).

(4) An analysis of the balance of payments of the U.S.A. over the 17-year period 1923-1938, shows the various items expressing the international economic relationship of the U.S.A. A scrutiny of the individual movements year by year indicates that all too frequently the instability registered in the high variability of trade figures, was accentuated by the direction of movement of the various capital and other items. (Table quoted from "League of Nations Publication", 1945, p. 33) —

Average year-to-year changes in imports and other items absorbing dollars	Average year-to-year changes in exports and other items providing dollars
IN MILLION DOLLARS	
Imports of raw materials ... .. 378	Exports of finished products ... 275
Loans to foreign countries ... .. 183	Exports of raw material... .. 188
Imports of finished products ... .. 130	Interest, dividends ... .. 80
New direct investment ... .. 77	Receipts on amortization ... .. 49
Silver imports ... .. 61	Shipping and freight receipts ... 35
Shipping and freight payments ... 32	Govt. aid, settlement ... .. 38
Interest, dividend payments ... .. 44	Travel expenditure in U.S.A. ... 14
Travel expenditure abroad ... .. 43	Remittances in U.S.A. ... .. 4
Personal remittances ... .. 30	Silver sales... .. 11
Govt. aid, settlements ... .. 15	Miscellaneous ... .. 22
Miscellaneous ... .. 11	
TOTAL ... .. 1,018	TOTAL ... .. 708
	Plus net gold movement ... .. 628
	Net purchases and sales of securities ... .. 284
	1,670
Foreign short-term funds ... .. 436	U.S. short-term funds ... .. 174
Unexplained items ... .. 200	
Net plus ... .. 114	
GRAND TOTAL ... .. 1,846	GRAND TOTAL ... .. 1,846

The second point in the accepted definition of the equilibrium rate is the expression "over a certain period", over which the balance of payment must be kept in equilibrium. If we would for the purpose of this term require that the balance had to be in equilibrium every day or every week, then we had in effect a constantly fluctuating exchange rate. The rate would be thus left free to vary in order to secure equilibrium over those very short periods. But it is well known that freely fluctuating exchanges are apt to give rise to speculation of a disequilibrating kind, including disequilibrating movements both of capital and commodities. Any change in the rate of exchange would create anticipations of a further change in the same direction. Under such circumstances, exchange depreciation may well occasion a flight of capital, leading to further depreciation, and if the prices of goods to be exported or imported would also come to be affected by disequilibrating anticipations, exports will fall instead of rise, and imports rise instead of fall, so that the result must be still further depreciation. Such self-aggravating processes make it impossible to achieve equilibrium in the balance of payments even in very short periods as mentioned above. Furthermore, freely fluctuating exchange rates create considerable risks tending to reduce international trade and business. They also call for constant shifts in domestic factors of production between export and home market industry, shifts which may become disturbing and wasteful. No country has shown any desire for a system of wholly uninhibited fluctuations of the exchange rates, and it is a primary objective of the International Monetary Fund to make such a system unnecessary and illegal.

The period which we contemplate in the definition of the equilibrium rate cannot, therefore, be as short as a day or a week. Even a month or two would cause frequent fluctuations. The period in question must be at least a year, and if it would be longer, it should be able to eliminate not only seasonal but also cyclical fluctuations. If, that is to say, a country's external accounts, at the original rate of exchange attain an even balance over a period from five to ten years, we could probably regard that original exchange rate as the equilibrium rate.

The period will also depend on the range of cyclical movements in the balances of payment which is higher in agricultural and primary products exporting countries than it is in industrial ones (which generally show no marked cyclical behaviour). The period indicating equilibrium or disequilibrium for these countries is, therefore,

considerably shorter. With the advancement of hitherto agricultural countries towards industrialisation, a trend that has particularly taken place during the war—stimulated by shortage of supply, shipping, etc., from the traditionally industrial countries and their concentration on war production—the definition of the period in question becomes even more difficult.

Within the standard period which we have to accept for a given country there exists, of course, some medium to settle arising discrepancies. To act as such a medium is one of the elementary functions of the central reserves of international means of payment ("hard currency" or gold), which may be held by each country in whatever of the accepted forms it should prefer. It can also resort to international credit facilities, a possibility which widens the range of the period in question. The equilibrium rate, under these circumstances, may be determined as the rate at which, over a certain period, and that period is to allow for cyclical movements, there would be no net change in a country's reserve of international means of payment. The longer we make the standard period, the larger is the amount that will be needed for settling the intervening discrepancies. Consequently, the larger the reserve of international means of payment held by any country, and by countries in aggregate, the less will be the necessity for changes of the exchange rate<sup>(4)</sup>. The International Monetary Fund contains some liberal provisions for exchange adjustments not because it intends to encourage member countries to resort to this measure whenever they seem fit and expedient (in the limit of 10 per cent)<sup>(5)</sup>, but because it did not create the amount of international liquidity, which was contemplated in the original draft schemes, especially that of the (British) International Clearing Union; in fact, it only agreed on a third of the proposed total.

For the purpose of the definition of the equilibrium rate of exchange an agreement on the "standard period" and the term "balance of payment" would not cover the whole issue. The balance of payments is said to be in equilibrium when payments are equal to receipts (apart from the items which we have agreed to exclude). But payments can be made equal to receipts by artificial restrictions on imports

(4) See RAGNAR NERSEN's descriptive essay on "Conditions of International Monetary Equilibrium", Princeton University, Princeton, N.J., pp. 4-6.

(5) Art. IV, Sec. 5 of the Bretton Woods Final Act.

or corresponding artificial stimulation of exports. If a deficit appears on the balance of payments, and the deficit is closed by cutting down imports or by subsidising exports, the rate can thereby not be regarded as having been restored to the equilibrium level. To use our definition properly, we must agree on a certain starting point for the structure of existing trade barriers. That does not mean that I suggest the *status quo* as such starting point. It only means a base from where it is possible to determine whether an exchange rate represents the equilibrium rate (2). If subsequently a certain exchange rate can be maintained or a potential balance of payments deficit closed without resorting to an increase in trade barriers, under whatever disguise, only then can the rate be accepted as the equilibrium rate. The true equilibrium rate must, therefore, be defined as the rate at which payments and receipts can be equalised without additional trade restrictions.

This point is of decisive importance for an understanding of the inter-war financial development. Taken the case of Germany as an example, there is no doubt that the Reichsmark after 1934 was rightly regarded as overvalued. On paper, however, Germany had no balance-of-payment deficit nor any substantial loss of gold since foreign exchange control and similar administrative barriers blocked any substantial capital movement. That means, that the Reich's external accounts could be balanced only by means of additional import restrictions (and export subsidies). In a similar way, but with less drastic means, France managed to reduce (not to close) her balance-of-payment deficit, the restrictions imposed mainly taking the form of import quotas. There is no doubt that in the later thirties nearly all countries with nominally overvalued rates of exchange were conducting their trade, in fact, at near-equilibrium rates concealed by a multitude of devices, of which the above-mentioned administrative trade barriers were the most common and most frequently practised. Where a currency is kept far above its equilibrium level, and especially-

(2) The latest Report of the Economic and Financial Committee of the League of Nations (published in 1945 and headed "Commercial Policy in the Post-War World", quotes on p. 26: "... as part of the co-ordinated drive towards higher living standards and greater economic security, commercial policies require not only to be liberal but also dynamic. The first condition of a dynamic commercial policy is that it should adapt itself to fundamental changes in the structure of the balance of payments". That implies that only after such adaptation the necessary starting point for determining existing trade barriers should be internationally agreed to.

when a country's gold and exchange reserves run out — as they did in Germany — import restrictions or artificial (non-economic) export stimulations become inevitable. Thus overvaluation perpetuates controls, bilateral trading arrangements, and in the end, trade reduction.

This consideration is also important for the future. A country with an overvalued currency, and this has been the case where war prosperity has caused an inflationary trend of domestic prices and concerns a large number of countries, suffers a loss in its competitive power to export, and, as exports decline, imports must be cut down considerably if the external accounts are to be balanced. The methods by which this cut is brought about have been dealt with under the headings of either tariff—or administrative barriers. There may be others, e.g. the establishment of multiple currencies and organisational barriers, which will be dealt with in a later chapter. But it is actually wrong to blame the methods that had been adopted by the various countries for the contraction of world trade in the inter-war period. It is not control of foreign exchange, quotas, licenses, etc., but their underlying conditions that impaired the development of foreign trade, viz. the extreme dislocation of exchange rates.

The mere equality of a country's foreign receipts and payments is not, then, an acceptable criterion of the equilibrium rate of exchange if the equality must be enforced by such trade restrictions.

There is also another case in which such equality is not a sufficient criterion. It is conceivable that a country may keep its balance of payments in equilibrium by reducing the demands for imports through a depressed level of aggregate domestic money income in relation to productive capacity, and, if wage rates and prices are rigid, this contraction in money income will manifest itself in large-scale unemployment in that country. The balance of payment remains in equilibrium. Yet it is hardly proper to call the exchange rate a true equilibrium rate if it can be maintained only by means of depression and unemployment at home.

The British policy in the years 1925-1930 affords a good illustration of this point. There was little sign of disequilibrium in the British balance of payments, yet the sterling was rightly regarded as overvalued, the main reason being that there was practically no net change in the British gold reserve during that period. The British balance of payments was kept in equilibrium only at the cost of depressed

conditions at home compared with the development in the outside world. Thus, a country which, at a level of full employment, has a deficit in its balance of payments, must reduce its national income and its standard of living below this level in order to restore its balance-of-payments equilibrium would commit needless self-torture. A reduction of the national income to a point to which the balance of payments is in equilibrium, is necessary only if the country's reserves are inadequate to meet the deficit.

It is not to the point of this essay to criticise or to defend the actual British policy in the face of these circumstances. One might argue that Britain should have expanded her domestic income and employment to a normal level; at that level she would have a deficit in her balance of payments thus proving that her currency was overvalued; and after furnishing this proof the sterling should have been permitted to devalue. This is a good general rule. But it may not work in the case of a country the international liquidity of which is so small that it cannot incur a deficit. The British gold reserve of 150 millions was a small reserve at that time. Taking into account Britain's short-term liabilities (about 275 millions), there may have been no margin at all. A reduction of the money rate in England would have led immediately to an outflow of short-term funds and a corresponding loss of gold. This gold would subsequently not have been available to meet the resulting deficit of the balance of payments, which would have been the inevitable effect of the domestic expansion.

As a general rule, however, so long as its international reserves are adequate, a country should be expected to make use of these reserves to meet an actual deficit in its balance of payments before a downward adjustment of its rate of exchange can and should be resorted to.

### *(b) Principles of Exchange Adjustment.*

To determine the criterion of exchange adjustment which is recognised and recognisable, within the limits of the Bretton Woods proposals, we shall first of all have to put up with an obvious disadvantage that may ensue: It may act as a signal for speculative capital transfers in anticipation of changes in exchange rates. It may have partly been for this reason that such a criterion was not embodied in the Final Act. But the absence of an objective criterion does not ensure absence of speculative capital movements; for offsetting such movements the Fund would need additional resources which will hardly

be available. These resources must be strictly devoted to the balancing of normal international transactions, including trade and constructive investment. The necessity for an agreed and recognizable criterion of exchange adjustment will remain one of the first points on the agenda of the Fund.

The most common reason for depreciation of a currency will be the desire to defend or expand domestic employment by increasing exports or decreasing imports; and it may confidently be expected that the temptation to such devaluation policy will occur with countries experiencing cyclical or structural balance-of-payments difficulties in the post-war world. We have seen and discussed before that the same objectives may be achieved by restricting trade through legislative, but more often through administrative barriers. We have rejected these measures as unjust and immoral since they will necessarily involve discriminatory treatment and will subject commercial relations to political considerations and diplomacy. We have also shown that they rarely tend towards an expanding trade and in the end frustrate the very objectives for the achievement, of which the measures mentioned had been previously taken.

From that latter point of view the same rule would apply to a devaluation of the national rate of exchange. The gain in employment that such policy involves is never more than temporary. Prices, and probably wages rise under the influence of the increased cost of imports, and this begins to eliminate the bonus to exports (1). But usually, retaliatory action by other countries follows suit immediately. The original export differential is quickly undermined by counter-measures, the most probable of which will be just the very same proportion of devaluation of the own rate of exchange. Having experienced such a cycle in the early thirties<sup>2</sup>, countries may rather choose to resort to the other devices, involving the above-mentioned controls, trade restrictions, and the like. But we have pointed out that also in such cases retaliations will follow and no permanent benefits will be derived from such a policy.

From the point of view of justice and morality, devaluation has the slight advantage over direct administrative controls in that it need not have a discriminatory effect. Thus, it could be placed into the same category as import duties.

(1) See HOWARD S. ELLER, "Bilateralism and the Future of International Trade," *Essays in International Finance*, Princeton University, Princeton N.J., 1945, p. 2.

But it should, therefore, not be permitted to be used freely. It is the primary purpose of the International Monetary Fund to supervise it and to form some bulwark of monetary stabilisation against measures designed to undermine the necessary confidence in international business.

There is no doubt that the main criterion for an adjustment of the rate of exchange must be the balance of payments, and only when a country shows a persistent, chronic balance-of-payments deficit should devaluation be approved; though in special cases, as we have seen above, it will be necessary to resort to such a step even when the balance-of-payment does not show a nominal deficit, but when it is kept in equilibrium by artificial means designed in the end to restrict trade or to depress the domestic income of the country, and thus the standard of living of its population.

Ragnar Nurke in this previously quoted essay on the "*Conditions of International Equilibrium*" has distinguished between two policies, which can be represented by devaluation as an anti-depression measure. He designates the two policies "beggar-my-neighbour" and "buffer" policy. The first case arises when a country which suffers from a domestic depression seeks to cure that depression by improving its balance-of-payments through depreciation of its currency. What it does in effect, is to secure for its national output a larger share of the existing world demand at the expense of others. Such a policy is rebuked by the author of the quoted essay because it is unnecessary; for even without a devaluation a country suffering from a domestic crisis is likely to develop a balance-of-payment surplus as an automatic consequence of the fall in its demand for imports and increase in sales abroad as a result in the fall in export prices (affected by the general downward trend of the price level). Circumstances themselves, it is argued, will automatically tend to affect the balance-of-payments favourably. Apart from it, Nurke advocates domestic measures to cure a depression of domestic origin. Frequently, however, domestic measures will require imports from abroad which will have to be balanced by corresponding exports or by credits. (The attitude of many countries already indebted towards new loans is at the best rather doubtful. The case of the Lease-Lend controversy and the provisional British counter-measures gave ample evidence.) Artificial stimuli to exports may, therefore, be resorted to, which may take the form of either export subsidies or

currency devaluations. True, depression at home always carries a surplus of the balance-of-payments, but many a non-industrial or semi-advanced country cannot adopt a policy of domestic expansion without largely increasing its imports, for which it will lack the international means of payment.

According to Nurkse, the case is quite different when the purpose of the devaluation is not to exclude others from its share to international demand, but if it is to act as a protective buffer against a depression originated abroad. If a country is faced with a depression in one of its principal markets abroad, this depression will tend to spread to its domestic economy through an adverse trade balance resulting from the fall in its sales, and if prices abroad are reduced as a result of the depression, it will ensure an increase in the volume of its imports. Then, in accordance with our definition of the equilibrium rate, the deficit thus arising would justify a certain depreciation of the currency rate.

I am not convinced that a depreciation of the rate of exchange in the case where the depression originates from abroad is more justified and more necessary than if it started at home. Firstly, each country will hold a certain amount of international currency reserves to meet a cyclical balance-of-payment difficulty. If the reserve is not adequate the International Monetary Fund will step in to apportion scarce currency for meeting the deficit. The method of currency adjustment only constitutes what Nurkse calls "a third line of defence". But it does not make any difference whether the depression which is to be combated by such device has been originated at home or abroad. Since we have agreed that there is no economy to-day which is really self-sufficient in that it can afford to exist without foreign trade relations, and since the spreading tendency of depressions has been proved both by economic theory and experience, it is difficult to concede to a country, which has lost an important export market, a better right to resort to exchange rate adjustments than to a country, which suffers an internal depression. In both cases it is extremely difficult to determine precisely what alteration of the exchange rate is necessary to secure the restoration of the equilibrium rate. If the change is required only for a short-term, and this will always be the case unless there is some structural reason for a depression, it would certainly not be worthwhile to create all the disturbances attending the money depreciation, including the shifts induced in the structure of production as

between export and home market industries. As I have shown above, the standard period over which the balance of payment is to be kept balanced as a test of exchange rate equilibrium, should be long enough to permit any cyclical changes to cancel out. This presupposes a volume of international liquidity adequate to settle any temporary deficits within the given period. It should be the function of international currency reserves, in the national treasury and in the International Monetary Fund, to meet cyclical and other short-term discrepancies in the balance-of-payments. The device of a monetary depreciation need, then, not be resorted to.

Professor G. Haberler in his "*Prosperity and Depression, a Theoretical Analysis of Cyclical Movements*", League of Nations, 1939, has provided a very impressive distinction between the various forms of depressions and their relation to international trade. For the purpose of the justification of monetary depreciation we must only distinguish between cyclical depressions on one hand and structural (including the so-called "chronic" depressions) on the other (1). Whether exchange rate adjustments are appropriate in cases of chronic and structural disequilibria is another problem, and I am prepared to admit that it deserves at least serious consideration. As a remedy of more persistent strains this device might often succeed; provided it is given time to produce the desired effect. That, of course, we must agree, will not often occur. Similar to exchange control and other restrictive measures against foreign trade, exchange depreciation is likely to be followed by retaliatory steps on the part of the affected countries, and in that case it will mostly be a proportional devaluation.

Our conclusions might be of importance for dealing with the problem of the overvalued currencies, the purchasing power of which has been considerably reduced during the war and mainly as the result of an increase in the currency in circulation and in bank deposits on one hand

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(1) The theory of Prof. Haberler in his above-mentioned publication distinguishes between chronic and structural depression; the former is often referred to as secular stagnation. It is generally attributed to a permanent tendency of over-saving. When savings are large and investment opportunities restricted in relation to the large amount of money available, such stagnation is natural. Structural depressions are, of course, much more serious. They involve the whole structure of an economic entity and require a substantial adjustment of many branches.

and the shortage of supplies on the other. It follows that an adjustment of the rate of exchange of these currencies is not justified unless normal conditions can not be restored fairly soon after resumption of normal imports; in the latter case a structural disequilibrium would have been proved in addition to the "cyclical" one that had occurred under wartime conditions.

(c) *The Alternative of an Offsetting Policy.*

I have shown above that whether a depression originates within the domestic economy of a given country or outside its borders, the actual problem of a discrepancy in the balance-of-payments arises, because exports will either fall or be insufficient to cover the other side of the balance sheet. If nothing is done to counteract it, a cumulative deflationary process may set in, particularly if an economy is largely dependent upon the export industries affected. There is, however, always the danger that the depression cannot be localised quickly enough to avoid its spreading throughout the whole economy of the country.

We can conclude that the basic function of international currency reserves is to some extent to serve as a "buffer" giving each "country a leeway for the regulation of its national income and employment and providing it with a means to soften the impact of economic fluctuations" (1).

The League of Nations publication on "Stability in the Post-War World" recommends for such cases an increase in domestic expenditure to compensate for the reduction in foreign trade, i.e. in foreign expenditure. This policy is essential since the volume of employment depends on the total volume of expenditure. It is admittedly the only way of counteracting a depressive tendency on the domestic market.

Such policy recommended is referred to as "offsetting" policy since it is designed to offset a cyclical drop in demand. In its effect it is also contra-cyclical since it is concerned with combatting the spread of deflationary tendencies. This policy will at least stabilise domestic

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(1) See RAGNAR NERNST, *op. cit.* who, however, distinctly applies this sentence for economic fluctuations arising outside the borders of the country in question. He does not, apparently, concede any reserves to countries struck by a domestic depression. His sole remedy are domestic measures.

affairs. The alternative which is often resorted to, namely a corresponding cut in imports or an artificial incentive to exports, cannot be suggested as an international measure to restore normal conditions.

However, there will be very little achieved by this policy as far as the deficit in the balance of payments is concerned. The deficit will tend to persist so long as the depression abroad continues; hence there is no other alternative for the country in question but to give up part of its international currency reserve in order to meet the deficit. Only an adequate reserve of international means of payment will enable the country to meet the situation without resorting to import restrictions or exchange depreciation. In fact, if such reserve is inadequate, then even a small and temporary depression in foreign demand, instead of being offset in the manner indicated, may necessitate measures designed to restore promptly the equilibrium in the balance of payments, which will always tend towards restriction of imports.

The above-mentioned League of Nations publication (p. 235) gives a very good description of the various implications of the so-called offsetting policy: "Offsetting policy" it says "is often difficult to pursue. Its success is dependent upon the relative importance of the export trade in the whole economy, the mobility of labour as between export and home market industries, etc. A road building programme, for instance, is not likely to cure all unemployment in, say, the textile industry. Thus, the compensatory domestic expenditure on a whole will seldom be capable to prevent a depression in the export industries. It should, however, prevent the cumulative and general depression of the economy on a whole; and that is the primary object of the policy suggested. Little difficulty in the pursuit of such policy will be experienced by a country with a big internal market which it normally satisfies largely itself. A country, on the other hand, whose production is mainly designed to meet the needs of its export markets rather than its domestic ones, or a one-crop country basing its economic system on some kind of monoculture, will obviously have a much greater difficulty in applying an effective compensatory policy than a country less dependent upon either exports or a single export commodity. Such countries are, indeed, necessarily to a greater or less extent at the mercy of the policies adopted by their trading partners. To them, internationally concerted policies for the maintenance of high employment are, indeed, indispensable; for in the absence of such

policies they may be driven to render their economies less dependant on foreign trade by changing the whole structure of their productive mechanism."

"The pursuit of such a policy may, however, prove inadequate if the fall in the country's exports does not merely result from cyclical factors but from a deep-seated shift in foreign demand implying a more permanent loss of markets. Then, measures to adapt the structure of production to the new conditions must be more far-reaching. They must be directed towards raising the competitive power of the affected country abroad by increased productivity. They may be also directed towards the development of alternative export outlets or to substituting domestic products for some previously imported goods."

The principle of the offsetting policy is the opposite of what would have been done under the gold standard. Under that system, things were expected to take their normal course. Often countries in the position described as above, suffering a discrepancy in the balance of payments due to a depression from abroad and, consequently, to a loss in its export market, were even expected to accelerate the spread of depression by pushing up discount rates and contracting credit as gold started to flow out. This tended to reduce the loss of gold to a minimum; but it did so only by speeding up the spread of depression. It was a clear policy of the apparent restoration of the balance-of-payment equilibrium at the cost of poverty and unemployment.

The offsetting policy means that any deflation from outside, and — *mutatis mutandis*—from inside, which threatens the economic stability, is to be offset rather than reinforced. The resulting discrepancy in the balance-of-payments—it may be increased even under the impact of necessary imports to foster domestic production and employment—will and must be settled by the only medium that has been created for this purpose: international means of payment, gold or hard currency.

The main function of the International Monetary Fund will be to set up a substantial addition to the aggregate international liquidity. It would enable countries to pursue the above-described offsetting policy in the interest of domestic stability, because other supplies of foreign exchange might not be available and the reserves kept at home might be insufficient; for it is a long process that achieves the desired result of filling the gap in the balance-of-payments. Offsetting policy will give a favourable impulse to domestic investment leading to an increase in the national income and hence imports. Consequently, it

will also foster export industries in the country supplying the imports, a rise in the national income and demand for imports in that other country, and finally an incentive to new exports from the country pursuing the offsetting policy. The original impulse will give rise almost at once to an increasing gap in the balance-of-payments, and it is this seeming deficit that will possibly prevent short-sighted economists from recommending such policy or incapable administrators from pursuing it. But this gap in the balance-of-payments is only a reflection of the lag of the second country behind the first, the initiating one, in the process of cyclical change. It tends to be closed when his lag disappears through the progressive spread of increased income and expenditure from the export-to the home market industry in that second (lagging-behind) country. At the end of the process, there is bound to be an increased demand for the exports of the country giving the original impulse which will balance the initial rise in imports. Thus, equilibrium in the balance-of-payments will have been restored in the long run, and at the same time a higher level of trade will have been achieved.

The main difficulty of this whole process lies in bridging the gap in the crucial transitory period until the effects described above take place. During this period, it has been in the past the transitional function of gold supplemented by foreign exchange reserves to fill the gaps. Even after the gold standard was largely abandoned, in the thirties' and onwards, the use of gold for this purpose as for all means of international settlement has been universally recognised. The statutes of the International Monetary Fund show that the same role of gold is at least projected into the future. The traditional gold standard system relied not only on gold and foreign exchange as a gap-filler in the balance-of-payments, but also on a delicate mechanism of private short-term capital movements. A deficit in the balance-of-payment was followed by an influx of foreign liquid funds which covered it at least in part thus taking some of the strain off the country's gold reserves. Slight variations in the exchange and money rates made it profitable to acquire bills or balances. By the influx of foreign funds (and at the same time by the exit of gold reserves) the money rate was automatically increased. "The orthodox rules of game implied that any automatic tendency for money rates to change in this way, according as gold moved out or in, was not to be neutralised, but was rather to be strengthened, by deliberate central

bank action (2)." These changes in the interest rates directing the flow of liquid funds also tended to speed up the process of change in the national income and outlay in the countries concerned, a process which ultimately led to closing the gap in the balance-of-payments. Whether similar capital movements in a new system could have the same effect is difficult to say. As an additional assistance to countries which are faced with the problem of filling temporarily a gap in their balance-of-payments (additional, because it must be mainly left to foreign exchange and gold reserves to do the job) short-term capital movements, disequilibrating as they may appear, deserve full consideration. The more we realise the valuable contribution of these capital movements for the transitional period in question, the less we shall be able to agree to the frequently accepted notion that they should be placed under administrative control.

The economic engineers who set up the International Monetary Fund at Bretton Woods, in 1944, were, however, aware of the general tendency towards controlling short-term capital movements. They envisaged difficulties in the interpretation of the clauses which paved the way to such controls. In case of balance-of-payment discrepancies countries affected would have to resort to the International Fund as the only supplement to their own liquid reserves. One should have anticipated, therefore, that the statutes of the Fund should have been explicit as to the way countries are expected to use the Fund's resources. But, unfortunately, it gives no indication as to the possible attitude of the future administration of the Fund as to the "buffer" function of international liquidity. In Article I of the Final Act, there is a general statement of objectives, according to which one of the purposes of the Fund is to "shorten the duration and lessen the degree of disequilibrium in the international balances-of-payments". This, of course, may be variously interpreted. It tends towards the rule, at least *prima facie*, which emphasises the obligation of all countries to keep in step with one another. This implies the obligation to remove as rapidly as possible all discrepancies in the balances-of-payments among them, no matter what happened to employment and domestic depression. All it implies is that a deflationary process that is to set in anywhere after return to normal conditions, must not let be communicated to other parts of the world. The only practical

(2) "Economic Stability in the Post-War World", *cit. op.*, p. 104.

way of "shortening the duration and lessening the degree of disequilibrium" in the balance-of-payments is to establish close co-ordination between the domestic policies of the different countries with a view to keeping prices in harmony and national incomes at a level corresponding to full employment in all countries concerned.

Formal resolution in favour of such a policy as done in the United Nations Charter (1), are not yet sufficient guarantee that all countries will be successful in maintaining their national economy on an even level. Occasional breakdowns are likely to occur here and there, in form either of deflationary or inflationary disturbances.

The case of an inflationary disturbance is, indeed, the more urgent now. The League of Nations, Financial Delegation recommends the following for such a case (2):

"Where inflationary influences from abroad make themselves felt the increase in exporters' income may give rise to an upward cumulative process, and if resources are already fully employed, this may cause an undesirable increase in prices, give rise to speculative activities and have disturbing and regressive effects on the distribution of income.

"As before, the effects of the increased incomes of exporters may be offset by a corresponding decrease in domestic expenditure. Domestic credit expansion may be avoided by sterilising part of the balance-of-payment surplus. Private expenditure may be reduced by credit restriction or taxation, and public expenditure may be curtailed in the hope of compensating gradually for the boom in the export industries. The balance-of-payment problem in that case is less urgent inasmuch it involves an accretion instead of a loss in gold reserves. It is true that when the gold comes from reserves, one country's gain is another country's loss, and that the losing countries may have to take steps to stop the flow even if the gaining country need not do so. But if the surplus country is small and is absorbing gold from a number

(1) Art. 55 says: "With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, the United Nations shall promote: (A) Higher standards of living, full employment, and conditions of economic and social progress and development" . . . Art. 56: All members pledge themselves to take joint and separate action in co-operation with the organization for the achievement of the purposes set forth in Art. 55".

(2) "Economic Stability in the Post-War-World", p. 240.

of larger countries, this check may not operate. The amount of gold each deficit country is losing may be unimportant, while the amount gained by the surplus country may be large in relation to its annual imports. If the surplus is due to long-term structural factors, the country may not wish to tie up a large and constantly increasing part of its assets in gold reserves.

"In this case some structural adjustment in the balance-of-payment may be required: This may take the form of increased long-term lending, of relaxation of import restrictions, or of an appreciation of the currency. The last two methods which operate on the current balance also help to offset the increase in domestic expenditure and prices. By diverting some expenditure from the home market to imports or by discouraging exports; they would tend to check the inflationary effects of the original rise in foreign demand. An increase in long-term foreign investment, though it would serve to offset the current surplus and thus produce an equilibrium in the balance-of-payment as a whole, would not necessarily exercise any offsetting influence on the national income. It may do so in certain circumstances, but when it does not, a greater cut in domestic expenditure would be necessary to avoid inflation than if the balance-of-payment adjustment were effected in another way.

"One of the rare examples of a deliberate adjustment of a balance-of-payment surplus was the appreciation of the Swedish crown during World War I in order to check an unwanted inflow of gold. Most countries, however, gave preference to sterilise part of their gold imports, leaving their exchange rate unchanged; and when faced again with a surplus in 1936-37, the Swedish Government took steps to offset the inflationary effects by curtailing domestic expenditure but undertook no structural adjustment of her balance-of-payments so that gold continued to flow in."

An offsetting policy instead of an appreciation of the rate of exchange is also recommended in the case of an inflationary trend. In both cases a country must endeavour to keep total expenditure on its current national output at a level corresponding as nearly as possible to full employment. Since part of the total expenditure on its output is expenditure by foreigners, over which the country in question has no control, it must therefore be prepared to offset variations in foreigners' expenditure by opposite variations in its own domestic expenditure in order to keep the total flow of spending at the proper level.

" This offsetting policy cannot, of course, prevent booms and depressions in the export industries. It could prevent them only if the export commodities concerned would be storable and in fact stored in bad years for release in boom years (1). " Hence, a compensatory increase in domestic spending is frequently no remedy for depression in the export industries. But the offsetting policy will at least prevent the wide and cumulative fluctuation throughout the domestic economy, which might otherwise result from fluctuations in foreign demand. This appears to me the only policy compatible with national full employment and with a reasonable stability of exchange rates and freedom from controls and unnecessary and discriminatory trade restrictions.

The offsetting policy which appears to be designed for cyclical (i.e. temporary) depressions and disturbances can probably not stand on its own against the onslaught of structural, more permanent depressions where there is no chance that the lost market may be fairly soon regained. Then, a disequilibrium of the balance-of-payments must be considered more persistent leading to a continuous drain on foreign reserves. Under such circumstances, a depreciation of the rate of exchange should rather be taken into consideration than a substantial cut in imports or subsidised (uncommercial and un-economical) exports. Whether currency depreciation can achieve the structural adaptation which is necessary to regain the competitive power in foreign markets, is however, doubtful. For such cases I suggest more sweeping economic reforms with a view of improving productivity and efficiency of the industry and agriculture concerned. It must be admitted that such structural changes take time, and the awkward interim difficulties in which it is still necessary to fill the gap in the balance-of-payments, can only be remedied by additional international liquidity reserves. This would mean that—apart from the own reserves plus those apportioned by the International Monetary Fund—the country in question will have to open its gates to foreign investment, under whatever terms it may be available. The Fund's objects will be wrongly interpreted if they will permit the members to lie back and rely on borrowings from its sources only. It is everybody's own responsibility to put its affairs in order, to get out and hustle. The Fund cannot make

(1) See RAGNAR NURBERG, *op. cit.* p. 16.

rough roads smooth or compensate for reckless driving. The case of the British economy which approaches the above-given description after nearly six years of strained war economy deserves profound examination in the light of these considerations. I shall take opportunity to indicate this complex of problems under the following section.

(d) *International Liquidity and Foreign Investment.*

From the function of international liquidity which, we have agreed, is essential to provide the means for pursuing the suggested "offsetting" policy, we have now to turn to its distribution, i.e. the forces which are to ensure that the international means of settlement are readily available.

Obviously the global volume of international liquidity must be large enough to permit the settlement of short-term balance-of-payment discrepancies. It would be ideal indeed if it would even settle the long-term deficiencies. In the past, international liquidity had never been well distributed so as to assist those nations who really needed it. Primary-producing countries showed a much wider range of variation in their balances of payments than did the industrial countries. The latter, however, have traditionally been the creditors of the former, and only during the war has this position of creditor-debtor relation been substantially altered. Thus far, the industrial nations held the bulk of the reserves in international means of settlement, and countries which produced raw materials and food never held enough to meet successfully the problems, with which depressive trends from abroad were confronting them. When economic conditions in industrial countries slackened, their demand for foreign goods,<sup>9</sup> especially for those produced by primary-producing countries, dropped, thus declining the national income of the nations concerned. Since "offsetting" policies were unknown or their practice either not appreciated or considered unsuitable and incompatible with the "orthodox rules of game", the only remedy was the traditional one of cutting imports in order to maintain the nominal equilibrium rate of exchange. The situation of the primary-producing countries was aggravated, the more that the loss of markets was accompanied by a partial, sometimes complete, cessation of the import of capital from these very countries. Trade was depressed and its effects spread all over the national economy.

The discrepancy between the liquidity of industrial and primary-producing countries has been accounted for to many reasons.

Ragnar Nurkse in his frequently quoted "Conditions of International Monetary Equilibrium" (Princeton, 1945, p. 14) has enumerated them and shown the most obvious one which is this: "Economic progress gives rise to an increased demand for economic stability as part of a higher standard of living. An "obvious corollary" of this proposition is that, at any given time, different countries at widely different levels of real income and wealth are likely to attach a different importance to stability, as compared with greater immediate satisfaction of urgent material needs. This consideration leads us to conclude that for each country, there exists a normal level of international liquidity, a level determined by the various factors governing the need, the desire, and the ability to hold international cash reserves. The distribution of international reserves is, however, not appropriate and does not correspond to the equilibrium levels of international liquidity from the point of view of the individual countries. A reserve", continues Nurkse, which a rich country might consider just sufficient might, to a poor country, seem a luxury beyond its means. The unequal distribution of wealth and the unequal economic requirements also account for the maldistribution of international liquidity reserves, and the maximum austerity in the use of foreign exchange for current needs might build up a reserve, which can be of use in difficult situations; but in the case of a poor country, this reserve would be hoarded at the cost of the standard of living." Again we had a case of attaining equilibrium in the balance-of-payments at the cost of poverty at home.

Under such conditions, there will be the irresistible tendency on the part of these nations to make use as much as possible of the international reserves of the Monetary Fund. The dollar and gold reserves, however, are limited to the amount of £ 2,200 millions which is nothing in comparison with the potential balance-of-payment discrepancies in the post-war world.

The only remedy to the situation is international investment, long-term capital movements; it is also the only means of preventing a complete breakdown and distortion of the international trade system that is desirable to maintain throughout a prospering world. International investment, indeed, is the crucial point in the functioning of international liquidity mechanism.

The League of Nations' publication on "*Economic Stability in the Post-War World*" (Geneva, 1945, p. 101) recommends the following form of investment :—

" International productive investment (which is apparently all long-term lending, for purposes other than speculative ones) involves more than the provision of funds. It is likely also to involve on the one hand the placing of orders for plant and equipment in one or more industrial countries and, on the other, expenditure in the receiving country for their installation. The operation, therefore, is of a type that is likely to stimulate initial expansion simultaneously in at least two countries and, thus, through its effect upon their incomes to set in motion at the same time within each of these countries forces that lead cumulatively to increased foreign trade. In these circumstances the initiating impulses for exports and imports more nearly coincide and the subsequent development of lags would be more likely to reflect the specific technical conditions affecting the nature of the foreign trade of the country concerned . . .

" . . . An increased demand for exports in any country is likely to be reflected in greater opportunities for the investment of capital, either foreign or domestic, not only in the export industries themselves but in industries supplying the home market. . . . When the expanding demand for export infringes on an economy enjoying a fairly high level of employment, the range of opportunities for further investment will be much broader, particularly if the country is still relatively in a rapid state of development. These opportunities will lead both to increased investment from domestic funds and increased demands for foreign capital, and the spending of these funds will operate to expand further the demand for imports for general consumption as well as for specialised productive equipment."

From the orthodox "accountancy" point of view, foreign lending will, of course, have its obvious disadvantage for the balance-of-payments. Whereas an increase—for instance—in employment due to domestic investment renders the balance-of-payments of other countries more positive and stimulates employment in these countries, an increase due to an export surplus may have precisely the opposite effect. This does not mean, of course, that an export surplus on current account is necessarily harmful to other countries; it may be extremely beneficial. This is particularly true of undeveloped areas wishing to develop their resources. In this situation, an import

surplus on current account for these countries, although again kicking against the ball of the "orthodox" rule, may be welcome as relieving poverty and accelerating advancement, rather than feared as a source of unemployment. But an import surplus has to be paid for, and as gold and exchange reserves are limited, it can only be maintained by capital imports.

For the lender capital export is of decisive importance; it offsets excess savings (often leading to so-called chronic depressions) and stimulates employment. The corresponding import surplus in the borrowing country enables the opening up of resources and their development; it also stimulates employment and raises the standard of living. It will always help to bridge a somewhat longer than temporary, cyclical balance-of-payment discrepancy. If thus industry of the lending country is kept going, demand for raw materials in primary-producing countries is maintained, and depressions would be easily averted in the very beginning.

In the past, unfortunately, investments have not taken this course and therefore had no contra-cyclical effects on depressions. They only expanded when business improved taking the reverse course when it slackened. Foreign investment, in the inter-war period, however beneficial its long-term effects could have been, has tended rather to accentuate than to soften industrial fluctuations.

It is the object of economic statesmanship to direct investment or at least to lead its way into the proper contra-cyclical channel. Whilst being a long-term problem in normal times, owing to the very long-term nature, it presents itself in a very acute form now. If either a war-ravaged (economically distorted) country or a backward territory is unable to meet its capital requirements by capital imports, it may be driven to use up whatever international cash reserves it can command, so as to meet at least part of these requirements. International liquidity, which, we have agreed, should be used merely for meeting short-term difficulties, might then be used for long-term purposes, for which capital investment should take its place.

For that purpose, a second institute, the International Bank of Reconstruction and Development has been agreed to at Bretton Woods late in 1944. The bank is essential to the success of the fund as well. It might at least serve as a shock-absorber for the fund; for without an adequate volume of reconstruction loans, the quotas in the fund will be quickly used up, with the result that in a few years the fund will be practically immobilised and the countries in need of internationa-

liquidity for filling gaps in their balance-of-payment which are due to cyclical difficulties, will not be able to avail themselves of these facilities.

All that may be dispensed with during the transition period when countries will be still allowed to practise foreign exchange control (\*). The provision of liquid resources for short-term balancing purposes may, therefore, come to be postponed. Later, when these liquid resources will be at the disposal of members only having to settle temporary discrepancies, the methods contemplated in the plan for the bank will come into operation. The plan for the bank attacks the problem of international investment mainly by settling the problem of risk. The bank itself may be unable to do much towards reducing the actual risk factors, since many of these may remain outside its control. What it sets out to do, is to pool the risk and equalise the risk premium, it proposes to do so by a procedure of joint international guarantee.

But the means placed at the disposal of the bank are small in comparison with the actual demands of a dislocated world economy. We shall have to rely upon other resources, official and private, and indeed from those of the wealthier nations of the world. There are only a few left, and indeed the only important one is the United States. The fact that the loan power of the United States Export-Import Bank has been increased last year from 750 million to three and a half billion dollars indicates that America realises the necessity of international investment. We may see in it part of America's prevailing tendency at the moment to collaborate with the rest of the world, both politically and economically. The recent hearing of both Finance Committees of Congress on the repeal of the Hiram Johnson Act, which prohibited private loans to countries in default of their debts after World War I, also revealed the new orientation in the United States. It was only a few years ago that most of United States public opinion on Finland, for instance, was able to be shaped almost entirely by its high moral status as a country that had paid its war debts. Some senators in that debate even suggested the cancellation of all war debts by an Act of Congress, and President Truman's declaration in September last (soon after terminating Lend-Lease) that the largest part of the loans under the Lend-Lease Act will have to be waived in view of the position of the debtor countries shows the serious consideration in the U.S.A. that is being given to these ideas. Assistant-Secretary of State, Mr. Clayton, recently made a statement to the effect that the

(\*) See Art. XIV of the Bretton Woods Agreement (Final Act).

repeal of the Johnson Act is nothing but a logical consequence of the Reciprocal Trade Agreements Act, which paves the way for increased imports from many debtor countries thus justifying further investments. "The U.S.A.", he said, "can choose between economic isolation and a policy of interrelated economic co-operation with other countries. But its position must be consistent, which it was not after the first war, when we lent with our right hand, but by erecting high tariff barriers with our left hand, we said in effect: "Be damned if you can pay". The Committee for Economic Development which is nearest to the moderate circles around Clayton and Leo Crowley, the late Foreign Loan Administrator, goes so far as to recommend cancellation of all international obligations, where that seems the most effective and practical method of settlement to encourage trade and movement of productive capital, both private and public.

The settlement of war debts or at least the attitude that will be adopted by both creditor and debtor nations, but mainly by the United States, is indeed one of the most important prerequisites for future international investment and trade.

#### (c) *Debts and Markets.*

There is in spite of reassuring statements as those shown above, no real guarantee that the debts incurred during the war by the various belligerent nations will not constitute a burden for future international trade. True, the preliminary agreement between Britain and the U.S.A. (later concluded between most of the United Nations with the U.S.A.) which is to govern the repayment of lease-lend supplies (signed on February 23, 1942) has made a good start in defining the relations between war debts and post-war trading aims and methods of the nations concerned. It states in its famous Art. 7 that "the terms and conditions of repayment shall be such as not to burden commerce between the two countries, but to promote mutually advantageous, economic relations and the betterment of world-wide economic activities". Provision is even made for agreed action between the countries, directed to the expansion, by appropriate domestic and international methods, of production, employment, and the exchange of goods which are essential to the well being and the liberty of all people<sup>(1)</sup>.

(1) The magnitude of the problem of repayment of war debts has been largely reduced by the character of the lease-lend legislation which, in the words of the late President Roosevelt, takes the "dollar-sign" off the transaction. It is the first time that monetary loans have been made on a non-commercial, non-economic, and non-financial basis. It is not because goods and not money have been supplied under the Lease-Lend Act.

After the last war, negotiations for the repayment of war debts among the Allied nations proved to be a fruitful source of misunderstanding and political bitterness. Whilst reparations from Germany

Many a credit system, in fact, all loans supplied by the Import-Export Bank are being based on goods. But it is the very generous and far-sighted stipulation on repayment that makes the agreement so important and opens the prospect that it will not be a burden to future trade relations. The agreement is so important for the commitments of both parties and, indeed, of all recipients of loans-lend, that it is reproduced herewith:—

"ART. I.—The Government of the U.S.A. will continue to supply the Government<sup>1</sup> of the United Kingdom with such defence articles, defence services, and defence information as the President shall authorize to be transferred or provided.

"ART. II.—The Government of the United Kingdom will continue to contribute to the defence of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

"ART. III.—The Government of the U.K. will not without the consent of the President of the U.S.A. transfer title to, or possession of, any defence article or defence information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

"ART. IV.—If, as a result of the transfer to the U.K. of any defence article or any defence information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any rights of a citizen of the U.S.A. who has patents in or to any such defence article or information, the Government of the U.K. will take such action or make such payment when requested to do so by the President of the U.S.A.

"ART. V.—The Government of the U.K. will return to the U.S.A. at the end of the present emergency as determined by the President, such defence articles transferred under this agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defence of the U.S.A. or the Western Hemisphere or to be otherwise of use to the U.S.A.

"ART. VI.—In the final determination of the benefits to be provided to the U.S.A. by the U.K. full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the U.K. subsequent to March 11, 1941, and accepted or acknowledged by the President of the U.S.A.

"ART. VII.—In the final determination of the benefits to be provided to the U.S.A. by the Government of the U.K. in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden negotiations between the two countries, but to promote mutually advantageous economic ends, they shall include provision for agreed action by the U.S.A. and the U.K., open to private international and domestic measures, of production, employment, and the and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and in general to the attainment of all the economic objectives set forth in the Joint Declaration made on August 2, 1941, by the President of the U.S.A. and the Prime Minister of the U.K.

"At an early convenient date, conversations shall be begun between the two Governments with a view to determining in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded governments.

"ART. VIII.—This Agreement shall take effect as from to-day's date. It shall continue in force until a date to be agreed upon by the two Governments."

"Signed and sealed at Washington in duplicate this 22nd day of February, 1942.

could not or would not be collected by the U.S.A., partly because public opinion was largely against its exaction, Allied war debts were considered as quasi-commercial obligations, although it should have been obvious that the two forms of debts were inextricably linked. The bulk of the loans were made at relatively high interest rates and were spent in the U.S.A. at comparatively high-price levels. At the close of the war, France owed to Britain and America about the same amount as the reparations due from Germany. Britain owed to America nearly as much as she was owed by her Allies. Since Germany was in default, it was proposed to cancel the her Allied debts to the U.S.A. (1) but the United States rejected. Therefore, separate settlements had to be effected.

The principal sum owed by Britain amounted to more than four and a half billion dollars, which was to be paid by instalments over a period of 62 years, with a compound interest approaching some six and a half billion dollars during that period. Of the total of about eleven billions, only 1.3 billions have actually been paid between 1923 and the Hoover Moratorium of 1931. Although only this small percentage had actually been paid, it amounted to slightly more than 80 % of the total payments received from all countries by the U.S.A., (though the British share of war debts to the U.S. never exceeded 40 %). It is obvious that the other nations did pay even a smaller share of the debts incurred. Since 1932 when reparation payments from Germany were in effect abandoned (Lausanne Conference), no further payments on the U.S. debt account has been made by any Allied nation, with the exception of some token payments and that of the outstanding but negligible case of Finland. But the formal note of payment continued to be served each six months, plus interest on payments in arrear. The official bulletin of the U.S. Department of Commerce contains no record of such notes having been sent after 1940.

It seems to have been taken for granted now that there is no hope that the United States will ever have a chance of collecting the outstanding debt from the first war. It may well have to take the same attitude this time without the same bitterness and misunderstanding that official negotiations and insistence on payment may bring with it.

(1) See HANSEN G. MOULTON and LEO FANLOVSKY, "War Debts and World Prosperity", Washington, 1932. Quoted by Prof. J. B. COZZOLERA, "Agenda for a Post-War World", London, 1943, p. 152.

The situation around Lease-Lend is less complicated than that of the last war's debts. Britain, for instance, has very little to expect for the assistance offered and rendered to a number of smaller nations during this war, although, it must be admitted, the amounts in question may be negligible. In fact, apart from reparation payments with which we shall deal below, Britain is a debtor nation, and so are many other countries, which have actively taken part in the financial war effort. America is the only important creditor nation having supplied goods and not paper money. This is important for considering the claims of other creditors against Britain.

I have indicated the British financial situation under the chapter "Psychological Background of Potential Conflicts" and whilst writing these lines we are witnesses of a present conflict between the two nations although we have all reason to believe that it will not affect the long-term commercial interests and the basis for economic co-operation. It did not require an exact knowledge to grasp the fact that Britain's capacity to make a reasonable repayment on account of the materials supplied to her for war purposes will depend largely upon what earning assets she would left after this war. There have been proposals to transfer to the U.S.A. certain British holdings which are left now, but most of them have been accounted for already, and only not very marketable have remained. Furthermore, the acquisition by American investors of British-owned enterprises in the Western Hemisphere may pay current bills, but it would reduce future capacity to pay. It would amount to using capital assets for current consumption and impair future imports.

The order which ended the Lease-Lend system was issued on August 21, 1945. It arouses perturbation in Britain more than in any country which has been receiving far less than Britain. There was no doubt that America's assistance to the world, in fact, its best investment it could have done for its defence, was bound to end with the termination of hostilities (a week before). The official British reaction, however moderate in comparison with some of her economists, was one of defiance to the opportunities in the field of future international loans, and the following week, the British Board of Trade announced important cuts in imports from dollar countries. The termination of Lease-Lend was generally referred to in Britain as the "economic Dunkirk". In fact, it was nothing of the kind. Everywhere the

immediate effects on British economy appear to have been grossly exaggerated. Mr. Attlee spoke of an unbridged gap of £1,200 in the British balance-of-payments. But much of this gap, he forgot to mention, is represented by munitions: (a) outside the circle of lease-lend and (b) which the British Commonwealth no longer needs. Excluding munitions, the total imports into Britain from the U.S.A. did not exceed £ 530 millions in 1944. In this total, much the largest item was oil, mainly for war-requirements. The remainder has been calculated at war prices, and it is considered that the real gap, for normal trade ex the U.S.A. will not exceed the total of £250 millions. That takes into account immediate (almost pent-up) demand for housing machinery, etc., for reconstruction.

It was in my opinion not the termination of Lease-Lend that caused a real perturbation, but the subsequent statement by President Truman (in his quarterly report on Lease-Lend operations to Congress) suggesting that the overwhelming portion of the American contribution of 42 billion dollars should be cancelled. That announcement was the more important since the Act itself declares that the liquidation shall be on terms "which the President deems satisfactory (1)".

I consider the statement of the President somewhat perturbing not because I believe in the possibility of repayment of Lease-Lend. I am only afraid that what Secretary J. Byrnes declared to be "hasty generalisations" may turn the favourable attitude now prevailing in the United States towards actual cancellation of the debt to an adverse, more "commercial" attitude of demanding the pound of flesh from the anyhow wounded, impoverished debtor. Secretary of State Byrnes, indeed, succeeded in calming down the excited atmosphere by explaining that "while the U.S.A. would not seek paper contracts to pay dollars which will not be available to the debtors: this did not mean that there are no Lease-Lend settlements to be made". This statement may have placated Congress to some extent, but it also strengthened the opposition. Senator Taft, for instance, declared the day after, "that whilst there are no many things in Lease-Lend the United States can get back, but the right to get them should be retained as a bargaining power in the national effort to aid American commerce". Even Senator Vandenberg who has certainly no isolationist inclinations, and was a member of the U.S. delegation in San Francisco, emphasised that he had no illusions about the cash position of America's major allies, but he urged that Lease-Lend is only one

(1) 25 billion dollars have, in meantime, been cancelled in favour of Britain

factor in the liquidation of this war. "There are many other things" he said, "touching both economies and national security still to be settled. There are many unanswered war ideals, very dear to the American heart, yet to be satisfactorily stabilised. I submit," he went on, "that what we do for our Allies is of no greater importance than what we are entitled to demand on behalf of our own objectives, and we must strike a total balance sheet before we made any further piecemeal settlement of accounts".

Some people may think that all that is said in anticipation of the election next year. But the fact that these politicians have to pay so scrupulous attention to the elections shows where public opinion in America might stand. There are, indeed, a good many men in the States, and in leading positions, who are not only thinking politically in an electoral sense of the word. Their interest is in the wise use of American economic power to carry aid to Britain and other Allies of hers, and some of them will have reached the conclusion that a multilateral debt reduction within the family of the United Nations would make an excellent point of departure.

The interest both of the U.S.A. and of Britain in the task of economic reorganisation is obvious. The interest is inherent in the role the United States has been playing during the war as the main arsenal of the United Nations, in the procedure by which financial and material aid has been given to the embattled democracies of the world and in the provisions ultimately to be made for the settlement of accounts. No better illustration than that of the Polish economist Dr. L. RASCHMANN in his *World's Destiny and the U.S.A. (1)* (Chicago, 1941), has been made to the case which explains the situation as this: "By congressional enactment, the President of the U.S.A. has been given power no human being has yet been vested in the history of democracies; namely, he, and he alone, is to determine, what, in his judgment, should be the counterpart that the democracies fighting to-day should tender to the U.S.A. in exchange for aid of all kinds that they will be receiving now in an ever-increasing scale". This presupposes closer and closer collaboration in the planning of economic and financial strategy that will cover the period of the post-war economy.

The way in which the repayment of Lend-Lease is being settled might have some bearing on the settlement of the other debts among

(1) RASCHMANN, *World's Destiny and the U.S.A.*, Chicago, 1941, pp. 65-66.

the Allies. Britain, for instance, which is the largest debtor to the U.S.A., is also the largest debtor to the rest of the world. Apart from Lease-Lend (amounting to more than 4,000 million pounds, Britain owes more than 3,500 millions to the world. Most of this debt is owed to British dependencies or members of the Sterling Bloc, which have thus become financial dependants upon Britain. With regard to that debt, Britain is the victim of the recurrence of the old "war debt problem" with heightened intensity. During the negotiations between the U.S. and the British Government in Washington over the form in which some kind of Lease-Lend is to continue for the first peace-time period, suggestions have often been made and announced to treat these debts similar to the Lease-Lend debt incurred for the defence of democracy. There is a strong case for these suggestions in so far as they will saddle some of the expenditure that has been made for the sake of freedom and victory over the menace of Fascism on other nations as well. One should have presumed that at least Britain would have agreed to these suggestions, although they should have required the approval of the creditors. There is no question of Britain trying to escape her obligations by unilateral action, or at least without consulting her creditors, except by defaulting which would throw a black spot on her hitherto clean commercial reputation. But the world should at least have anticipated some official approach on the part of the British Government *vis-à-vis* her creditors to negotiate on the settlement of the debt. Thus far, nothing has happened in this respect (1).

The character of the British debt to America and that to the rest of the world is, of course, different in its basis and in the way it has been incurred. In one case, we have a legal and voluntarily concluded loan-agreement, in which the terms of repayment have been fixed so as not to burden future commercial relations. Since American insistence on immediate payment of interest plus amortisation or a promissory note to that effect by the debtor would most likely burden future commercial relations, not only between Britain and America, but certainly among all trading nations of the world, a special settlement must be made. In the other case, however, no such stipulation has been made, nor has in all cases, and certainly not in the case of her political dependencies sharing the bulk of the credits, the conclusion of the loan-agreement been a bilateral one. In most countries, the credits have been compiled in the following manner: Wherever British troops have gone in this war all financial means covering their

(1) According to the new Anglo-American Loan Agreement, Britain has undertaken to settle her debts within one year (Sec. 10).

expenditure, both in form of pay and in services for them, have been provided by the Allied or occupied country concerned (e.g. India, Egypt, Palestine, Australia, South Africa, Italy). Against provision of their currency the latter countries have acquired sterling balances in England. These could not have been repaid during the war. They could only be released in form of goods or other services, which Britain will have to supply when her industries are reconverted from the war effort to peace-time export requirements. Apart from promising future supplies, there would have been the way of giving up British assets as has been done prior to the conclusion of the Lease-Lend Agreement to the United States, or later to creditors outside the sterling area. The repayment of the sterling credits may, therefore, take some time, especially in view of British domestic demands which have now been deferred for more than six years. In fact, Allied and occupied countries have thus granted to Britain a short-term loan for financing the war. By the incapability of British industry to pay straight away, the loan has automatically been converted to a long-term one, whereby the date of redemption has not been fixed. This applies to all her dominions, colonies, and those other countries which are in some way or another linked to her currency system. It also applies to Italy, the Italian colonies, and Greece. Nowhere, except in Germany, and it may be presumed also in the enemy territories of the East, did the British saddle the occupied countries with the costs of occupation. But everywhere they borrowed from them living temporarily off their fat-

What distinguishes the creditors of the so-called blocked sterling balances from the United States, is their economic situation. For most of the others, especially for India and Egypt, the sterling balances constitute their only asset. They can only plan for their reconstruction on the basis of these balances (unless they would be able to incur new debts). Therefore, they cannot wait indefinitely, cannot forego a large portion of their credits, without undergoing tremendous hardship that would in no way be justified.

Whilst Lease-Lend has been supplied in goods which America produced and controlled and over the disposal of which it had and has now something to say, the other creditors have never been consulted on the expenditure of their loans. They had only been asked to supply the currency requested and got in compensation some good paper accounts (or British Treasury Bills yielding no more than 1%).

It must be admitted that most of the balances in question have undoubtedly been inflated by the high prices charged. In comparison with these prices, Lend-Lease charges have been negligible indeed. If Britain could prove to the satisfaction of her creditors that the inflation has, in fact, been caused by the local market and that the money in question has, in fact, largely gone into the pockets of local suppliers, there would be a good case for considering the reduction of a part of the balances now held. But, unfortunately, such evidence is difficult to provide; a parliamentary investigation into India's balances, for instance, (India holds more than a thousand million pounds of these credits), brought some surprise to those who had based their calculation on the local inflation and its local causes. For a wide range of stores, prices in India were generally below British prices. For others, local economists have succeeded in establishing the proof that inflationary prices were largely caused by imports controlled and monopolised by British and U.S. purchasing agencies. One of the main items leading to inflation has been shipping and insurance rates which has during the war been sole Allied responsibility. The fact that in nearly all countries monetary circulation has increased far above the price and the cost-of-living index, has been assumed to show that military expenditure accounting for the larger part of the currency issue is, in fact, one of the main reasons for inflation, and at least more than local hoarding speculation, and the incapability of the Administration to introduce proper rationing and other measures designed to check inflation. Apart from that, a large part of the sterling balances represent the backing for the local currency now in circulation. A reduction of the debt, therefore, would automatically call for a depreciation of the rate of exchange to the same extent since it would be impossible to touch the credit balances held by private capitalists (accounting for the remainder of the balances).

A depreciation of the many currencies, however, which have been hitherto linked to the sterling pound, as we have seen above, only be agreed to if the temporary equilibrium rate of exchange could not be restored under normal conditions.

What has actually happened in many countries during the war is, however, only a temporary dislocation of the price structure. The rupture of usual channels of supply, the switching over to war production, and last not least, reminiscences of people who have passed through former wars and still remember the rise in prices as well as the depreciation of money in such periods, all this has led to a higher evaluation of good

as against money. We do not know of a war in history where such drift has been avoidable. Hence, the inflationary tendency is itself need not give any cause for alarm. The problem can gain in importance with the degree of shortages of goods and the apparent defects in the system of distribution. It loses in importance with the ample availability of goods, or, alternatively, with a sound and effective distribution system. When admitting that price distortions have been much more severe and pervasive in the Middle East, India, and other territories linked to the sterling, than it has been in U.S.A. or in Britain or in the well administered British Dominions), the reasons must be analysed before drawing any conclusions. In fact, most of the countries concerned have been confronted with the coincidence of three factors that have been militating against the preservation of the price level.

(i) The large part played by imports as regards raw material and consumer goods. (This holds good for nearly all materials imported under a monopolistic system, mainly by the United Kingdom Commercial Corporation, the contribution of which to the common war effort should by this remark not be depreciated.) The enormous margin between the British and the—say—Middle Eastern price for imported goods can only be explained by a deliberate policy by such monopolistic organisations as have been granted the "charter" to buy and sell goods to the local market. Often, this policy is justified<sup>2</sup> by the very genuine desire to absorb surplus purchasing power. But that, in turn, has an inflationary effect. The question who was the first to stagger prices, the local or the foreign importer or trader, is now irrelevant. The fact remains that each country was thereby drawn into a vicious circle, from which only common action could have extricated it and its price structure.

(ii) The influx of large sums of money conditioned by the presence of troops and large military orders placed on local industry. This could not in itself have exerted a very powerful upward pressure on prices, if it were simultaneously possible to order freely goods from abroad. But during the war, an extraordinary rise in demand through purchasing power transferred from Britain, the Dominions, and the U.S.A. to those territories has coincided with the diminution in the accession of goods, or, with a considerable increase in difficulties in securing the inflow of goods. The increase in local production which could have constituted a good offsetting factor has only to a slight degree helped

to reduce the pressure of demand in imports. As a matter of fact, the orders given by the Army to local industry has represented a considerable proportion of the national output.

(ii) The mentality of large parts of the population. Restrictions on consumption and encroachment upon deeply rooted traditions and habits, the fixing of ceiling prices, and official intervention in all phases of economic life, are rarely received with enthusiasm. Oriental communities do not favour such intervention even in periods of extreme emergency. Nor do they regard profit-making in vital commodities at the expense of the bulk of the population a sin against the public. Taken all in all, the observance of any regulations designed to check inflation remains lower than in Britain, the U.S.A., or other Western countries.

It is difficult to say which of the three factors has been the most effective and decisive one. But the coincidence of the three has definitely caused the inflation which is a problem for the transition period for the whole world. But it is certainly premature and for the time absolutely unjustified to call for an adjustment in the rate of exchange, because the local currency has no more the same purchasing power as it had before the war. Whether such reduction should be forced or left to occur through the rules of economic "laissez-faire-play", it would in the long run have an adverse affect upon the whole economic structure of many countries and upon their commercial relations with the rest of the world.

The alternative, therefore, to exchange depreciation can only be the genuine attempt, co-ordinated and effective, to overcome the exchange disparity and to restore the equilibrium rate of exchange. That will, of course, call for an increase in exports and for no relaxation of controls suitable for the fight against inflation. It might also call for special measures, such as the sale of gold for higher than the official price (as long as gold does not move freely) in order to cover expenditure for troops, etc., rather than to resort to the issue of new currency. It might further require the withdrawal of a part of the currency in circulation, particularly by internal loans (possibly also for the use of the military authorities in lieu of further new currency issues). It should have in the past been supplemented by some special issue of "canteen-money" for troops in order to avoid the extensive spending of local money on the local market as well as, of course, a more progressive taxation as it has been done in Western countries. All

these measures could have averted the present situation, and it is probably still advisable to consider them now for partial and modified application.

Under these circumstances, exchange depreciation is at least premature. The events of the "roaring twenties" which had led to a destruction of several currency systems have left their imprints on our minds making us liable to all kinds of apprehensions. These should be vigorously combated, for it is exactly the belief in the recurrence of such a development, which may bring with it the unpleasant features encountered in times of hyperinflation.

4. There is reason to believe that with the long-awaited influx of goods, prices will considerably drop and meet the world-market price which — under the relaxation-economy at least — will increase by some points. Should it prove impossible, after measures taken in that respect, to restore the equilibrium rate of exchange of the sterling-linked currencies after the elapse of some time after armistice, a slight depreciation of the exchange rate may always be considered as a means to avert (or to offset) a more permanent, structural (future) discrepancy in the balance-of-payments.

For the time being, the accumulated sterling balances represent such a large surplus in the balance of payment of these countries that some other solution for the repayment of the British debt must be found. Since it is physically impossible for Britain to repay them in the course of a few years (they nearly amount to five years of British exports at pre-war price and volume, and if some 40% of the balances held in London are accounted for by backing for normal currency issue, this will amount to 3-year exports), the redemption will have to be postponed and settled over a longer period. It is going to strain human ingenuity to enlarge both the British capacity for production and the creditor-countries' capacity for absorption of goods and services sufficiently to allow for any speedy liquidation of the debt. On the other hand, the scaling down of the debt to a free-interest loan over a period of 40 to 50 years would be certainly exaggerated. Between the period of three to five years (at pre-war prices) and that of 40, however, is a big margin in which British industry would be in a position to assess its capabilities to produce the goods wanted by Britain's creditors. It may appear of course, a curious situation that it will be left to the debtor to determine the terms of trade with his creditors; that it will be Britain which will determine how long the creditors

(within a reasonable period, of course) will have to wait for the satisfaction of certain goods, and thus for the repayment of their credits. She will also determine at what prices these goods will have to be obtained, and to what conditions the creditors will have to submit for having their credits liquidated. Britain's terms of trade with all these creditor countries will improve from the marketing point of view. Neither Egypt, nor India, nor anybody else will have the gold to pay for American goods unless the United States would open the gates for foreign goods from these countries. There is, however, little, except certain services which the United States could avail itself of, that these countries could offer to the American market.

That is what the Americans will necessarily resent in Britain's debtor position. As gloomy as the financial outlook might be for a debtor of some 3,500 to 4,000 millions (which a large part of the creditors consider a commercial debt and are not ready to forego in form of partial contribution to the war effort), it is not so bad from the point of view of his foreign trade.

It is this state of affairs that is likely to injure the interest of others, notably that of the United States and other so-called "hard-currency" countries, who will need these markets for keeping their industries going. Britain, however, quite apart from these liabilities, faces a protracted period of struggle to maintain the volume of imports, and consequently also of exports, necessary to a moderate standard of living. Under the chapter on "Potential Conflicts" (IV) I have shown the British position "on current account" as requiring an utmost strain for maintaining a reasonable balance-of-payment and a standard of living for her people, who have brought such tremendous sacrifice during the war and for winning the war. Neither social budgets, however, nor the already reduced food ration can be further reduced without sacrificing human values. Under these circumstances, we need not be surprised that, particularly among her very capable circle of young economists, an active and aggressive foreign economic policy has frequently been advocated. Such counsel points into the direction of the "whole gamut of discriminatory trade devices (4)", which might signify a clear abandonment of international co-operation (5). The British have, of course, realised that the shrunken volume

(4) H. S. HALL, "Bilateralism and the Future of International Trade", Princeton, 1945, p. 12.

(5) E. F. SCHMACHER, "Export Policy and Full Employment", Fabian Research Series (77), London, 1933, and THOMAS BALOGH, "The Economics of Full Employment", Oxford Institute of Statistics, London, 1944.

of imports which they are going to take, would in the end debase consumption standards, no matter how successful the full employment programme at home; that the only small yield will be achieved with an inevitable toll upon the longer-run economic prospects of the country.

There is a danger, under these circumstances, that the British Government will have to resort to discriminatory practices, bilateralism, and barter agreements which are bound in the end to lead to the same consequences, into which they have thrown the world in the inter-war period. The fact alone that Britain as a debtor of so many countries with wide markets of practically unlimited scope, will be in a position to exert such pressure upon her creditors as to regain a practical monopoly in these markets, might lead to resentment on the part of the United States, retaliatory action in matters of supplies and potential assistance by credit facilities, and finally to trade conflicts.

In order to avoid the above-mentioned consequences, a sound international policy in the interest of all parties, Britain, the U.S.A. and Britain's creditors, must tend, therefore, to keep Britain's debts towards other countries at a reasonable level. It must also be interested that Britain will be in a position to redeem the debts as quickly as possible so that normal competitive rules can again dominate foreign trade. Under no circumstances can countries whose only assets are the sterling balances and who have already during the war been saddled with a contribution to the war effort by the exorbitant prices which they have been forced to pay to monopolistic Allied purchasing agencies, be expected to forego such credits, or to show the same generous attitude as the United States. Liquidation of these war debts is, therefore, necessary, and it must be satisfactory and not burdensome to international commerce. They cannot be treated as commercial obligations, but it would at the same time be unjustified to place them on the same lines as Lease-Lend or debts to the States from the last war. The repayment of debts in general can become burdensome for international trade if nations which ask for repayment refuse at the same time to receive them in the only possible form, viz. that of supply of goods. If debts, however, can be collected in form of imports extended over such period as not to affect the whole foreign trade of any particular country, they need not cast an ominous shadow over the economic life of the world.

The scheme which has been proposed by the capable American economist, Howard S. Ellis in his essay on "Bilateralism and the Future of International Trade", (Princeton, N.J., 1945) goes towards making a certain fraction of the service and amortisation of the sterling blocked balances available only for purchases in Britain, thus entailing concessions by the creditors as to price and quality as a *quid pro quo* for the gradual unfreezing of the debt, and the payment of the remaining fraction of the sums in free exchange, as soon as possible and within the limits of Britain's dollar situation.

"It would be possible," he says, "to devise a scheme by which the annual rate of amortisation of blocked balances, beginning at a modest level to allow for England's limited capacity to export immediately after the war, would rise the more rapidly the greater the concession made by the particular creditor country as to the total principal eventually to be paid. "Depending upon the same concession", he continues, "the schedule could also embrace progression as to the fraction of the annual amortisation to be paid in free foreign exchange compared to the fraction paid in sterling for use only in the purchase of British exports. Once the debt payments," he concludes, "were, thus, by a compromise solution put upon a permanent plan, and adjusted to Britain's capacity to pay, there would be no occasion for her to resort to bilateral clearings in order to force concessions of like character. Thus, the world would be spared that purely gratuitous restriction of current trade, for the sake of payments on old debts that characterised the Great Depression". He himself then suggests that the United States make some contribution to the solution of the sterling balances and thereby to the restoration of the long-forgotten peaceful economic intercourse in the future.

Whether, however, such well-balanced advice would be accepted by a nervous, bureaucratic machinery tending towards controls and restrictions wherever possible, a machinery which has been washed ashore by the war and won't go back into the waves when performed its duty, is doubtful, rather unlikely. Thus, the first reaction to the cancellation of Lease-Lend was the British announcement of a potential diversion of British trade from America to other countries; oil from the U.S.A. to the Middle East (not for the purpose of preserving America's national resources), tobacco to the Balkans, meat and other foodstuffs to Argentina, Eire, Denmark, etc.; the second was the alteration of the shipping route from the Panama-Canal to Cape Horn in order to avoid dollar payments for dues of the Panama Canal.

True, all that can be diverted; but a diversion of tobacco, for instance, would reduce consumption by enforcing a change from the popular mature United States leaf to the less popular, immature tobacco. Also food can be diverted; but firstly, there is a world-wide shortage of proteins; secondly, the diversion begs the question of how can Britain finance her imports from other suppliers. Machinery can certainly not be diverted; and so will Britain's shipping services, one of the most important sources of foreign exchange revenue, become tremendously expensive on the long run if diverted through the Cape Horn in lieu of using the Panama Canal. There is, then, little hope that there will be no recurrence of the events of the thirties' unless some other attitude to the necessity of economic and financial co-operation will be taken by all governments concerned.

The present impasse does not pave the way for further American investment in the world, particularly in Britain. The U.S. banker, money-lender, indeed, the U.S. tax-payer already clamours that he cannot go on playing Santa Claus for ever (7). He demands that international money lending must be accompanied by some consistency of monetary policy which is still the best bargaining power one can throw into the debate.

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(7) Still worse are increasingly sharp complaints by American exporters that British currency controls are shutting out U.S. goods from many foreign markets. Thus, the commercial organ "Business Week", N.Y., writes in its issue of July 7:—

For the moment, the Middle East and India are the areas in which U.S. business finds itself most frustrated in making plans for peace-time trade. In terms of dollar volume, no great losses have been suffered as yet. But current difficulties indicate that, failing an early relaxation of the sterling bloc system, the U.S. will be unable to capitalize on the goodwill built up through lend-lease shipments and will shortly find British traders firmly entrenched in many markets that are now eager to buy American products. Basically the difficulties being encountered by U.S. exporters in the Middle East and India, arise out of the use the British are now making of the sterling area. Before the war, this currency area was simply a mechanism through which the Empire countries and a number of other nations maintained stable currencies by keeping them pegged to sterling and maintaining their foreign exchange reserves in London. But with the outbreak of the war, the sterling area was gradually converted into a frankly discriminatory system through which Britain had accumulated the free currencies which it required to enhance its war effort. Broadly speaking, the member countries agree: (1) to accept payment for their exports to Britain in blocked sterling, (2) to turn over to London all the free currencies they obtain from sales to non-sterling countries and to make sterling in return, except for a minimum allotment of free currencies, to fill their basic needs. Sterling only can be used freely within the area. The result is

On the other hand, there is a danger that money-lending in the future may fall back into what it was before the war: "tied loans" bearing a fixed interest rate and rigid amortisation provisions. But if the United States want to lead the world according to its traditional, and we may hope, permanent policy against discriminatory foreign trade practices in general, and against bilateral payment arrangements in particular, more generosity of its money-lending circles or its government loan-administrations will be required. The borrowing nations must not, as in the past, find themselves faced during depressions with a contraction in their export markets, with a serious fall in the prices of their export commodities, and consequently with a cessation of receipts of foreign currencies on capital account. It will not be possible for them, under these circumstances, to meet money charges in foreign currency on account of debt service. That is an important consideration for future capital investment. The position of the borrowing nations can become also precarious if too large a proportion of capital imports take the form of short-term loans which might not be renewed. The flow of capital may thus be actually reversed just when the resources of the debtor is the most depleted. The strain thus imposed on the foreign exchange of the debtor states could easily lead to a breakdown of trade and a widespread collapse of the whole system of international commercial relations, which the world must try to establish during the first post-war period. What happened last time was that such policy led to mistrust in foreign

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that the local governments compel the merchants to buy chiefly from Britain and permit purchases from the U.S. only when British supplies cannot be obtained. The normal procedure is for the Government to have a long list of goods obtainable from Britain and the sterling area and a second short list of goods obtainable from the U.S., some of them restricted by the necessity of acquiring permits for their importation. Important commodities which the U.S. finds itself almost impossible to sell in the Middle East include steel and metals of all kinds, certain types of tractors, hardware, and pharmaceuticals.

It is true that by the terms of the Anglo-Egyptian Financial Agreement, 1945, the British Treasury allotted Egypt some 15 million pounds in free currencies for the year 1945, but this is far below the sum Egypt would like to spend in the U.S. and other non-sterling area countries for current needs."

I have given the main section of the article because it proved a certain American attitude of mind towards one of the main aspects of international post-war planning. The position as described, is, of course, grossly exaggerated. Except such dependencies as Palestine or India, all other countries, including the Dominions, could, if they wanted, get out of the sterling bloc; the fact that they don't, shows that it is most profitable from the dollar supply point of view to stay in.

lending which, if continued, would augur ill for the future. The Delegation on Economic Depressions appointed by the League of Nations has in its latest report on "Economic Stability in the Post-War World" (p. 190) projected this pessimism into the future by saying: "Money lending practices of the inter-war period . . . will augur ill for the future, because of the enormous discrepancy in the standard of living of the industrialised and the backward areas of the world, which would create political strains of a dangerous character. Previously this pressure was relieved by migration from the poorer to the richer countries. To-day this safety valve is virtually closed. The inevitable explosion can only be avoided if the richer countries are prepared to assist in raising the standard of living of the poorer by helping in their industrialisation or their reconstruction."

Now it has often been said that industrialisation of less advanced areas would impair the prospects of expanding markets for the industrial countries and in the end lead to a general depression in their economic structure. Experience, however, refutes this argument. It must be realised that the process of industrialisation of underdeveloped countries will take place anyhow, with or without the assistance from outside. In default of outside assistance the process will be longer and might be accomplished only by depressing at first and for some time the already low standard of living in the underdeveloped areas. These will aim at producing at home the industrial equipment of all types they require, with consequent adverse effect on world trade; it will also entail a loss of the benefit derived from the division of labour in a well-led economic system. If the development of less advanced areas is assisted by foreign investment, it will proceed more quickly and with smaller risk of fostering antarcic tendencies inimical to the expansion of trade. For the lending country, the following benefits are derived from such a policy:—

(i) It provides an outlet for surplus capital in the lending country. I have pointed out above that such surpluses have often caused so-called chronic depressions, which can only be averted by investment in capital formation. Such danger actually exists for a number of countries with a surplus balance-of-payment, which cannot be settled by an increased volume of imports.

(ii) It provides a basis for flourishing trade by raising the standard of living of backward areas and thus increases demand for consumer goods in the first stage and production goods (capital goods) in the second.

(iii) It largely contributes to peace and stability, an—admittedly—long-term investment both for the public and the private entrepreneur.

But foreign lending has of course its limits. The first one is a very realistic and justified reluctance to lend abroad, which will manifest itself pretty soon owing to the political and social uncertainty which distinguishes both Europe and the East from the point of view of the United States. With joint government guarantee such as is implemented by the Bank for Reconstruction and Development this reluctance may be overcome, and the machinery may be provided to meet the special risks involved. The two major deterrents to foreign investment in the decade preceding the war were fear of international conflict and fear of economic depression (and of difficulties of the free move of capital to which depression gives rise). Whether these fears can be averted in the near future by the mere establishment of some machinery for assuring political security and for facilitating international co-operation such as implied by the United Nations Charter (4) is a question which can hardly be expected to be answered now. All I can say is that the disappearance of such fear is the main prerequisite for foreign investment.

There are, however, other limits to foreign lending, of less political more monetary and commercial character. An effort to sustain exports on the part of American industry at the rate of 14.5 billion dollars per year (as has been done during the war) would result in exchange control and bilateral agreements on the part of the other nations. If we accept the projection of the U.S. Department of Commerce

(4) Art. I reads as follows:—

The purposes of the United Nations are:—

1.—To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment and settlement of international disputes or situations which might lead to a breach of the peace;

2.—To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

3.—To achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for the fundamental freedoms for all without distinction as to race, sex, language or religion; and

4.—To be a centre for harmonizing the actions of nations in the attainment of these common ends.

of imports, at 6.3 billions per annum (4), for a virtual full employment economy with a gross national output of 175 billions, the export balance to be covered by gold imports, gifts, and loans would run close to 8 billions each year. Even when tariffs would be substantially lowered, so important it may be, for instance, for the British balance-of-payment, or for that of other countries in a similar position, it would not expand imports into the United States by more than one billion dollars (5). Consequently, the export surplus at 1944 level and at tariffs reduced under the Reciprocal Trade Agreement Act would still amount to approximately seven billion dollars. This surplus can be made up in the following ways:—

(i) By gifts or gifts disguised as loans as has been done during the war in the form of Lease-Lend. Popular mentality in the States will hardly be accustomed to gifts. If the gifts are loans in form but default is expected, an unpleasant onus is thrust on the honest borrower. Where are credit-worthy borrowers to be found for such tremendous sums as are involved in the import surplus, at least 3 billions per year, especially when it is borne in mind that a credit-worthy international borrower is one who will be able to earn the dollars to repay?

(ii) By receipts of gold from producing countries as well as stocks distributed in the world. Assets, however, acquired under the present conditions, in form of gold, how important they may be for the others, they would be completely worthless in the hands of the United States.

(iii) By extensive loans amounting to some 7 billions per year to cover the whole export surplus. Compared with the pre-war maximum of 1.3 billions in 1928, a year of world prosperity, the present loan prospects are tremendous indeed. It is unlikely that such amounts of dollars could be poured into the impoverished economies of the world under the usual commercial terms of international loans. If lending means lending, interest and sinking fund payments have to be provided for. If the export surplus is to be maintained, the second year's loans would have to cover the service on the first year's loans.

(4) See H. S. ELLIS, "Bilateralism and the Future of International Trade", Princeton, N.J., 1945, p. 16-17.

(5) J. HANS ADLER in "United States Import Demand during the Inter-War Period" *American Economic Review*, June, 1945, quoted by ELLIS, *op. cit.*, p. 17.

and so forth. The annual loans would, then, have to increase in geometrical progression<sup>(1)</sup>.

There is another snag in the American loan-complex. If exports of 14.5 billions per annum are taken as the level implied by domestic full employment<sup>(2)</sup>, it is understood that the total volume of loans abroad must be provided in forms of "tied loans", i.e. in demand for American goods only. The general loan system of the Bank for Reconstruction and Development (which will have only some 3.2 billions at its disposal against tenfold demands) would thus be supplemented by that of the Export-Import Bank, the loan power of which is at present 3.5 billion dollars. But such money-lending would restrict the system of multilateralism and yield necessarily to that of bilateralism; a narrowing, restrictive element would be fastened to international trade.

The most effective limit to extensive American money-lending, however, would be placed by other countries, which will have to protect their own industries and their potential markets against such wave of American goods. Their natural resource would be higher tariffs, probably quotas and other restrictions, notably bilateral agreements. The question of immorality in such a case would at least be open for discussion, for the above-quoted argument of the "Economist" already that extensive exports in form of loans which anticipate default or which bear such other terms as to constitute them as "quasi-gifts", would in effect amount to some form of export subsidy, which is hardly consistent with the desiderata of a liberalistic economy. True, it would still be non-discriminatory in the sense of the great Cordell Hull, but it would no more be an economic issue on competitive level. In effect, other countries which could not afford this subsidy would be discriminated. They would try retaliatory measures in the long run. Any American attempt to provide credit for exports to the tune of anything like seven billions a year would play havoc with other countries' export trades and upset their accounts still further.

(1) See "British Woods and the Dollar Problem", in the London "Economist" of August 18, 1946, which sets out the problems indicated and concludes that if the loans in question are really gifts (not equity, which would, to say at least, be politically unlikely), how would they differ from an ordinary export subsidy?

(2) See "Trade Policy after Victory", in *Foreign Commerce Weekly*, October 26, 1944, pp. 37-38.

The foregoing arguments do not, of course, signify that universal disaster would be the necessary result of an orderly development of capital-poor countries by means of U.S. capital exports. Indeed, in the first years of reconstruction, when the world's needs will be almost infinite, with the pent-up demand which is bound to be maintained during the transitional period, extensive American loans would be essential and mutually beneficial for the rehabilitation of the war-ravaged world. The conclusion would be that such American lending cannot, for longer than a few years, prevent an American export surplus from having its normal effect of disturbing the international equilibrium rate of exchange. It is not the lending itself but its use as an excuse for continuing an export surplus that will involve such complications for the maintenance of the rate of exchange of many other countries affected by the American export drive.

The only means by which countries with an import surplus like Britain (and other European countries) can protect their markets and their own industries in view of this American export drive (which is a quasi-subsidy in form of quasi-loans) are import restrictions or, indeed, a similar export drive. The latter cannot, however, be sustained against the stronger America on competitive, commercial lines. Britain must resort to market allocation among her dependencies, in fact a more rigid exclusion of non-members from the sterling bloc. The complaints that American business could make against such practices are well known and have been quoted above. The complication goes far beyond the sterling area system (which has been in existence for some time). As a result of currency agreements signed with Britain in 1944, France, Belgium, Sweden, and Turkey have become at least temporarily attached to the sterling bloc system. The feature common to these agreements is the provision that, if sterling credits are built up, they are to be available as payment to third countries "as opportunity offers", practically at the discretion of the British Treasury.

The only tendency of these agreements cannot but be to channel purchases towards Britain instead of the United States. Such discriminatory currency practices are actually allowed and sanctioned under the Bretton Woods Agreement, at least for the transition period (which is not specified). The sterling bloc thus could become—as the London "Banker" has termed it—an instrument of economic warfare: a battering ram with which to open the door to unwilling markets; "a spiked fence of discriminatory devices with which to keep unwanted goods from unwanted sellers out of the wanted market"

There has been much talking about a possible devaluation of the sterling (and of all currencies linked to it), as against the dollar in order to restore some equilibrium rate which has got —apparently— out of control. There appears to be no foundation for that rumour yet, on the contrary, we may be quite confident that no change will be made in the immediate future in the dollar-sterling rate. So far, only slight margins are being made even on the black markets in Paris and New York; this is probably due to the fact that American holders are quite confident of the sterling since they have been all the time allowed to take their moneys home again at the official rate. From October, 1945, this guarantee is no longer operative, and it is thought that this measure by the British Government is also nothing but a retaliatory act against the cancellation of Lend-Lease. It may become operative again with the new agreement.

But even if Britain's payment position would be very difficult for a considerable time to come, devaluation would not help in the slightest. The object of devaluation can only be to encourage exports, by reducing their price to foreign buyers, and to discourage imports, by raising their price to domestic buyers. But at present, imports can be cut by other means. At the same time, Britain can sell abroad at any price for some time to come, and it should be in her interest to get as much foreign exchange for her exports as possible. That at least holds good for a transitional period of some years.

In the long run, with the pent-up demand dropping, it will largely depend upon the competitive position of British exports on the world market. During the war, British export prices have risen by some 80 per cent, whilst American have never exceeded the rate of 55 to 60 per cent. But the present dollar value of sterling represents a depreciation of 15 to 20 per cent on the levels ruling before the war, which cancels out the difference in prices. The real test for British competitive capacity will, therefore, lie in the efficiency of her industry, which, despite adverse reports in her coal — and textile — production, has the basic advantage that hourly wage rates have, so far, risen less than in the United States. But it is mainly a matter of re-adaptation and rationalisation of British industry that will secure its competitive position and hence the equilibrium rate of exchange of the British and British-linked currencies as against the dollar. For some time to come, however, and until such competitive level is being attained, it may be difficult for the British authorities to

avoid the retention of some form of exchange control and of non-commercial practices in her traditional markets (1).

To Britain, it must be emphasised again and again, foreign trade is, unhappily, an absolute necessity. She can neither raise all the food she requires nor can she supply her factories with all their basic requirements. Until she can modernise her economy she got to export, or die. Her bargaining power in matters of commercial relations is, therefore, much weaker than that of the United States and probably of many another country. Others can pick and choose; she cannot. On the other hand, she has certain assets, and the United States certain limitations which profoundly affect the mutual position. The traders and financiers of the States can only afford to lose the markets of Great Britain and her Empire at the expense of bidding farewell to their own dream of ever expanding economic activity; and Britain, out of sheer necessity, can only afford to allow them those markets if the immense market of the United States is itself thrown open to British exporters. At least, the chance should be given to them as well as to other countries, and it will be their job to make something out of it.

The more dollars the United States loan to the world to open the markets to its traders, the more essential it becomes that the robe means the world has of repaying such loans should be placed at its disposal. In fact, America's position is similar to that of Britain in the last century. She can do as Britain once did: grow rich by lending to the world while removing her tariff wall and opening her ports to the goods of her debtors; or she can fall back on her own (illusionary) self-sufficiency and build up an economic policy of her own choosing within her own wide borders and those which will in some way belong to her system (probably the Western Hemisphere and some parts of the Far East). This would, however, lead to an economic clash far beyond the extent of that dominating the inter-war period. The League of Nations' Delegation on Economic Depression concludes in its often quoted report as regards this question (2): "We take

(1) GEOFFREY GROWER, "Anglo-American Pitfalls", *Foreign Affairs*, October 1941, pp. 10-12: "Britain may have to retain exchange control specifically against the dollar; the dangers of reclamation would then be raised to a maximum. . . circumstances may shape themselves differently. . . But the level of American prosperity may be so high that its purchases of British goods will be substantially higher than before the war."

(2) "Economic Stability in the Post-War World", *id. op.*, p. 101.

it as axiomatic that in the long run debtors will only be able to transfer the service of their loans to the extent that creditors are prepared to accept payment in goods and services, and that, unless creditors pursue a commercial policy which permits a large volume of international trade, default is likely sooner or later to occur. . . . For that purpose, foreign lending should: (1) increase the productive capacity of the borrower in such a way as to make the transfer of the service possible; (2) as far as possible—and for avoiding the consequences under (1)—the lending country shall provide capital in form of direct investment, since the yield of such investment will tend to vary with the general prosperity of the receiving country and therefore with its power to transfer; (3) if impossible in the form under (2), to provide equity loans such as contemplated by the International Bank for Reconstruction and Development <sup>(1)</sup>; (4) supervise the profitable employment of foreign capital in case of indirect loans (i.e. ensure that capital goods are imported and purchase of such goods to be directly linked to the loans”.

A policy such as contemplated by the League of Nations' Delegation, however, would involve some kind of supervision of the borrower's economy by the lender. It is a question whether sovereign states, especially new states which recently gained their political independence will agree to such supervision or rather consider it as a potential interference into their domestic economic structure. Here some middle road between absolute sovereignty (but in no way economic chauvinism) and financial supervision (but in no way commercial imperialism) must be found, and I believe that American experience and American sentiment for freedom and self-government will be able to find that road. The recognition that under such circumstances further borrowing need not and must not constitute a burden to international trade expansion will overcome the present difficulties, which also lie in the reluctance of sovereign states to accept loans against the right of the money-lender to supervise their application

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(1) Art. 14 of the draft: "The Bank can make arrangements with the member concerned to accept service payment on the loan in the member's currency for a period not to exceed 3 years upon appropriate terms regarding the use of currency and the maintenance of its foreign exchange value, and for the repurchase of such currency on appropriate terms”.

in a productive way, which ensures that no defaults should occur in interest—and amortisation service (1).

In this connection I like to deal briefly with the question whether reparations to be paid by the Axis powers would constitute a potential obstacle to trade expansion. This has frequently been affirmed in the inter-war period, and there are voices which repeat it now. A well-known British economist, Sir G. Paish, recently said that there might be a danger for future British exports if Germany will be forced to supply goods and labour to rebuild Kharkow or Warsaw; since there might have been a good market for British goods both in Russia and Poland which thus would be lost. But Sir George overlooks that in a planned economy like the Russian or the Polish, there is no "ceiling" to effective demand, or to employment except the shortage of manpower. If Russian labour has not to be employed in rebuilding Kharkow or Polish labour in rebuilding Warsaw, it will be available for some other purpose, say, for the Dnieper Dam or for the docks of Gdynia. What would depress the buying power of the liberated countries, would be their poverty; and the quicker their prosperity is restored, the sooner will they be able to afford to buy goods from Britain. If German tools go to re-equip the dismantled industries of Czechoslovakia and Poland, then these industries will be able to produce goods for exports, and hence will be sooner in a position to buy goods from Britain or elsewhere, which previously they could not afford to buy.

There is no "fixed fund" for purchasing power, and no fixed quota of jobs after the war. Useful work will start to employ all those who are willing and able to work. The burden of rebuilding shattered towns and re-equipping dismantled industries will reduce the standard of life of the German people and may—consequently—narrow the scope of German demand for British and other produce. But the burden has to fall on someone. Someone's labour has

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(1) The tendency of some of the states which have been declared independent recently, towards restricting foreign investment in their economy, is in itself deplorable. I hope, it will only be applied during a transitional period; for in the end it will be they who will want the dollars and who will not get them. As it stands to-day, U.S. bargaining power in this respect is great enough; it is often underrated. So is the world's exhaustion and its willingness to "cry uncle". The only compensating factor is that America herself must lend in order to maintain a level of full employment. But there is no doubt that in case of a serious clash she will have the longer breathing space.

got to repair the devastation and someone's standard of living has got to be reduced while labour is diverted to this task. Then, we shall all agree, it shall be the German people.

Summarising the most menacing barrier to the expansion of international commercial relations which lies in the complicated monetary mechanism of our age, we may conclude that the most ardent and immediate task before economic statesmanship in the post-war world will be to maintain the international equilibrium rate of exchange or to restore it where it has temporarily been lost. In countries which have been the victims of inflationary trends from outside, through the shortage of goods against the surplus of money available on the market, this can only be done by a substantial increase in the volume of imports and by long-term loans for capital formation.

For the future following the immediate transition period, however, the most ardent problem will be to offset potential deflationary trends by a contra-cyclical policy. This means that a country must be primarily concerned to counter the situation, thus arising through a setback in international demand by: (i) adopting measures to maintain the internal demand (by increased domestic expenditure), and (ii) permitting the demand to express itself by maintaining imports. To do this, it will require larger gold or foreign exchange reserves, which could, failing adequate reserves of its own, be raised through the Monetary Fund. Without sufficient international reserves to maintain imports during a crisis, the spread of depressive tendencies all over the world cannot be avoided. Countries adopting new measures to restrict imports or to subsidise exports are, therefore, accelerating—willy-nilly—depression ahead.

A much more complicated situation will, however, arise when the disequilibrium in the balance of payments is considered to be more persistent leading to a continuous drain on international liquidity reserves. In this case, a structural readaptation by increase of productivity or diversion of markets will be necessary. As a supplementary measure, and mainly designed for the interim period—since such reconstruction will take some time—a depreciation of the rate of exchange in accordance with the provisions of the International Monetary Fund Agreement and limited to the amount necessary to restore the international equilibrium, will certainly be preferable to substantial trade restrictions. Measures designed to interfere with foreign trade, directly or indirectly, notably a stringent control of foreign exchange (other than for short-term capital movements) should

be discouraged. For that purpose, the general prescription of the International Monetary Fund against the monetary devices of restriction and discrimination must be complemented by a commercial policy agreement limiting the use of tariffs, and prohibiting quotas, licences, preferences on political and other considerations, and bulk purchases on a monopolistic basis.

The repayment of debts arising out of the war may constitute a burden for international commerce unless adjusted and adapted to the requirements of the creditors and debtors concerned. I am not going so far as to recommend to burn all records of war debts (1). All I say is that they should not be considered commercial debts, that they should be accepted in form of goods over a longer period, and that its repayment should not place the debtor in a position to dictate the terms of trade and to exclude other countries from the markets in question. While all facilities should be given to the debtor to repay at his "reasonable" convenience, he should undertake not to apply restrictive measures and other currency manipulations as the introduction of a multiple currency system, whereby he exacts higher rates of exchange for the country's currency for some exports than for others. Reminiscences of the inter-war period, notably of the manipulations of Germany's Finance Minister Dr. Hjalmar Schacht, and its consequences for the gradual economic enslavement of the victimised countries, must not fail to leave their imprint on our minds and warn us against a repetition of these practices. Even the most liberalistic economy cannot escape the guilt of having omitted to interfere when it could have done so with its tremendous bargaining power of international liquidity. The role this time has fallen to the powerful United States to prevent the recrudescence of such measures, but I have stressed the point that it must at the same time give the others a chance to gain access to its immense markets. Only then can we say with some confidence that the problem of the dollar scarcity hanging like the sword of Damocles over world trade can be solved. That is the main guide to a sound commercial and monetary policy (2).

(1) See HARRY MORGENTHAU, ILL. former Secretary of the Treasury, in "The Daily Mail", London, September 14, 1945.

(2) The point has been well argued by the U.S. Under-Secretary of Commerce, HAN WAYNE C. TAYLOR in the Department of Commerce Publication, Introduction, "The United States in World Economy", p. VI, quoted by League of Nations' Publication on "Commercial Policy in the Post-War", Geneva, 1945, p. 34—

"A world economic structure organised on the basis of equal treatment and with large scope for free enterprise cannot be maintained in the face of such restrictions in

Sceptics may, of course, wonder whether there is any future for an international monetary policy in a world, in which they see a persistent trend towards state regulation of foreign trade, culminating possibly in complete state trading on the Russian model. Would not any international monetary system under such conditions tend to lose its *raison d'être*? It may be that, in a world of state trading monopolies, exchange rate adjustments would cease to have much significance. But it is by no means certain that "liquidity" would cease to be necessary, or at least convenient, for maintaining commercial relations. Even countries trading with one another as units will require some medium of international settlement capable of serving as a source of liquidity. The U.S.S.R. even before the war seldom hesitated to drive a hard bargain for that "liquidity"; for only that gave her some protection against the risk of having her foreign trade budget upset by crop failures, changes in production plans, at home or abroad, non-fulfilment of delivery—or purchase agreements, and the like. What is most important, she did not appear to underrate the usefulness of her gold reserves in thus conducting her foreign commercial relations.

I dare believe that by the establishment of an International Monetary Fund, monetary stability will at least be secured. The history of the inter-war period has shown that no country can alter its exchange rate at will. Britain which tried to do so had to realise that upon her unilateral action, others followed suit. The former-set relations were soon re-established. The Bretton-Woods Agreement, if properly carried out, should not result in the "freezing" of a given structure of rates, but should constitute a machinery for mutually agreed adjustments which, in the last analysis, are possible at all.

I dare also believe that through the Bretton Woods Agreement the second prerequisite for trade development, the Bank of Reconstruction, a regulated channel of international investment for the purpose of trade, has been established. Both the amount of liquidity

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the supply of dollars as have occurred in our international transactions in the past. Unless the supply of dollars is more adequate to meet foreign requirements, other countries will assuredly insist on their rights to exercise a close selective control over the use of the amounts available and to promote more intensive relations with other countries under preferential trading agreements. Unless dollars are made available with greater regularity than in the past, it would be both unjust and unwise to demand the removal of restraints and controls largely designed to protect the internal economies of other countries against external shock and pressure."

and the amount of cash reserves that both institutions are going to provide, are far from adequate. To supplement it, post-war trade and monetary mechanism will closely depend upon the concerted maintenance of stable conditions in business and employment.

#### IX.—ORGANISATIONAL TRADE BARRIERS (CARTELS AND MONOPOLIES)

After having shown the various forms of discriminatory intervention in foreign trade, either in form of administrative controls or that of monetary manipulations, I have to deal briefly with another case of interference: It is that of an organisational character, either private or public, with the extreme form of a government monopoly; all measures designed to serve the interests of the public but ultimately bound to impair the progressive development of foreign trade and the role it can take in the post-war world<sup>(1)</sup>.

The position of cartels and semi-official corporations operating with subsidies in international trade represents one of the major issues between free capitalism and state-capitalism (which the Russians have called "socialism"). In a system where trade is largely carried out by Government or its official agencies, there can still be foreign trade expansion with private enterprise of other countries which do not adhere to state-capitalist or totalitarian principles. With those I am mainly concerned. There is only one thing that worries the private businessman who has to deal with a sovereign (foreign) state in matters of foreign trade: It is whether he is in a position to negotiate on the same level and on equal footing with another sovereign power. In such cases, the Government of the individual businessman will often be compelled to step into the arena and to protect his interests.

The above will, of course, not say that the Government's main task is to protect dealings of its free citizens with governments of other countries. It must be left to the discretion of the Government concerned in which cases it deems just and expedient to do so. All I want to say is, that in cases where citizens of a liberal economy are dealing with sovereign states or state agencies, there is a danger that the principle of equal footing can easily be affected. Here, free governments have to keep a watching eye.

(1) See CURWIN D. EDWARDS, "Economic and Political Aspects of International Cartels", Kilgore Committee, Monograph No. 1, Washington, 1944. Also E. G. NOCKEN, "Price Making in a Democracy", Washington, 1944.

The most persuasive dislocation of economic life during the last years is probably the growth of government purchasing agencies, with or without monopolies, but certainly equipped with a number of privileges that place them at least into a quasi-monopolistic position. The tremendous demand placed upon the productive capacity of nations through the new type of highly mechanised warfare has brought government interference into many commercial activities hitherto left to private initiative. The lack of shipping space and the world-wide disruption of the normal channels of supply have also made governmental action necessary. Newly developed measures of economic warfare—through which trade is used to weaken a non-friendly country, (which might be extended in future to unwelcome competitors), still further increases the form and extent of centralised trading. All this means that governmental agencies are taking over the functions of private importers and exporters. The longer war economy and possibly the inevitable transition period lasts, but also, the longer it is extended by bureaucracy, the more thorough-going may be its effect. Some old and well established enterprise might retire permanently, and at the close of the period, government agencies might well have the field largely to themselves.

Bureaucracy itself, however, is seldom a good business manager. Government will, therefore, have to resort to some other form of direct trading, even practical and more suitable for the actual needs of foreign trade. Some kind of private monopoly privileged and backed by the state (and often shared by the state) may appear the suitable instrument for pursuing government's trade policy and excluding free competition. Even a large number of traditionally liberal British businessmen have approved of monopoly as a business device and government as a business partner. British industry is still to-day a jungle of trade and price restrictions. The fight in the elections last July had indeed not been fought over the issue of "free enterprise" and "controlled economy"; it had been fought over the question whether the national economy shall be controlled and planned by Government or by private interests. In a paper on the "Structure of British Industry", an eminent statistician (1) has stated that:—

(i) 204,000 small business firms employ less than 10 persons and are responsible for only one-tenth of the industrial net output;

(1) Read before the Royal Statistical Society on February 20, 1945, see "Daily Herald", London, May 28, 1945.

(ii) 2,000 large concerns, each employing 500 or more persons, produced nearly 60 per cent of the net output and employed nearly 55 per cent of all industrial labour; of these the smaller half produced 50 per cent of the net output and employed 45 per cent of the labour

(iii) 18 giant concerns employed over  $2\frac{1}{12}$  of the workpeople and produced nearly  $1\frac{1}{12}$  of the total national output.

(iv) In 33 trades, the three largest units gave employment to 70 per cent or more of the labour employed in those trades and were responsible, in many cases, for 90 per cent of their total output.

(v) Another most disturbing revelation was that in the case of some 120 commodities, many of them vital for the life and the well-being of the community, the whole production of the country was concentrated in the hands of one or two firms.

In the view of those who advocate state or monopoly trade, the movement towards concentration is an inevitable consequence of the technique and large-scale production and distribution and the resultant development from industrial capitalism to monopolies and trusts. Growth in the size of business concerns often means growth of monopoly and increasing failure to achieve the goals of general welfare that a competitive system was assumed to attain. Others, notably businessmen, have sought to direct attention to gains of efficiency as the motive and the result of large-scale business organisation.

We know that no individual can have perfect knowledge of the range of productive possibilities and market opportunities, nor of the alternative sources of material and the relative transportation, trading, and financing costs of assembling these materials; all those questions that are required for a pure and successful competition. For this purpose, the individual must identify himself with some larger form of business organisation as a means of ascertaining what these possibilities are and availing himself of them as they become known<sup>(1)</sup>. Capital requirements characteristically transcend those of the individual enterprise and often assume colossal proportions. If commercial and productive effort is to be enlarged by the evolution of techniques and the broadening of market horizons, the individual cannot long retain the purity of his individual competitive situation.

(1) See E. G. NORSSE, "Price Making in a Democracy", Sec. III.

distinguishable economic force that always and necessarily operates to the good of the trade. Whether on the plane of individual effort or of large-scale corporative business, it has its defects that we know as "strong arm" or "cut throat" competition. Pondering the unfortunate results of the competitive struggle between Cain and Abel and the hard bargain driven between Jacob and Esau, society has been trying over the ages a way to preserve competition as the life of trade without allowing it to be the death of any tradesman. A large number of legislative measures have indeed been enacted to protect the small businessman against larger and more powerful organisations. It is only unfortunate that under the disguise of "planning and concerted effort" in many countries, even in the traditional democracies, the little man has been allowed to be outdone by the big one, who is backed by the state acting what it deceives to be on behalf of the general welfare (\*).

But, thus far, capitalism has survived the many formidable attacks that monopolies and bureaucracy had launched. The fight of U.S. business against cartels and monopolies has not yet shown a clear successful result, but it merely proves that bureaucratic organisation has not yet won the game, despite the very favourable wind that has blown all the time since the last war.

(\*) The League of Nations' Report of Economic Depressions says the following to the development of these large organisations and to the check that is necessary to keep against them (*cit. op.*, p. 32):—

"The demands of modern society are more dispensible, more justifiable than they were. They are less firmly supported by the needs of such simple things as food and clothing; they no longer expand automatically along foreseeable lines as population expands, but speed and ramify, start forward violently and violently contract. Demands were formerly met by individuals or small firms conducting a competitive struggle for existence, with high economic mortality, and, through the process of evolutionary elimination, adapting themselves to the changes in demand that resulted from the slow swings of taste or from the gradual growth of income per head as total national production outran the expansion of population. As demand has more varied, the unit of production has grown and become less adaptable. The automatic elimination of surplus or inappropriate capital equipment is no longer possible by the old, evolutionary means. Adaptation on the scale required by the normal changes of habit and wealth can only be effected by the deliberate action of the large firm. Much of the wasted of the old system may be avoided. But if the large undertaking fails to make the necessary adjustments, then progress may be seriously impeded and depression may develop into violent crisis. Intervention by the state may be indispensable to assure that adjustments are effected, and similarly state intervention may be required to prevent the collapse of some large enterprise which would lead to widespread disaster.

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As far as cartels and their control are concerned, there have been strong advocates everywhere, even in classical countries of cartels and monopolies, which demand a stricter supervision of their activities, notably when they are sustable to restrict trade. Even Lord McGowan, the chairman of the cartellized Imperial Chemical Industries, recognised this when he proposed that all cartel agreements—in so far as they affect international trade—shall be registered with the Board of Trade. This might constitute the first step to an interference into the jungle of restrictive agreements on prices, production, etc., by the state. It represents a blow at monopolistic practices as well, against the tradition that is exemplified by the Hudson Bay Co. or the East India Co. American business has largely developed through competition or at least against the spirit of restrictive organisations. It is the only way to develop foreign trade unless we resort to the system of state capitalism. The Anti-Trust Laws (especially the Sherman Act) were designed to protect the consumer from high and controlled prices and from monopolistic profits. The American people do not favour cartel practices of limited production, allocating markets and maintaining prices; although in practice, things do not look so well indeed.

Far too little attention appears to be given to these international financiers and cartels who have always put profits above patriotism. How important has been this aspect during the war, has been brought out very clearly by GUENTHER REIMANN in "*Patents for Hitler — the Stranglehold of International Cartels*" (published by Gollancz) from summaries of the evidence produced at hearings before the U.S. Senate's Patents Committee. It is a book that every student of world organisation should read. The strange missions of Sir Basil Zaharoff during the last war were apparently paralleled early in 1939-40 by the journeys of Mr. Frank A. Howard, the Standard Oil's emissary, who met I. G. Farben representatives at The Hague, after visiting London and Paris. On his return he informed Washington of the planned "sale" of 2000 I. G. Farben patents to Standard Oil. This could hardly have remained a secret; but how far I. G. Farben and Standard Oil promised mutual assistance for the preservation of their world-wide joint stake during World War II was never reported, nor is there any reference up to now to the existence of JASKO, the main link between the two corporations in the field of synthetic rubber. In a confidential letter the deal was described as a "modus vivendi" which would have operated through the war, whether the U.S. came

in or not. While the Nazis conquered one country after another, the arrangements worked well from the cartel point of view. I.G. was allowed to expand and exploit conquered countries as a private trust. Standard properties in France were transferred to I.G. Farben who were still in connection with America concerning a number of patents agreements, vitally important for the Allied war effort. When Japanese planes attacked Pearl Harbour, the U.S.A. was cut off from crude rubber supplies and not ready to start mass production of synthetic rubber. "The decisive reason" Mr. Reimann tells us, "was the control of basic patents by I.G. Farben and Standard Oil. A similar unpreparedness in light metals production was the result of the tie-up between Magnesium Development Co. and I.G. Farben, whilst the close association between Krupp and Carboley kept up the price of cemented tungsten carbide until after Pearl Harbour. Bausch and Lomb in America had cartel agreements with Zeiss, as a result of which no goods were sold to Britain in the most critical period of the war.

There is a gap in the American legislation against cartels and trusts. U.S. companies are permitted to cartelise for purposes of foreign trade only (Webb Pomerene Act). It is hardly compatible with their domestic policy, and it is hardly inevitable that the effects of such cartelisation will extend to their domestic market.

The American National Association of Manufacturers as well as other powerful economic organisation passed resolution to repeal the Webb-Pomerene Act, of which the latest—April 30, 1945 reads as follows :

(i) The N.A.M. stands squarely against cartels of any description, both private and governmental.

(ii) It has opposed and will continue to do so every attempt to restrict freedom of opportunity and freedom of competition in domestic economy and international trade.

(iii) The U.S. Government should take the lead and seek to promote voluntary agreements with other nations to prevent the formation and operation of international cartels and should seek the abrogation of those already established.

(iv) Pending the abrogation of cartel agreements, U.S. traders should be encouraged by the Government to operate in other countries in accordance with the internal laws and business practices of such countries, without harassment from their Governments.

In other words, should the abrogation of cartels fail on a state basis, monopolistic practices should at least be combated with the full backing of the U.S. Government, whose bargaining power in international finance—it is argued—is "fairly strong".

It is hoped that America, with the full support of British liberalism, will throw its weight in the direction of competitive, non-cartelised world trade. These aims are in accordance even with those who favour state control and socialism; private monopolies are their common enemy. It has become the common aim of the United Nations, who in their charter have pledged themselves to see to it that everybody will have access to trade and materials essential to the well being of the world.

This policy implies that under no circumstances will business groups be allowed to cartelise with others for the purpose of restricting trade, allocating markets, maintaining prices, etc. That means that larger international business organisations need not in itself constitute an impediment to trade expansion. Thus far, experience only has taught us that. The fact that in the non-ferrous metals, chemicals, and electrical equipment fields, private cartels before the war undoubtedly substantially limited output and international trade<sup>(1)</sup> need not necessarily augur ill into the future. What we have to condemn and to combat with all means possible is a discriminating system of monopolised cartels restricting trade and cutting across the rational and orderly development of the world's productive resources. Such policy, it is admitted, will often require a far-reaching system of state control over the operation of industry which would tend to defeat our aim in view; so long as world markets are disorganised and the regulation of competition remains a condition of avoiding serious unemployment in certain national industries, there is however, very little likelihood that such action would be really effective. Prowar policy of too many nations supported cartels and monopolies even if their political attitudes to the whole question might have been a different one. Among the agreements that the Federation of British Industries concluded in 1939 was its participation in the International

(1) See C. D. EDWARDS, "Economic and Political Aspects of International Cartels," Kellogg Committee, Washington 1944, *Monograph 1*.

Quoted by H. S. ELLIS, "Multinationals and the Future of International Trade," Princeton University, Princeton, N.J., 1948, p. 6.

Steel Cartel, together with the "Reichsgruppe Industrie". This agreement announced with Government approval on March 15, 1939, the day the Germans marched into Prague, was the last important inter-war example of the vicious circle into which the world had been driven.

The League of Nations' Economic and Financial Committee in its latest report on Commercial Policy in the Post-War World (Geneva, 1945, p. 55) recommends the following moderate programme for combatting private trade restrictions:—

(a) Compulsory and public registration in every country of all such private international agreements in which national producers participate, the information to be supplied covering membership, prospective duration, geographical scope and main stipulations of the agreement.

(b) The information concerning international cartel agreements thus made available to be communicated regularly to an international body and published by it; this body should be empowered to follow and report on the development and operations of cartels—with particular reference to the effects upon international trade—technical progress, production, labour conditions, prices, and the supply situation of individual countries.

(c) A common code of rules and standards to be drawn up for international acceptance with a view to preventing abuses.

(d) An international authority should be available to hear complaints from Governments of violations of this Code and to facilitate settlement and propose corrective measures, if necessary.

The British "Economist" shortly before the British July elections, has formulated a programme that could be a guide to world agreements on international trade of which the main section is the demand for a complete reversal of the traditional policy towards restrictive trade practices. The fixation of minimum prices or of maximum quotas of production, the limitation of the entry into a trade or the deliberate restriction of productive capacity should be declared illegal and prohibited, except under licence in cases where it can be proved, in each instance to the satisfaction of an independent tribunal, that the licence would really be in the public interest. This policy appears to me as a supplement to those measures proposed by the League of Nations' Financial and Economic Committee; it is the more important that it comes from England, a revolutionary statement from an island

indeed that with all its tendencies towards monopolies and state control over free trade practices appears to have kept up the old, successful competitive spirit capable of revival in a brighter post-war world.

In the post-war world an equally serious threat to a free and mutually profitable international trade may come from the state assuming itself the role as trader; either in the form of operating itself in a monopolised or privileged way, or by the "chosen instrument" (which can be either a public corporation or a chartered company, in which the state or its subsidiaries has certain interests). The policy that would be adopted against monopolies and cartels of a private character would fail and would be absolutely ineffective if the state itself would participate and always attain the necessary licences required under the above proposed legislation. The state could always prove to the satisfaction of the tribunal that the licence would be in the interest of the public; and it wants indeed very independent tribunals, with a tradition of defying government decisions such as has been established by the American Constitution (but only by it), for checking state monopolies and cartels.

The shortages in raw materials and foodstuff which have led during the war to the existence of a pent-up demand have also brought into existence government purchasing agencies operating on a monopolistic basis. It is a similar situation to that prevailing in the inter-war period when a surplus of such goods deflated prices and, consequently, caused a depression in the primary producing countries. Measures to reduce fluctuation in the prices of these products will have to be carried out *mutatis mutandis* in periods of shortage. The Delegation on Economic Depressions of the League has for such cases proposed the creation of an international buffer stock agency with the function of purchasing certain crude products, when prices tend to fall and selling them when prices tend to rise. With the danger of a world-wide inflation during the war and the increasing menace of a further price distortion during a post-war boom, the adverse procedure appears to have been adopted, *viz.* the purchase by governmental agencies at high prices (or at lower fixed prices, in which case the purchases have been enforced) and its distribution at lower, reasonable prices, attainable by the bulk of the population concerned. If such a scheme could be set up internationally, it should diminish the need for international measures to regulate production and trade. Such government trade is at least not restricting trade expansion (even if it restricts speculation in essential commodities).

But it could restrict trade just the same. In the past, such agencies have often attempted to remedy a depressive situation through restriction of output which tended to preserve rather than to eliminate high cost producers and to prevent a desirable transfer of excess capacity and resources into other uses. Furthermore, such schemes have seldom been operated internationally, i.e. representing both producer- and consumer-countries, so that they have given rise to apprehensions on the part of either side. The proposals made by the League as early as 1937 (1) as to the operation of such agencies have stressed the necessity of adequate consumer representation for preventing excessive prices to be charged in the interest of exploiting producers or their middlemen. One would have wished that these proposals would have been given more consideration during the war when organised purchases in many regions of the Allied world became a necessity.

It is feared that the strong impetus that the war has given to nationalism and collectivism will bring into favour again such bulk purchasing organisations as have been condemned by the League for its discriminatory effect upon the economic system of other nations. But the way in which state trading will operate must depend on the extent of collective security and international economic collaboration, which will or will not effectively combat bilateralism and discriminatory practices. It is hoped that the bargaining power of the liberalistic economics will also be used to exact pledges of fair and equitable treatment from trading monopolies. The following provisions have been used by the United States in this connection (2):—

" In the event that (either Government) establishes or maintains an official monopoly or centralised agency for the importation of or trade in a particular commodity, the Government establishing or maintaining such monopoly or centralised agency will give sympathetic consideration to all representations that the other Government may make with respect to alleged discriminations against its commerce in connection with purchases by such monopoly or centralised agency.

(1) Report of the Economic Committee to the Council on the Work of its 47th Session, Geneva, Dec. 677, M. 411, 1937, 11. B.

(2) See League of Nations, Publication by J. VISZK, *cit. op.* p. 79.

"In case of a government monopoly for import production or sale . . . the Government . . . agrees that in respect of the foreign purchases of such monopoly or agency, the commerce of the older country shall receive fair and equitable treatment.

"To this end it is agreed that in making its foreign purchases of any product, such monopoly or agency will be influenced solely by those considerations, such as price, quality, marketability, and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favourable terms."

In case of differences of opinion, the League's Financial and Economic Committee in its report on "*Commercial Policy in the Post-War World*", (p. 48), apparently accepting the United States' practice in this respect, has proposed the setting up of an international machinery providing for: (a) consultation, (b) objective appraisal of the facts and (c) mediation, or if necessary, arbitration.

These provisions may become of particular importance in cases, where Government not only conducts certain trade operations through its own agencies but where it becomes the exclusive purchaser and seller of all commodities that are imported. Thus far, with the exception of the U.S.S.R. where all foreign trade is conducted solely by the state, and to a certain degree pre-war Iran, purchases and sales by governments have normally constituted but a small of the aggregate purchases or sales made within or from an area concerned. In times of peace, therefore, there has been apart from the Soviet Union, no important modern instance, where government business bulked so large in total of foreign trade that the problem of general or comprehensive government monopoly has arisen. But for the future, there seem to be a number of states already which advocate a similar policy for vital commodities.

I am not concerned with the problem of foreign trade in a totalitarian state or in an economy where trade is carried out by government. All I like to indicate is the problem with which a free economy is confronted in dealing with a foreign sovereign government or its agencies. Whilst the chief complication during the Great Depression presented by the foreign trade of the U.S.S.R. was the undercutting of capitalist economies through a dumping policy, the difficulties now will fall on Soviet imports. In many markets the U.S.S.R. may rapidly develop into so important a position on the demand side that she may play a dominant role for many "free economies". Her demand

may become such a bargaining power that outsiders anxious to share in her vast market may be induced to conclude bilateral agreements so as to exclude other countries. For Russia's trading partners the position can also become quite ambiguous. In view of the state monopoly (or monopsony) and the "assured" position that has been granted to the country in question, the terms of trade could easily be dictated by Russia through pressure and the threat that she may switch over to other suppliers<sup>(1)</sup>. Furthermore, a country where foreign trade is solely operated by government can easily switch over to other suppliers on considerations other than commercial ones, and rarely will there be any guarantee on her side that she will buy in the cheapest market. Prof. Jacob Viner in his often quoted League of Nations' Publication on "*Trade Relations between Free-Market and Controlled Economies*", Geneva, 1943, has given a first class description on the difficulties of operating trade with a state monopoly. He has stressed that it is in the interest of the individual exporter vis-à-vis the Russian trade monopoly to avoid bilateralism<sup>(2)</sup>. But there is some doubt whether a state with such tremendous bargaining power behind it, which will certainly become bigger with the development of civil demands and the vast rehabilitation-programme, will not

(1) See H. S. ELLIS, *cit. op. p. 15.*

(2) H. S. ELLIS in his essay on "*Bilateralism and the Future of International Trade*" Princeton, 1945, p. 16, proposes the following solution for trade with Russia:—

"The only really effective method of protecting the relatively defenceless trader in capitalist countries confronting the Russian purchasing Leviathan would be an international agreement allocating Russian imports by countries. This suggestion has been made by Gerschenkron but in rather too modest and cautious a manner (See ALEXANDER GERSCHENKRON, "*Economic Relations with the U.S.S.R.*", The Committee on International Policy, New York, 1943, pp. 37-41). The device, as any system of market allocation resting upon relative shares in some base period, must suffer from a certain arbitrariness, and must be made subject to occasional revisions. Yet it would effectively prevent the bargaining, through which exports of individual countries to Russia are determined, from becoming exclusively bilateral. Multilateral agreement however painfully achieved, would work toward a genuine multilateral pattern, and it would establish the best guarantee against discrimination either by or against the Soviet Union. In the course of time, with the progress of peaceful trade with the Soviet economy and with a gradual improvement of world trade in volume and in multilateral character, the governance of Russian trade by international agreement might be terminated." See also League of Nations' Publication "*The Nature of World Trade*" 1942, p. 10.

resort to practices, which will tend automatically to increase trade barriers for those outside the circle of the " *persona grata* ". The process of such discrimination can readily be carried on administratively without need of special legislation, without publicity, and with all the flexibility that there may be occasion to use. Nevertheless, the growth in recent years of the importance of governments as traders, has drawn to the question of whether it is possible for exporting countries to obtain guarantees of non-discriminatory treatment from governments as purchasers corresponding in purpose and effectiveness to the most-favoured-nation-treatment pledge with respect to trade carried on under private auspices. In the early thirties, Russia proposed unsuccessfully the adoption of an international draft protocol of " economic non-aggression ". The signatories were to undertake to forego any discrimination whatever, and to refute the adoption and application of a system directed against another signatory not applicable to all other countries. The occasion for the proposal was the fact that at the time of severe depression many countries were showing serious concern about the alleged menace of Russian " dumping " and some countries were contemplating restrictive measures on Soviet imports. In proposing the draft Russia wanted to assure the nations that she had no special unfavourable treatment to anybody in mind because of political considerations. In fact, the Russians often point out that purchases abroad are being made on commercial principles only, but there is hardly any effective guarantee against discriminatory treatment by a state trade monopoly. It is much easier in such case to violate a pledge of non-discrimination without it becoming obvious. Some satisfactory solution for a free trading country could be found only if the opposite government monopoly would disclose the extent of preference granted to domestic suppliers over foreign suppliers and guarantee limitation of this preference to the rates of import duties and similar commodities imported under private auspices. Furthermore, if the monopolistic country would undertake not to discriminate on non-commercial grounds. So far, however, no real progress has been made toward an adequate solution of this problem. The obvious inadequacy for their purpose of these provisions suggests, in fact, that the problem is either inherently incapable of satisfactory solution or that the solution awaits the discovery of logical and practicable formulae in this field. International agreements concluded in the early thirties between the United Kingdom and Russia, for instance, although emphasising the principle of non-discrimination on other

than commercial reasons have contained all in all very vague pledges and, waiving all questions of good faith, it is doubtful whether they have much significance. Once there is a monopoly power, there does not seem to be available any general formula capable of practical application and not somewhat arbitrary, which would restrain the use of that power for economic advantage. When monopoly power is present, its use tends to some extent to be automatic and undeliberate. The existence of this power, even without conscience to exploit it, is sufficient to yield some monopolistic fruits.

The only alternative in such case for the free trading country would be an *ad hoc* agreement as to specific amounts and terms of trade. Such method, however, would mean that monopoly is being met by monopoly, and that the bargaining is on the basis of bilateral monopoly. That paves the way to injections of political considerations, and bars economically superior results for each of the countries concerned. The case against such practices must be strong if one can still resort to the alternative of a smoothly working competitive market process, not subject to substantial interference by other than political factors we have just shown, *viz.* by commercial private monopolies or cartels which have become as oppressive to trade as have state manipulations in form of exchange control, import quotas, and government monopolies.

#### X.—SHIPPING AND AVIATION

The question who and under what terms trade is to be carried is a byo-problem which may bear on potential conflicts between the powers. In shipping, the British have the know-how and low costs; here they favour competition with private ownership and no subsidies. They fear that America — perhaps assigning reasons of military security, will subsidise its new merchant fleet heavily and capture much of the world's shipping business. The U.S.A. has built more than 18 million tons in 1944 alone, in contrast to Britain's pre-war total of 24 millions. America may have more than 50 million tons by the end of this year.

If subsidies are to be given to the merchant fleet, that not only constitutes a threat to a most important source of British revenue with which Britain has got to buy food and other essentials. Here is also a test in the American faith of a free (*i.e.* non-subsidised) enterprise system.

In the area of aviation, an area of risk and uncertainty, the British reverse their position on shipping. Very few Britishers to-day favour private operation of domestic and international airlines. The British White Paper on Civil Aviation (which had the support of the majority of Labour leaders as well) has outlined the main points of policy, and constituted a compromise between publicly owned monopoly (the B.O.A.C.) and privately financed competition. But since the former get the more important, international, airlines where they will meet U.S. competition, it actually constitutes a policy of the "chosen instrument" against free aviation (2). At the Air Conference of Chicago, the U.S., China and a number of American and European countries advocated absolute freedom of the air, because they believed that this new industry is economically sound and that it must be released from undue restriction if it is to achieve its potentialities. U.S. international airlines are nearly all self-supporting. They feel that the technical advances made during the war can be applied to civil aviation; then many countries will find that their international air transport companies will fast shake off their dependence upon the national treasury and become profitable enterprises. Given free operation and technical progress, stimulated by competition, a very large volume of traffic will almost certainly be available to the airlines of the world. Under such conditions, there will be ample opportunity for all who wish to fly.

Many other nations, including Britain, France, and Canada, argued that some control was necessary to assure every nation a "fair share" of air traffic and to avoid cut-throat competition or "prestige flying on subsidies", as did the Polish LOT and the Italian ALA LEROMA before the war.

As we know, no final agreement has been thus far reached as to the controversial "freedoms of the air", viz.:-

(i) The freedom to put down and take on passengers, mail, and cargo taken in the territory of the state whose nationality the aircraft possesses.

(ii) The freedom to put down and take on passengers, mail, and cargo destined for the territory of the state, whose nationality the aircraft possesses.

(iii) The freedom to put down and take on passengers, mail, cargo, coming from the territory of any other country or destined for the territory of any such country.

(2) The Labour Government has, in meantime, nationalized all civil aviation.

Agreement among all nations (excluding U.S.S.R.) was only reached for freedom to fly over any country and to land for non-trading purposes.

But we dare believe that the British have not spoken their last word yet. Against U.S. concessions in the field of shipping, apart from many other concessions, the new British Government may be ready to yield somewhat in the field of aviation, although it might look *prima facie* against the very ideological attitude of the Labour Party. But instead of subscribing to some kind of monopoly, it would at least give free competition a fair chance, and there is no doubt that air transport in this case would be cheaper, more accessible to the wide public, and therefore, play an important part in the future of foreign trade.

#### XI.—THE ROLE OF GOVERNMENT IN THE TRADE OF A FREE ECONOMY

Government's increasing role in international trade, we have argued, may be a deplorable development born out of emergencies of war and financial confusion. In times of crises and depressions, public authorities will always be called upon to act when private enterprise is too weakened to do so. But the period since the outbreak of World War I has been an abnormal one. Never, except for a very short time has the world, politically or economically, returned to normalcy, and even then it was a partial one only. It has gone so far that many people say to-day, this normalcy will never return.

Wherever private enterprise has established itself so firmly that it enjoys a monopolistic position, we have said, government is bound to interfere for the sake of the consumer masses. The destruction of such enterprise will remove serious obstacles, which might stand in the way of building the more perfect society of which we dream.

But there might be another reason for government to step into the arena of economy, and especially of foreign trade. The outbreak of World War II has served to afford a temporary solution to one of the central economic and social problems of Western society, viz. the fact of periodical mass unemployment. The knowledge that this solution is no more than temporary and that the return to peace (or better: to a peace-time economy) might be marked by the recurrence of similar difficult problems, has caused the demand for a

new order to become the central issue of thinking and planning on post-war conditions. The emotional reactions produced among the nations by the war has served to give a particular powerful impetus to the hopes of social reconstruction for surmounting the difficulties that can be expected to ensue.

The recognition that civilisation is endangered has brought about manifold attempts to base production and distribution on entirely new lines. These attempts, e.g. that of Russia, have been based, however, on material and ideological prerequisites not recognised or not existing in Western or even Eastern society. Our concept remains and got to remain closely associated with democracy, and—except in periods of emergency—will not permit the drastic subordination of individual rights to the requirements of the State. Our planning effort must primarily aim, therefore, at safeguarding the economic existence of the individual, the elimination of unemployment of all those able and willing to work, and thereupon stabilise the foundations of democracy. Admittedly, that is not to preclude the necessary vigorous measures—with a view to rectifying and alleviating social and economic evils, which have appeared in the past age, and there should be no hesitation to learn from the Russian experience.

In many "capitalistic" countries, we have seen, some system of intervention economy has enveloped running against the system of allowing free play to the laws of the market. This intervention economy functions in the best case in close dependence upon the state (in the worst upon private monopolies). In a society of principally liberal economic activities there has emerged a sphere in which considerations of social security, of levelling of incomes, of increasing opportunity of advancement, play a significant role. Two systems have, thus, started to co-exist alongside each other, in mutual tolerance, and without any apparent contradiction. Capitalistic production and distribution schemes have opened their gates to the originally dangerously appearing guest of "social economy", in the hope that with its support the right for the remaining free sector—to which certainly must belong the arena of foreign trade—might be better secured. This symbiosis is more than a simple measure of defence. "Capitalistic-social" economy is a transitory stage, in which Western civilisation created by capitalist production is endeavouring to adapt itself to the changed conditions of the present day.

It is a long way from Adam Smith who proclaimed "that the statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority, which could safely be trusted neither to a single person nor to a council or senate whatsoever" to the "social-capitalistic society" of our days. But it is a longer way still from that dual "social-capitalism" (which is still liberal in its essentials) to a society of planning where authorities are operating and conducting trade and industry. The most dangerous are the most moderate planners of the principally conservative type in various countries, because they still pretend to support capitalism. We have said before that they support capital only, their vested interests, their ambition being a monopolised or cartelised world (of course, in the "interests of the public" and "under" state supervision"). To this sphere belongs the policy of the "chosen instrument"—originally tabulated only for aviation, but it has become a good and general aim now in many an economic activity. To their sphere also belongs a system of bilateralism in foreign trade relations, foreign exchange and market allocations, and many other so-called "practical and expedient" things we have now been accustomed to during this or that emergency and aggravated during the war. If people now fight any relaxation of controls and the speedy return to normalcy, you need not wonder. It seems that this war has made the world safe for bureaucracy.

It is unfortunate that against this tendency of planning, nearly universally supported by modern economists, and the inevitable trend toward a regimented economy only few persuasive voices have been raised in protest. One of the best and most recent ones is Friedrich Hayek's "Road to Serfdom" (University of Chicago Press, 1944). Another one and written some time ago is Professor Mises' "Government and Bureaucracy" (New Haven, Yale University, 1944). Both authors are members of a rather extraordinary group of economists who fled before the gathering clouds of Europe. They and their disciples have found welcome at leading British and American universities.

For both of them, the decisive criteria are liberty and personal responsibility, objectives in themselves worth preserving against any small addition to the sum total of economic satisfaction that thorough-going regimentation might perhaps yield. In fact, we might

be convinced that in view of the immensely complicated task which the planners have to face, any utilitarian test of general welfare is likely to be met by the methods of free enterprise rather than by central planning. What Hayak advocates, is only that the state build and maintain a system of general laws so designed as to make the spontaneous forces of society act beneficially. These must be laws, known and relatively stable, but private initiative must be free to act confidently within the boundaries thus set.

If we keep these principles in mind, there is no necessity to exclude governmental direction from economic life or foreign trade in particular. The marriage with private enterprise may be happy or unhappy. The unhappy alternative is the method of negative control. This is the infertile compromise to which countries are driven that recognise the necessity for some intervention by the government and yet shy away from the brutal logic—and the difficult political problems—of socialism. It is the infertile compromise to which many European countries have resorted since World War I and trying to reestablish it now: that of leaving the businessman with all the initiative and responsibility, with the obligation of covering his costs and satisfying his creditors, but burdening him with any number of prohibitions, restrictions, and controls. This is the bureaucrat's paradise. He carries no real responsibility; he has no pay-roll to meet and no shareholders to confront. But his permission has to be sought, his rules have to be observed, his day-long questionnaires have to be filled out. It is a negative system: for while both the businessman and the bureaucrat have to be in agreement, before a new enterprise can be inaugurated, either one can prevent it.

The second alternative method of combining government and business is a positive one. Its weapon is organisation, not control. Where public policy requires the intervention of government in certain emergency situations, this method would have the government itself assume the initiative and the responsibility, instead of attempting to control the actions without assuming their burdens. This is true dual economy, a social-capitalistic system. It requires—in normal times—some sorting out of the activities that should be in the last resort, organised by the state, and those that should be subject to the individual's free choice of action. Not all parties are, of course, agreed on the line of demarcation, and its location, in Britain, for example, is the proper subject of party controversy. But, I think it can be claimed that the overwhelming majority are in favour of

there being such a demarcation, and that most of them are coming to see that the principles of government organisation and of free enterprise, each on its own side of the fence, should be allowed to operate with the minimum of interference from each other. Conservatives will be shocked by the fact that it involves spontaneous approval of some far-reaching experiments in collective organisation. Into it may come the structure of domestic food supply, which is likely to remain after the war, for some time at least. It is also in the field of social measures that great improvements to the public will be required. Government organisation will also be called upon in foreign trade in instances where private initiative cannot act sufficiently, in times of shortages or surpluses. But there is the first right of private enterprise to organise the use of all economic resources, which it is capable of putting to profitable employment. Whatever the shortcomings of private enterprise, this is a right that must be accorded to it. On the other hand, whatever the shortcomings of modern proposals for experiments in the exercise of government business, control, or operation, they must be recognized as the democratic expression of a demand for economic well being for the masses, which has not been achieved by the prevailing system of private enterprise. If business is to retain the present territory of free action or to regain for its own some of the lost provinces of recent years, it must be on the basis of a convincing demonstration that it is accomplishing the maximum material satisfaction for the mass of the consumers.

For the time, there will of course be no heaven on earth on removal of all controls. The best form of economic organisation for a complex industrial country lies somewhere between the extremes of *laissez faire* and bureaucracy-organisation, of full control and of no control. There are in the world of to-day two vital principles of economic action, the adventurist power of the individualism and the organisational power of the State, and if a democratic community is successfully to confront the complex problems of this puzzling age, it will need the maximum assistance that both principles can give. It will need the energising force that individual initiative can provide, not only that the occasional industrial genius may be given free rein, but also in order to secure that there is the widest possible dispersion of decision. Deciding is, after all, the most difficult thing a human being has to do, and if decisions are centralized, they are usually never taken at all.

What does that all mean for foreign trade?

The implications of a decision to build a workable international economic world are far-reaching. The solution cannot, as we have seen, merely be found in a reduction of tariffs or the cancellation of those many financial entanglements that inter-war crises and war have brought with them (although such measures would in themselves contribute largely to the solution).

If world trade is to revive and is to be conducted in a manner which will not again lead to the financial abyss, it must be realised that exports, imports, and the flow of capital are all different phases of the same international relationship. To control one and not to control the others must necessarily lead to maladjustments. Similarly, to relax from the present control the flow of goods, but to keep pressure on the flow of capital, will not lead us out of the entanglements we have thus far experienced. There can be only the alternative of control or no control.

Business interests cannot well ask for a rigid restriction of imports and at the same time clamour for complete freedom of exports and investments. As long as this attitude prevails, no practical solution can be hoped for. A substantial reduction of tariffs is the number one concession that creditor countries and those with an active balance-of-payment and trade, must concede to the impoverished world. Whether industry called upon to provide 60 million jobs in the U.S.A. for returning servicemen and war-workers, will agree to it, remains doubtful. On the other hand, the U.S. must trade with foreigners, will it not fall back to mass unemployment as before the war; and that is the condition *quaesita* both for expansion of trade and for a democratic system.

But reductions in tariffs is not the only way. The New York Business Conference last fall has shown that business all over the world looks for America for something else. It wants U.S. money to pay for U.S. goods. It cannot, being much more dislocated than U.S. business, reconstruct without U.S. help. But U.S. help will not come forward without some guarantee to the U.S. money lender for some chance of fair and reasonable repayment. The Lend-Lease Agreement is dead. Its principles of repayment do not hold good for post-war credits. The world cannot expect more than commercial credits now; and their main criterion is that they must yield profits and repayment at reasonable terms.

A sound monetary policy is, then, the basis of a sound commercial policy. The famous words of Lord Keynes that "nothing in this war has been decided on financial grounds" indeed applies to war only. It is wishful thinking for a debtor to have it extended to peace time economy. But as long as international business nails its flag to private enterprise, to freedom of economic activities within and beyond the borders of a country, it will be finance that will lead commerce and not vice versa.

People must realize that a revision of the world's monetary policy is essential for future trade expansion. Slogans like "down with tariffs" and "non-discrimination" can have no meaning in a world that sticks to principles, which may have proved acceptable for emergency periods.

The formulation of a bold financial policy, however, with a view to expanding international trade is the most significant role, which modern economy assigns to a government of a national community. The fact that the economic evolution of this century has inevitably led to the assumption by the state of greater responsibilities can only mean that we have to accept the view to-day that the state has a direct obligation to prevent serious depressions to the best of its abilities, and if they still occur, to take measure to overcome them. In fact, we have to admit that the role of the state will become much wider than that of an impartial director of traffic or umpire in the conduct of business. The state will itself acquire control of many undertakings or natural monopolies, and will frequently enter even the field of foreign commerce not only to determine the rules of game but to participate in it itself. If those centralised forces will be used to maintain economic stability, to pave the way for new enterprise, expanded trade and a high level of employment both at home and abroad, it will have performed its task. If, however, as many fear to-day, it will just use its centralised forces to increase rigidities and international instability, it will have utterly failed in its mission. Government's activities in foreign trade, therefore, afford an opportunity, but it involves a risk that is worth of serious consideration.

## XII.—SUMMARY AND CONCLUSIONS

I tried to be conscious when drafting this essay how much space I could devote to discussing national policies or measures designed to be taken by national authorities. In that respect, I have been as

explicit as possible regarding the nature of policies open to individual governments in the face of the often different circumstances and problems with which they may be confronted. But I cannot help to draw this first and most important conclusion: (made in each chapter dealt with): that the economic history of at least this century clearly demonstrates that neither booms nor depressions, neither crises nor prosperities show much respect for natural boundaries and are essentially international phenomena.

The complexity of the problem assigned by dealing with the difficulties and barriers that may present themselves to future world trade has compelled me to dwell at considerable length on certain terms of reference, and I think it useful, therefore, to add a short summary of the major findings and suggestions:—

(1) The history of the Great Depression which cannot but be regarded as a natural consequence of an erroneous policy in the aftermath of the last war, is probably the most tragic chapter in the history of economy. The tragedy does not lie in the terrific speed and the enormous extent of the depression but foremost in its apparent incurability within the framework of a capitalist or liberalist economy. If a few countries managed to escape its consequences, nobody certainly escaped the ultimate effects of its counter-measures. It is also irrelevant for the purpose of this essay whether the counter-measures taken have proved, in certain cases, effective to solve temporarily the problem of mass unemployment. All I had to show was that the steps taken were bound to affect world trade, prosperity and peace. I attribute these consequences not so much to the measures themselves, but to the fact that all these measures were taken in the absence of an effective concerted action. I hold nationalism, and especially economic nationalism, responsible for the virtual breakdown of our economic system.

(2) Economic nationalism, in itself a vicious policy, might perhaps not have caused the atmosphere that led to war, would it have been possible to create large, self-sufficient units. Such self-sufficiency, however, does not exist. There is no country, no continent, which can afford to ignore trade with other countries. There is, therefore, no absolute "Have" nor an absolute "Have not" nation in the world:

That does not say, however, that world resources are equally and well distributed. But a redistribution would be no remedy under circumstances, where certain nations could not afford to develop them and would take decades to achieve what others would be able to attain.

in the course of a few years. There is no other solution than to give each nation equal opportunity and access to world trade by agreeing internationally that even in periods of deficiencies there should be no abuse of political control over certain resources by making them inaccessible to other nations.

(3) There are, however, many interests and potential interests which will oppose that policy of equal access and equal opportunity. They will have to be sacrificed. As long as these sacrifices are demanded from sections within national communities, national authorities will be able to enforce them. The difficulty arises when these interests are referred to as national interests or deceived to be "vital for a nation". This situation is likely to arise as a consequence of the new economic constellation caused by the war. The shift to the New World of productive capacity by far surpasses the loss of assets through destruction in the old one. Hence, the stage of deficiencies is a short one. On the long run, a stage of surpluses is bound to come.

The difficulties of overproduction will be accentuated by the fact that many countries have started new branches of production, which will compete with those well-established interests. Artificially stimulated sources of supply, substitutes, synthetics, etc., will clamour for protection. Under their pressure, governments may adopt measures bound to injure others. The collaborative spirit prevailing in the face of a common enemy will cede to the attempts by various nations or sections to reap the fruits of victory. International action is again the only alternative.

(4) The background of potential conflict is also a psychological one. Communism, because of its enormous contribution to rescuing our civilisation from the spectre of Fascism, is in striking ascendancy. Its trade system will not suit the smooth running of a liberalist machinery. But even within the democratic world there are differences in attitude to commerce which are hardly compatible. They centre around the problems of tariffs, discriminatory barriers (erected by the administration and organisational barriers (erected by business itself). But behind it and as the cause of all the trouble stands government and its relation to business. It is here that the American capitalism tending towards freedom of economic activities from governmental interference will clash with the British and many other national units standing somewhat between a capitalist and a totalitarian system. The present difficulties and trade problems with

which Britain is being confronted aggravate her situation. Here is the material "for a top-notch British-American dogfight in which both sides, struggling for the same bone, might both fall off the bridge and arrive at more wetness than profit." (2) Mutual concessions will be necessary to develop the bone of international trade "from a knuckle-bone to a real joint", with meat on it, for all exporting countries. Since demand is unlimited in large parts of the world, concerted action could overcome the difficulties.

(5) Artificial trade restriction should be avoided. National interests, however, often favour protection by all means, notably by customs which is the classical form of protection. Whilst there is now a prevailing tendency in the international sphere to move towards freer trade, there are still forces which will oppose any reduction of tariffs by multilateral agreement. This danger is notably inherent in America, where substantial tariff reductions are a condition *sine qua non* for international trade collaboration.

The circumstances in which there is something to be said in favour of protection are: (a) Infant industries' protection, which, however, is rarely necessary, and often replaceable by other means like subsidies, etc., for short periods; (b) Old industries' protection which are often a disguise for protection of vested interests and inefficiency; (c) Dumping protection which should never be extended to cover any foreign competition which the home producers are unable to meet successfully; and (d) Standard of living protection which — I admit — is always a justified measure, provided these problems cannot be dealt with by international agreements regarding the regulations of industrial relations and labour conditions. Tariff policy has seldom struck to these principles and often applied trade restrictions on a retaliatory basis.

(5) Commercial treaties between two nations are usually the beginning of discrimination and bilateralism in foreign trade. Bilateralism is always restrictive both in tendency and in effect. Exporters do not sell any more in the best market but to those countries which buy enough from their home country to secure payment. Importers do not buy in the cheapest markets but in those for which a clearing balance is available.

(2) WILLIAM HARR, "What Labour Government means to America", *The Reader's Digest*, October, 1963, p. 5.

The best device for minimising the effects of bilateral trade agreements is the most-favoured-nation clause, provided it is applied unconditionally and unrestrictedly; and provided a unified form of the clause is given and incorporated in all international trade agreements (4). The most-favoured-nation clause, however, has sometimes appeared to stand in the way of a general reduction of tariffs. For such cases, the League of Nations has recommended an exception to be admitted in favour of collective agreements, which tend to promote international trade and are open to adoption by all countries. The Pan-American Conference at Montevideo (1933) accepted these recommendations and made them the basis of further commercial policy. It is doubtful whether Preference treaties (such as the Imperial Preferences of 1932, and similar agreements within the French Empire) based upon certain ethnological or political considerations can meet the requirements for such exceptional treatment. The only exception which is generally admitted to the most-favoured-nation clause is a customs union: the latter, however, are not always beneficial, and they are harmful if concluded between countries with a different standard of living.

Tariff bargaining even if made with a view of reducing trade barriers often leads to conflicts. It is, however, no use to fight bilateralism and a discriminatory trade policy if high tariffs are being maintained. A reduction of tariffs must be the prerequisite for the establishment of multilateral trade.

(7) Whilst tariffs and treaties are generally legislative measures open to discussion and criticism, the more dangerous trade barriers are of administrative character, notably exchange control and import quotas. They are also called quantitative restrictions.

The primary purpose of exchange control, viz. to control the transfer of frozen funds and of capital is probably the device which most nations will resort to after the war. But, in effect, it provides a very effective instrument for trade bargaining with other nations and for some kind of governmental regulation, within a democracy. The main disadvantage for multilateral trade is that exchange control allows administrative flexibility, secrecy, individuality of an unprecedented form.

(4) The Economic Committee of the League in its often quoted "Doctrine Relating to the Most-Favoured-Nation Treatment", 1933, in "Commercial Policy in the Post-War World", *cit. op.* p. 100, recommends to put into the agreement the most explicit wording stating the substantial provisions of the clause in direct terms, leaving only a few special points to be elucidated by the rules of interpretation.

Thus, it has the tendency of forcing other nations into bilateral agreements and into controls of exchange and quantitative restrictions. During the thirties' exchange control has spread all over Europe and a number of other countries and is now universally accepted.

Import quotas are less effective than exchange control, although they are as discriminatory and as bilateralistic in foreign trade. They are—even if covered by treaties—prejudicial to the most-favoured-nation treatment. Their effect on multilateral trade can be mitigated by an international undertaking to ban all secret quotas.

Many countries suffering under the impact of the war might have to continue for a period to control both the flow of goods and of capital. Under the Bretton Woods proposals restrictions on current transactions, i.e. on commercial transfers, are to be withdrawn as soon as possible in progressive stages. Movement of funds—liquid and frozen, short-term and long-term—may, however, be continued to be controlled under the disguise of protection of the balance-of-payments. Here lies the main monetary barrier to international trade expansion.

(8) Since currency stabilisation is the prerequisite for international trade, it is essential that rates of exchange be maintained at an equilibrium or, if a change (especially a devaluation) has to take place because of a fundamental disequilibrium, be altered by international agreement. The International Monetary Fund only permits a 10% depreciation by unilateral action; for more, its agreement has to be sought. For the successful operation of the fund it is essential that there should be a generally accepted notion as to what constitutes "equilibrium" rate of exchange. It is the rate of exchange which, over a certain period, keeps the balance-of-payments in equilibrium. Short-term capital movements will probably be excluded from the balance-of-payments calculation, since they can hardly be compiled into statistics. (Such abnormal capital movements may be curbed by some balancing factors such as drafts from the reserves of the International Monetary Fund,—in order to avoid exchange control.) The period over which the balance-of-payments has to be kept in equilibrium should be long enough to compensate for cyclical discrepancies.

But the mere equality of a country's receipts and payments is not an acceptable criterion of the equilibrium rate of exchange, if the equality must be enforced by trade restrictions (such as foreign exchange control), or by reducing domestic national income (i.e. by depression and unemployment at home). Central European practices in the

thirties' and British policy at the end of the twenties' resorting to these two measures (respectively), whilst maintaining the original rate of exchange, should not have been pursued.

Exchange adjustment might in both cases have been more appropriate. But there are not, thus far, recognised and recognisable criteria justifying such measures. The temptation for a devaluation policy might be great in the near future, where a large number of currencies under the impact of war-economy appear to be overvalued. A depreciation of the rate of exchange should, however, only be resorted to if a country shows a persistent, chronic, and not only a war-time, deficit in the balance-of-payments. For temporary deficits, international currency reserves plus allotments of "hard currency" by the Fund should be adequate.

To counteract deflationary or inflationary influences from abroad, notably a fall in foreign demand and hence in exports, a country should offset the ensuing discrepancy in the national income by increasing domestic expenditure. To countries greatly dependent upon their export trade, this policy will present difficulties and will be only applicable to a limited extent. International concerted policies for the maintenance of a high level of employment and a smooth-functioning multilateral trade is, then, indispensable indeed.

The policy of compensating for a fall in foreign demand by domestic expansion may, of course, increase the deficiency in the balance-of-payments. It must be met by foreign exchange reserves or by gold, because all these deficits will usually and as a rule be temporary only. In cases of a more persistent deficit a structural adaptation to the new conditions will have to be sought. This also applies if inflation is allowed to go on for a long time, so that prices at home and abroad will have got out of line. An exchange depreciation will, then, be probably inadequate.

The availability of foreign exchange reserves must be secured by a system of international investment, for long-term purposes, such as the proposed International Bank for Reconstruction and Development. Foreign lending, by stimulating exports, may prove a valuable anti-depression measure for richer countries. It will be the only means for preventing the distortion of a functioning international liquidity mechanism. To be most effective, foreign lending should take a contra-cyclical form, lending being promoted when business

slackens. This should be the policy of both the International Bank and the U.S. Import-Export Bank, whose lending power now stands at 3 and a half billion dollars.

While foreign lending will be an indispensable instrument of future trade policy, a heavy foreign debt may constitute an intolerable burden to debtor countries. This applies equally to the war debts incurred by most nations to the United States. The wording of the Lease-Lend Act, especially its Art. VII, is the most reassuring statement of international level made during recent economic history. War debts bedevilled relations between the Allies after the last war and threaten to do so again if they are not brought into line with contemporary realities. There are strong forces in the United States, which would resent a wholesale cancellation of all war-debts without some compensation on the part of the debtor nations. At least, they consider the creditor position as an important bargaining power which should not be waived. On the other hand, there are few indeed who would insist on a promissory note to be signed by the Allied nations how and when to pay their instalments to Lease-Lend. The stultifying fog of war debts is even more complicated by the fact that Britain which has borne the brunt of the war for the darkest period in the history of civilisation owes a debt nearly equal to Lease-Lend to other countries, notably her dependencies and dominions. The U.S.A. demand a substantial scaling-down of these debts which are burdensome obligations for multilateral trade relations in that they give the debtor an advantageous position to dictate the terms of trade, i.e. repayment, to his creditors. From the creditors' point of view, which in this case are most poor countries the only assets of which constitute these balances, such forced scaling-down would be a tremendous loss. It would also undermine the backing of most currencies now in circulation and thus call for an exchange adjustment (although there is no evidence that the price level has been permanently disrupted).

The enormous accumulation of sterling balances which has been caused by inflationary prices is largely due to a wrong policy on the part of the Allied authorities (importing at inflationary prices and paying recklessly for services locally) and to the inefficient handling of anti-inflation measures on the part of local governments. The fact that both parts have gained and both parts are largely responsible for the situation as it is to-day, will call for concessions, mutual and multilateral. But whatever agreement will be concluded, it will

affect future trade relations, and it should be the object of the monetary policy involved to liberalise trade from the burden of international indebtedness. The adjustment of debt payments to the debtors' capacity to pay must, at any rate, be the guide to future settlements.

It is preferable that, whenever possible, future foreign lending should take the form of equity or direct investment. Where that is impossible, elasticity might be afforded by permitting accelerated amortization in periods of activity and a relaxation of payments in periods of difficulties. Whilst appreciating the lending policy as an impetus for expanding exports, not all loans should be "tied" loans, and it is desirable that the borrower should be able to buy in the cheapest markets.

The provision of capital goods commends itself because it develops backward countries. There is no danger of potential competition for lending countries by developing backward ones; for history of industry proves the opposite. Industrial advance of a backward country entails an increased demand for capital goods; it provides a basis for flourishing trade and raises the standard of living.

Foreign loans should, however, remain loans and not be disguised gifts. If loans are loans in form but defaults in payments are expected, an unpleasant onus is thrust on the honest borrower. It will also have an unpleasant psychological effect on the money-lender. Stuart Chase in his *"To-morrow's Trade"* (1) has very clearly formulated the peculiar sequence of loan-based trade whereby loans are not repaid. He says: "One reason for seeking an excess of exports has been to provide more jobs at home. The procedure is exceedingly dubious. As the excess of imports mounts, foreign buyers run short of dollars. The only way they can pay for our exports is to borrow dollars from us. This was done on a princely scale in the twenties". Observe the peculiar sequence:

"American investors loaned dollars abroad.

"Foreigners used the dollars to pay for American exports.

"The exports stimulated production and employment in America.

"But: Foreigners got the goods, while American investors lost their shirts."

When this sequence is straight in our minds, it suggests a blunt question: If employment must be subsidised, why not distribute the goods to people at home who need them?

(1) *Twentieth Century Fund, Inc. N.Y., 1945.*

Gifts disguised as loans would also amount to an export subsidy of U.S. goods hardly consistent with a liberalistic trade. Retaliatory measures by others, notably bilateralism and controls would follow in the long run.

The more dollars the U.S.A. loan to the world to open markets to traders the more essential it becomes that the sole means the world has of repaying such loans should be placed at its disposal. That implies that America removes her tariff walls to foreign goods. "Stuff must be exchanged for stuff. Without this touchstone foreign commerce passes into the realm of the occult (2)."

Reparations by the enemies do not represent a problem of the extent of other war debts among the Allies. They will hardly constitute a burden to trade expansion since there is no "fixed fund" for purchasing power for some time to come.

(3) An international monetary policy loses much of its *raison d'être* in a world, where foreign trade is largely regulated by the state or by monopolies. Organisational trade barriers which may be both commercial in the form of cartels and trusts and publicly administered in the form of state monopolies are as potential a menace to trade expansion as monetary entanglements.

Growth in the size of business concerns often means growth of monopolies and increasing failure to achieve the goals of general welfare that a competitive system was assumed to attain. However, foreign trade is so complicated today and requires to such an extent administrative and business capacities that a small business man will hardly be in the position to compete successfully against larger — possibly international — organisations. If organisation is not used restrictively, i.e. in the sense which would make it subject to the Sherman Act, it can be beneficial. The U.S. Anti-trust legislation is one of the pillars of trade expansion, provided it would be extended to foreign trade by the abolition of the *Wohlf-Pomerene Act*). It commends itself, then, to adaptation by an international agreement.

For the time, cartels should at least be registered and internationally controlled. The League's Economic Committee has published important recommendations worth of serious consideration.

As menacing as cartels are government monopolies in foreign trade or purchasing agencies (chartered or privileged). Whilst thus far

(2) *Twentieth Century Fund, Inc. N.Y., 1943.*

limited to the U.S.S.R., monopolies have made fashion during the war and have brought bureaucracy into the forefront of business to-day. The suggestion of the League regarding the protection of individual businessmen against the sovereign power of a foreign state should be internationally accepted. An economic "non-aggression pact" should further bind the governments not to discriminate on non-commercial grounds in cases of foreign trade monopolies.

(10) The problems connected with shipping and aviation gain in importance with the irreconcilable attitudes of the British and the American Governments and bear potential conflicts for the near future. The policies, apart from being incompatible, are also inconsistent. America wants free and commercial aviation and subsidized shipping. Britain contemplates to subsidise aviation (or to monopolise and allocate it) and clamours for commercial shipping. It is difficult to decide whose case is the stronger one, and all that can be suggested is an international agreement, in which concessions towards freedom and liberalisation from subsidies and monopolies are mutually made.

(11) Government may also have a positive role in foreign trade. Frequently, private enterprise will be unable to meet the difficulties that will present themselves as a legacy of the war. Government's assistance will be required in creating a balanced economic system to fight potential depressions. Most important is the creation of conditions in which demand is buttressed against the storm by adequate social insurance; that the basic needs of all sections are met in accordance with the productive resources available; that standard of living is maintained and increased by an increase in efficiency and productivity; that private enterprise is protected against monopolistic and other manipulations, both at home and abroad. I have called this system in which government is called upon to intervene in periods of depressions and unemployment, but never in competition with capitalism, a "dual" economy; I call it "dual" because there are two sectors in economic life, a private and a public one. Government does not control business; it does not interfere with it in the "private" sphere. It has a "public" sphere for itself where it is free to act, in the interest of general welfare, and where it assumes full responsibility and initiative. It never controls actions without assuming their burdens. Between the two spheres is a clear line of demarcation; and foreign trade lies essentially in that of the "private" sphere.

An expansion of international trade cannot be achieved in a "planned economy" unless "planning is done for freedom". But national governments are hardly in a position to plan on their own. Even if they would succeed within the borders of their respective country, national prosperity would be "a seamless web of cause and effect, and no one can achieve lasting full employment alone. Economically we are one world (1)".

Commercial policy occupies the most important place in the projected pattern of international relationships, and it is here where concerted action will be essential in the future. The various international conferences during the war culminating in the United Nations Charter have all recommended an international policy with a view of eliminating the barriers to trade and prosperity. Most of the United Nations have accepted the obligation imposed by Art. 7 of the Mutual Aid Agreement "to promote action to the expansion . . . of production, employment, and exchange and consumption of goods . . . to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers". The Hot Springs Conference on Food and Agriculture (1943) recommended in Art. I (g) as an integral part of its program, "to reduce barriers of every kind in international trade and to eliminate all forms of discriminatory restrictions thereon, including inequitable policies in international transportation, as effectively and rapidly as possible" (also Final Act, Art. 24). The International Labour Conference at its 26th session held in Philadelphia in 1944 agreed that "each government recognises its duty to maintain a high level of employment. Accordingly, all arrangements . . . for economic co-operation . . . should be directed to the expansion of production, employment, and the exchange and consumption of goods and to the liberation of economic activity from unreasonable restrictions". (*I.L.O. Official Bulletin*, June 1, 1944, pp. 82-85, Art. II). The Final Act, Art. I, Annex A of the International Monetary Fund Agreement (Bretton Woods 1944) states as its main objectives: "(ii) to facilitate the expansion and balanced growth of international trade, and to contribute thereby

(1) HENRY A. WALLACE, U.S. Secretary of Commerce, in his recent book "Sixty Million Jobs", New York, 1945, a confession of which is given in the Reader's Digest, October 1945, pp. 110-127.

to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy; (iii) to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation; (iv) to assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade."

It is obvious that the principles adopted by the various conferences of the United Nations cannot be left to interpretation by individual governments but must be made subject to an international authority, which alone can secure the restoration of a multilateral system of foreign trade. The League's Delegation on Economic Depressions recommends the establishment of an international machinery to prepare multilateral agreements and to advise on international policies in foreign trade. It is irrelevant whether such body would be a sub-committee of the Economic and Social Council of the United Nations—Articles 62-65 authorise it to deal with these questions—or part of the International Trade Organisation by which relations are to be governed in the future; Essential are the principles based on a concerted effort to achieve the following objectives:—

- (i) The prevention of mass unemployment;
- (ii) The removal of any basis for the fear of war;
- (iii) The maintenance of a stabilised monetary system, and
- (iv) The establishment of conditions under which healthy movement of funds can take place from capital—abundant to capital—hungry countries.

The absence of these conditions in the inter-war years has led to the international confusion of foreign trade. But it does not mean that similar conditions must make their reappearance in the post-war world. There is no doubt that the policy of international collaboration in the field of monetary stabilisation, of prevention of unemployment, and of restoration of long-term capital movements and mobility, as implied by the above-mentioned resolutions of the United Nations conferences, would facilitate the maintenance of free international markets and make desirable the abandonment of restrictive controls.

I like to quote again Prof. Jacob Viner in this connection (2) which appears to me an authoritative statement of importance:—

"There is a tendency in some quarters to presume that it will be impossible and undesirable to return to some kind of pre-1914 monetary mechanism... I do not intend that we should necessarily aim at restoring a pre-1914 institution, without amendment or modification. But we should avoid the widespread tendency in the economic field nowadays, to take for granted that if any proposal can be labelled as advocating a return to pre-1914 conditions, it is thereby condemned as impracticable and foolish... All it would be, is unfashionable... But I ask for consideration of the suggestion that in a peaceful world the re-establishment of a pre-1914 monetary system, with those improvements and modifications, which time and the growth of understanding in this field has made fairly obvious, both would be impracticable and would go far towards removing... any urgent need for monetary and exchange control."

It is on such a system which provides regulation of finance and trade on an international and multilateral basis based on respect of treaties and exclusion of arbitrary arrangements, that a "sane *qui pso*" procedure practised between the two wars may for good be buried.

It does not fall within the competence of this essay to suggest means by which all the factors of production and distribution may be so marshalled as to maximise foreign trade, or to advise upon the numerous technical and scientific problems that present themselves. My task has only been to suggest means by which the general mechanism of foreign trade may continue to function without halt or hindrance. This review of problems will, therefore, not have covered all the issues that the restoration of a normal post-war trade will have to force; neither does it offer a complete plan of action. As individual survey can hardly do so. Solutions must be hammered out by direct and laborious negotiations, in which practical necessities will urge concessions and compromises far short from the ideal state of affairs. The characteristic of democracy in this respect has been well formulated by Prof. J. B. Condliffe (3): "... It stumbles towards its goals

(2) "Trade Relations between Free Markets and Controlled Economies", League of Nations, 1943, p. 73.

(3) J. B. CONDLIFFE, "Agenda for a Post-War World, London, 1943, p. 123.

by a series of makeshift and unsatisfactory institutions and conventions. Those who work for the improvement of international relations have better cause than most people to know how far short of the ideal the best possible arrangement may fall. They must be content to aim high but to accept realistic arrangements that fall far short of their aim as long as some progress is made. Few with practical experience of the working of international politics retain any millennial illusions. The struggle for sanity in the relations between individuals and between states is long and disappointing. It has gone on for centuries and will go on beyond our time".

It we want to build up a democratic world order we cannot think of another way to achieve these ends but through negotiations and compromise. But that should not relieve the world from its responsibility to act and to act immediately. The restoration of normal trade relations is not a long-term problem. It cannot be deferred. The United Nations, and notably the Western democracies, must take these questions up with an utmost urgency. They must establish the machinery to deal with the problems, so that it will be in functioning order when an emergency does arise. If that is not done, it seems likely that the *ad hoc* unco-ordinated decisions of national governments on urgent matters, will be of a restrictive rather than of an expansive character; and that restrictive policies embarked upon now—during the reconversion period from war to peace economy—will set the tone of international economic relations for a long period to come. If the world makes a bad start now, it will hardly be able to correct the mistakes when approaching long-term problems and the failures of to-day when the collaborative spirit is still awake, will augur ill for the future when people are disillusioned. If we fail again to work out a policy of international co-ordination conceived in realistic recognition of the mutual dependence of one country's prosperity on that of its neighbours, the economic history of the inter-war period will be repeated, possibly in aggravated form. But last time, the economic statesmanship had the good excuse that they were in doubt as to the right policies. This time, that excuse does not hold good any more; it will not be so much lack of knowledge than lack of purpose that will be largely responsible for a new dark chapter in history of mankind.

I do not underrate the difficulties of a co-operative effort under peace-time conditions; but the alternative has been tried, with results

only too apparent. The choice before us is one of restrictions, bilateralism and trading monopolies striving for an illusionary, narrow self-sufficiency, or of a world economy with free and multilateral exchange of goods based on currency stability and international prosperity.

I could not better than quote the inspiring words in P.E.P.'s publication "Building Peace out of War" (1) on the necessity of international co-operation in this field: "Nothing but the failure of the United Nations to make decisive use of their resources could have lost us the war. In the same way, nothing but the failure of the nations to make effective use of their common resources can make us lose the peace. Such a use of resources requires not only first-rate minds but also first-rate wills. In peace as in war, we must learn to recognise what are the strategic priorities on which success depends, and to see that those priorities are observed. We are told that at the time of the American Civil War, Abraham Lincoln would ask: 'What is proposition No. 1?' the answer being: 'The union must be preserved, and all action being subordinated to this overriding necessity'. In the same way, our proposition No. 1 for peace must be that the United Nations march together."

An indispensable condition\* for fulfilling this number one proposition is the creation and continuous maintenance of joint action between the most important trading factors in the democratic world: the United States and Britain. It is upon their common action that the ultimate volume, character, and permanence of world trade, will, in large measure, depend. The citizens of these powerful communities share a responsibility which is an inescapable function of power and wealth to produce goods and to tender services, determining factors in shaping the future.

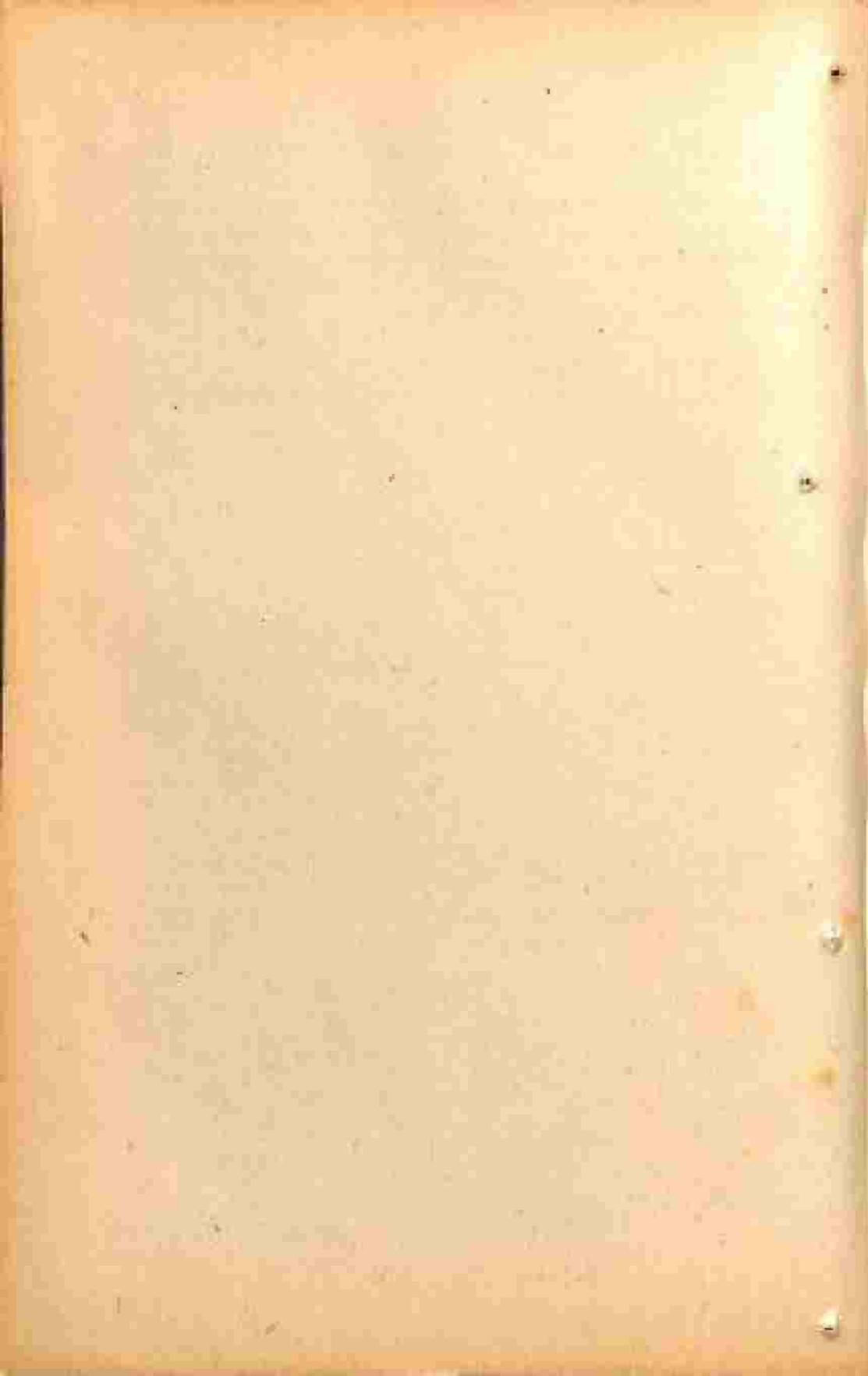
But that power and wealth must be used in a way which promotes trade and secures international prosperity: in a world that changed and moved, and yearned to achieve unity while cherishing variety.

It is under this aspect of a free, unified but in no way uniformed, world that the problem of achieving international prosperity by promotion of world trade has been discussed in this essay. As such it is not suggested to be considered as a programme, but as an agenda,

(1) "Political and Economic Planning Building Peace out of War," Chapter III, Anglo-American Economic Policy, p. 50.

and possibly not as an agenda so much as an attempt to prove that an agenda might be constructed on which it will be possible to carry on faithful discussion. All I intend is to establish a case for a profound exploration of the practical possibilities for restoring to normal and for expanding world trade in the future.

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# LE COMMERCE EXTÉRIEUR DE L'ÉGYPTE PENDANT LES DEUX GUERRES MONDIALES (1)

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Comme nous l'avons signalé dans une étude précédente<sup>(2)</sup>, le deuxième conflit mondial aussi bien que le premier ont eu pour effet de réduire considérablement ou de supprimer totalement les échanges entre de nombreux pays. Les voies normales du trafic international ont été interrompues pour plusieurs pays, détournées pour d'autres, bouleversées et compliquées pour tous. Les facteurs agissant sur les prix, sur l'offre et la demande se sont profondément altérés et toute l'organisation délicate des échanges internationaux a été dérangée.

A l'instar du commerce des autres pays du monde, celui de l'Égypte n'a pu se soustraire aux changements profonds occasionnés par les deux conflits, changements que la présente étude, basée sur les statistiques douanières, démontrera. Nos recherches, qui furent des plus laborieuses en raison de la riche documentation que nous avons eu à consulter, permettront de connaître les conséquences des deux guerres mondiales, celle de 1914 et celle de 1939, sur le commerce extérieur de l'Égypte.

Notre exposé résumera donc le résultat de nos recherches, en réponse aux questions que nous nous sommes posées, savoir :

(1) L'Égypte était-elle en 1939 mieux préparée qu'en 1914 à faire face aux besoins normaux du pays menacés par la fermeture de nombreux marchés étrangers ?

(2) Quels changements les deux guerres mondiales ont-elles provoqué sur la balance commerciale visible de l'Égypte ?

(3) Quel a été le mouvement général des marchandises entrées en Égypte et sorties de l'Égypte pendant les deux conflits mondiaux ?

(1) En raison du caractère encore confidentiel des données, le mouvement commercial de l'année 1944 n'est pas compris dans cette étude.

(2) *La guerre et ses conséquences sur le commerce extérieur de l'Égypte*. "L'Égypte Contemporaine", T. XXXI, p. 547.

(4) Les modifications enregistrées pendant les deux guerres mondiales par les échanges de l'Égypte avec de nombreux pays quelle répercussion ont-elles produits sur le mouvement des marchandises dans les principaux ports ?

(5) Les modifications d'itinéraire occasionnées par les deux conflits comment se reflètent-elles sur le mouvement des marchandises en provenance ou à destination des divers continents ?

(6) Avec quels pays la balance commerciale a-t-elle été favorable ou défavorable à l'Égypte pendant le premier et pendant le second conflit ?

(7) Dans quelle proportion les estimations douanières ont-elles été majorées pendant les deux guerres par rapport aux prix unitaires en vigueur en 1913 et en 1938 ? En d'autres termes, quelle est la différence entre la valeur estimée par les douanes pour les marchandises importées et exportées pendant les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943 et celle calculée pour les mêmes marchandises d'après les prix unitaires de l'année 1913 pour la première période et d'après les prix unitaires de l'année 1938 pour la deuxième période ?

La valeur calculée donnera une idée approximative de la majoration des prix sur les marchés locaux et étrangers, l'Administration des Douanes évaluant les marchandises importées à leur coût c.i.f. et les marchandises exportées à leur coût f.o.b.

Les deux périodes quinquennales précitées comprennent chacune 52 mois de guerre et sont, par conséquent, parfaitement comparables

Période 1914 à 1918		Période 1939 à 1943	
	Mois de guerre		Mois de guerre
Août-décembre 1914 ... ..	5		
Janvier-décembre 1915 à 1917	35	Septembre-décembre 1939 ...	4
Janvier-novembre 1918 ... ..	11	Janvier-décembre 1940 à 1943	48
	52		52

Nous nous proposons, dans les pages qui vont suivre, d'analyser les tableaux statistiques se trouvant en appendice.

## PREMIÈRE PARTIE

TABLEAU A. — *Importation et exportation de certains articles pendant les années 1913 et 1938, années qui ont précédé les deux guerres mondiales de 1914 et de 1939.*

Ce tableau démontre la situation commerciale favorable de l'Égypte au début de la guerre de 1939 par rapport au début de la guerre de 1914. On y observe, en effet, que nonobstant l'augmentation considérable enregistrée par la population (qui est passé de 12.188.000 en 1913 à 16.253.000 habitants en 1938, soit une progression qui atteint une proportion dépassant les 33 pour cent), et par conséquent de la consommation intérieure, les importations marquaient, grâce au développement agricole et industriel du pays, une diminution quantitative sensible en 1938 par rapport à 1913. Le développement agricole et industriel du pays se reflète également sur les données relatives à l'exportation de certains articles qui accusent pendant le même intervalle une forte progression.

À titre indicatif nous croyons devoir signaler que les importations de bœufs et vaches ainsi que celles de moutons et chèvres dont le nombre s'était chiffré à 31.876 et 273.249 en 1913 s'est réduit en 1938 à 5.631 et 99.623 respectivement ; les viandes salées, fumées et conservées que l'Égypte importait principalement de l'Australie et de la Nouvelle-Zélande, reculent pendant le même intervalle de kilogs. 2.164.690 à kilogs. 1.059.614. Tous les produits agricoles tels que le blé, le maïs, l'orge, le riz, les arachides, le sésame, les pois chiches, les lupins, les lentilles, les fèves sèches, les oignons ainsi que les bananes et les oranges marquent également en 1938 une diminution sensible par rapport à 1913. Aussi, les farines qui s'étaient inscrites en 1913 à l'importation pour une quantité de 203.547 tonnes, cette quantité s'est réduite à 3.633 tonnes à peine en 1938. Il en est de même pour les biscuits, les pâtes alimentaires, les bougies et les confitures. D'autre part, alors que nos importations de chaussures s'étaient chiffrées à 792.006 paires en 1913, elles n'atteignaient que 91.206 paires en 1938, soit une proportion de 11,5 pour cent à peine de la quantité importée en 1913. Les tissus de coton, grâce à l'essor enregistré par l'industrie textile, reculèrent pendant le même intervalle de 222 millions de mètres carrés à 137 millions de mètres ; les fils de coton et les couvertures en coton importées enregistrèrent également en 1938 par rapport à 1913 une diminution sensible ;

les huiles de graines de coton se sont inscrites pour néant en 1938 alors qu'elles avaient atteint une quantité de 401.124 kilogs. en 1913 ; les tabouchees dont la quantité importée s'élevait à 56.505 douzaines en 1913 reculent à 7.133 douzaines en 1938 ; les allumettes dont la valeur s'était chiffrée en 1913 à L.E. 81.368, s'est réduite à L.E. 32.141 en 1938 ; les meubles en bois et les lits en fer qui s'inscrivaient en 1913 à l'importation pour une valeur de L.E. 117.684 et L.E. 81.614, ont reculé en 1938 à L.E. 25.167 et L.E. 1.098 à peine respectivement.

Quant aux articles faisant l'objet de nos exportations ils marquèrent comme nous le signalons plus haut pendant le même intervalle une progression plus ou moins sensible. C'est ainsi que pour certains produits tels que l'orge, les farines, l'ail, les oranges, la mélasse, etc., dont les quantités exportées étaient en 1913 inexistantes ou insignifiantes enregistrèrent en 1938, année qui a précédé le conflit de 1939, une différence favorable importante par rapport à l'année 1913 : la quantité des farines exportées progressa de 62 à 267 tonnes ; l'ail et la benzine qui s'étaient inscrits pour néant en 1913 atteignent 402.475 kilogs. et 30.748 tonnes en 1938 ; les oranges et mandarines passent pendant le même intervalle de 37 à 11.978 tonnes ; la mélasse de 14 à 23.860 tonnes ; le sucre de 5.133 à 17.461 tonnes ; le riz de 23.646 à 65.416 tonnes ; les huiles de graines de coton de 2.106 à 7.086 tonnes ; les fils de coton de 29.340 à 417.642 kilogs. ; les phosphates de chaux naturels de 64.183 à 402.756 tonnes ; les oignons de 102.457 à 143.619 tonnes. Pour le coton, les tourteaux et les graines de coton qui, comme on le sait, occupent une place prépondérante parmi les principaux produits d'exportation, on note une progression respective de 13,8 pour cent et de 406,8 pour cent pour les deux premiers, alors que les graines de coton accusent une diminution de 23,3 pour cent, diminution qui s'explique par la consommation de plus en plus forte des huileries locales et par les graines nécessaires à l'ensemencement des superficies plus étendues cultivées en coton.

Comme on le voit, grâce aux progrès réalisés par l'Egypte pendant les années antérieures à la deuxième guerre mondiale, progrès dus à la sage politique économique suivie par ses dirigeants qui n'épargnèrent aucun effort pour apporter des améliorations constantes dans l'organisation commerciale, agricole et industrielle du pays, les conséquences de la fermeture d'un certain nombre de marchés étrangers ont été moins défavorables pour nos approvisionnements. L'impulsion donnée aux produits agricoles de l'Egypte et aux diverses industries nationales a permis

à ces deux branches importantes de notre économie de parfaire, en grande partie, pendant la deuxième guerre mondiale les besoins normaux du pays.

TABLEAU B.—*Balance commerciale de l'Égypte.*

Les données relatives à la balance commerciale visible font ressortir que pendant les cinq années, 1909-1913, années qui avaient précédé la guerre de 1914, la balance était beaucoup plus favorable à l'Égypte à celle de la période quinquennale de 1934-1938, années qui ont précédé la conflagration de 1939. En effet, alors que la balance commerciale des années 1909-1913 accusait un excédent moyen annuel favorable à l'Égypte de L.E. 5.069.000, l'excédent moyen annuel des années 1934-1938 n'atteint que L.E. 880.000. Aussi, un changement profond s'est-il produit depuis 1940 à la suite de la diminution enregistrée par nos exportations, due principalement aux restrictions sur la culture cotonnière ainsi que sur d'autres produits dont l'exportation était prohibée et, contrairement à ce qui s'était passé pendant la guerre de 1914, la balance commerciale cessa d'être favorable à l'Égypte et s'est clôturée tous les ans par un excédent de la valeur des importations sur celle des exportations dont le plus important a été enregistré en 1942 par une différence de 36 millions de livres égyptiennes environ. Mais, hâtons-nous de le dire, le total du déficit marqué par la balance commerciale, qui atteint L.E. 62 millions environ pour la période quinquennale de 1939 à 1943, a été compensé et sans doute largement dépassé par nos exportations invisibles représentées par les dépenses énormes effectuées pendant la période précitée par les troupes britanniques et alliées se trouvant dans le pays.

La difficulté des communications, la fermeture d'un certain nombre de marchés étrangers ainsi que la nécessité de diriger les efforts vers d'autres cultures a rendu nécessaire la limitation de la production du coton dans le pays. Cette limitation a été des plus utiles car elle a, d'une part, évité l'accumulation des stocks d'un produit dont la demande s'est réduite pendant toute la durée du conflit et, d'autre part, elle a stimulé les diverses cultures de produits alimentaires indispensables en période de guerre pour la consommation intérieure du pays.

Ce qui a également contribué à rendre notre balance commerciale déficitaire pendant la période quinquennale de 1939 à 1943 par rapport à celle de 1914 à 1918 c'est l'augmentation sensible marquée par la valeur des marchandises importées pendant le conflit de 1939. En

effet, la valeur totale des marchandises importées pendant les années 1939 à 1943, années qui embrassent 52 mois de guerre, s'est chiffrée à 192,8 millions de livres égyptiennes, alors que pendant les années 1914 à 1918 comprenant un même nombre de mois de guerre, elle n'avait atteint que 154,9 millions de livres égyptiennes. Par contre, la valeur totale des marchandises exportées et réexportées qui s'était chiffrée de 1914 à 1918 à 178,5 millions de livres, ne s'est élevée pendant les années 1939 à 1943 qu'à 150,8 millions de livres. La valeur moyenne annuelle des marchandises importées et exportées qui s'était inscrite pendant les années 1914 à 1918 à 31 et 35,7 millions respectivement s'est élevée à 38,6 et 26,2 millions de livres de 1939 à 1943, enregistrant ainsi un excédent annuel favorable de 4,7 millions pour les années de 1914 à 1918 et un excédent annuel défavorable de 12,4 millions pour les années de 1939-1943.

TABLEAU C. — Variabilité des importations et des exportations pendant les guerres de 1914 et de 1939.

Les fluctuations enregistrées, soit par la valeur des marchandises importées, soit par celle des marchandises exportées ont été sensiblement différentes pendant les deux périodes de guerre faisant l'objet de la comparaison. En effet, si l'on prend pour base la valeur moyenne quinquennale de 1909 à 1913 et celle de 1934 à 1938 on constatera que pendant les deux guerres mondiales le pourcentage d'augmentation ou de diminution enregistré par la valeur des marchandises importées et exportées a été le suivant :

IMPORTATIONS		EXPORTATIONS	
Années 1914-1918	Années 1939-1943	Années 1914-1918	Années 1939-1943
%	%	%	%
1914 - 14,3	1939 + 1,4	1914 - 19,0	1939 - 1,0
1915 - 23,8	1940 - 0,6	1915 - 9,8	1940 - 17,3
1916 + 21,8	1941 - 1,4	1916 + 23,0	1941 - 24,2
1917 + 55,6	1942 + 64,7	1917 + 57,0	1942 - 48,2
1918 + 101,7	1943 + 16,4	1918 + 61,4	1943 - 25,6

Pendant le premier conflit, la valeur des importations de l'Égypte s'est réduite en 1914 et 1915, par rapport à la moyenne quinquennale de 1909 à 1913, de 14,3 et de 23,8 pour cent respectivement mais pour s'améliorer pendant les années 1916 à 1918 et s'inscrire avec une proportion supérieure de 21,8, de 25,6 et de 101,7 pour cent de la moyenne précitée. Quant aux marchandises exportées pendant la

même période, leur valeur, après avoir accusé en 1914 et 1915 une régression de 19,6 et de 9,8 pour cent, marque respectivement pendant les trois années suivantes une augmentation de 25, de 37 et de 51,4 pour cent. Or, par rapport à la moyenne quinquennale de 1934 à 1938 le mouvement commercial des années 1939 à 1943 accuse une progression de 64,7 pour cent en 1942 et de 16,4 pour cent en 1943, pour la valeur des importations et une diminution constante pour celle des exportations, diminution qui atteint une proportion de 44,2 pour cent en 1942 et de 25,6 pour cent en 1943.

TABLEAU D.—*Marchandises entrées aux et sorties des principaux ports de l'Égypte.*

Le mouvement des principaux ports de l'Égypte fait apparaître la répercussion produite sur nos échanges par la fermeture de nombreux marchés étrangers occupés par l'Allemagne, l'intensification de notre commerce avec divers pays, ainsi que les changements importants d'itinéraire des marchandises, occasionnés par le conflit de 1939, changements qui diffèrent de ceux enregistrés pendant le conflit de 1914. La valeur totale des marchandises entrées aux et sorties des principaux ports de l'Égypte pendant les années 1914 à 1918 et de 1939 à 1943 a été la suivante :

MOUVEMENT DES MARCHANDISES DANS LES PRINCIPAUX PORTS DE L'EGYPTE

Destinées	MARCHANDISES ENTRÉES				MARCHANDISES SORTIES			
	Années 1914-18		Années 1939-43		Années 1914-18		Années 1939-43	
	Millions de L.E.	%	Millions de L.E.	%	Millions de L.E.	%	Millions de L.E.	%
Alexandrie ...	111,0	72,2	101,0	52,6	163,9	93,7	106,1	82,6
Port-Saïd ...	23,8	17,5	20,2	10,0	9,9	5,1	2,6	2,1
Suez ...	14,0	10,4	53,5	27,2	2,1	1,2	12,0	9,4
Autres ...	0,2	0,1	7,9	4,1	—	—	6,5	4,9
Total ...	154,9	100	192,8	100	175,9	100	127,0	100

Les données énoncées ci-dessus font ressortir que pendant les années 1939-1943, la valeur totale des marchandises entrées au et sorties du port d'Alexandrie est respectivement inférieure de L.E. 10,4 millions et de L.E. 57,8 millions à celle enregistrée pendant la guerre de 1914 à 1918. Alors que pendant le conflit de 1914 la valeur moyenne annuelle de ces marchandises s'était chiffrée respectivement à L.E. 22,4 millions et L.E. 32,8 millions, cette valeur s'est

réduite pendant les années de 1939-1943 à L.E. 20,3 et L.E. 21,2 millions. Ces marchandises qui atteignaient en 1913 par rapport à la valeur totale une proportion de 80,3 et de 97,6 pour cent et qui ne s'étaient réduites pendant le conflit de 1914-1918 que de 13,1 et de 3,9 pour cent respectivement, la régression du mouvement du port d'Alexandrie a'eint pendant la période de 1939 à 1943, par rapport à la valeur totale de l'année 1938, une proportion de 25,3 et de 9,4 pour cent respectivement. Par contre, le mouvement commercial de Port-Saïd a atteint pendant les années de 1939 à 1943 une valeur totale de L.E. 30,9 millions pour les importations et de L.E. 2,6 millions pour les exportations, contre L.E. 26,8 millions et L.E. 9 millions respectivement pendant la guerre de 1914 à 1918, soit une augmentation de L.E. 4,1 millions pour les marchandises entrées et une diminution de L.E. 6,4 millions pour les marchandises sorties.

Mais si par rapport à la période de 1914 à 1918 le mouvement des marchandises dans le port d'Alexandrie a marqué pendant la deuxième guerre mondiale un recul sensible et celui de Port-Saïd accuse un écart peu important, il n'en a pas été de même pour le port de Suez qui sans doute reflète les changements sensibles d'itinéraire et l'intensification de nos échanges avec certains pays enregistrés pendant les dernières années. En effet, les importations et les exportations effectuées par le port de Suez pendant les années 1914 à 1918 dont la valeur ne s'était chiffrée qu'à L.E. 16 et L.E. 2,1 millions à peine ou à 10,4 et 1,2 pour cent du total général, ont atteint pendant les années 1939 à 1943 une valeur de L.E. 52,6 et L.E. 12 millions ou 27,3 et 9,4 pour cent du total général respectivement. Comme on le verra plus loin, ces différences sont dues principalement au développement de notre commerce extérieur avec de nouveaux pays et notamment avec ceux du Moyen-Orient tels que l'Iran, l'Irak, la Palestine, la Turquie, etc. ; car si le commerce extérieur de l'Egypte n'a pas beaucoup changé quant aux articles, il a, par contre, considérablement varié quant aux pays d'origine et de destination des marchandises.

TABLEAU E (a) ET E (b). — *Valeur des marchandises importées et exportées par continents.*

La comparaison des données relatives au mouvement commercial de l'Egypte par continents fait ressortir la répercussion qu'a eue, quant à la provenance et la destination des marchandises, la conflagration de 1939, différente de celle de 1914. En effet, bien qu'au total la valeur des importations de l'Egypte se soit

élevée pendant les années 1939 à 1943 à L.E. 192,8 millions contre L.E. 154,9 millions en 1914 à 1918 soit une valeur supérieure de L.E. 37,9 millions, nos achats de l'Europe ont reculé de L.E. 110,3 millions à L.E. 76,8 millions enregistrant ainsi une diminution de L.E. 33,5 millions ou de 30,4 pour cent. Alors que pendant la guerre de 1914 la valeur moyenne annuelle des marchandises de provenance européenne s'était chiffrée à L.E. 22,1 millions et représentait les 71,2 pour cent de la valeur totale, la valeur moyenne et la proportion par rapport au total se sont réduites au cours de la deuxième guerre mondiale à L.E. 15,4 millions et à 39,8 pour cent.

Toutefois, la régression considérable enregistrée par nos achats de marchandises de provenance européenne a été non seulement compensée mais largement dépassée par les fortes acquisitions effectuées par l'Égypte pendant les années 1939 à 1943 dans d'autres continents tels que l'Asie, l'Afrique, l'Amérique du Nord et l'Amérique du Sud dont on trouvera ci-après les données comparatives pour les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943.

Continents	Années 1914 à 1918		Années 1939 à 1943	
	Millions de L.E.	Pour cent du total	Millions de L.E.	Pour cent du total
Asie ... ..	21,5	13,6	61,5	31,9
Afrique ... ..	1,3	1,0	5,4	2,8
Amérique du Nord ... ..	5,4	3,5	34,2	17,7
"  "  Sud ... ..	3,1	2,0	19,5	9,4

Les données énoncées au tableau précédent font ressortir que la valeur totale des marchandises importées par l'Égypte provenant des pays de l'Asie et de l'Amérique du Nord a atteint pendant les années 1939 à 1943 un total de L.E. 61,5 et de L.E. 34,2 millions contre L.E. 21,5 et L.E. 5,4 millions respectivement pendant les années 1914 à 1918. Par rapport à la valeur totale de nos importations, les marchandises fournies par les deux continents précités représentent, pour la période de 1939 à 1943, une proportion de 31,9 et 17,7 pour cent contre 13,6 et 3,5 pour cent à peine pour la période de 1914 à 1918. Aussi, résulte-t-il du tableau ci-dessus que la valeur de nos achats des pays de l'Afrique et de l'Amérique du Sud ont, par rapport à 1914 à 1918, plus que triplé pendant les années 1939 à 1943.

Ce sont également les pays de l'Europe qui ont enregistré pendant la période de 1939 à 1943 pour les exportations la régression la plus

forte. Les pays de l'Europe qui avaient, en effet, absorbé pendant les années 1914 à 1918 des produits égyptiens pour une valeur totale de L.E. 141,7 millions, ont vu l'ensemble de leurs achats baisser pendant les années 1939 à 1943 à L.E. 71 millions. D'autre part, alors que les exportations de l'Egypte vers les pays de l'Amérique du Nord avaient atteint de 1914 à 1918 une valeur totale de L.E. 24,2 millions, nos envois vers ces mêmes pays ne représentent pendant les années de 1939 à 1943 qu'une valeur de L.E. 12,2 millions.

Mais si les pays de l'Europe et de l'Amérique du Nord ont considérablement réduit la valeur de leurs acquisitions de produits égyptiens, il n'en a pas été de même pour les pays de l'Asie, de l'Afrique et de l'Océanie qui ont marqué pendant les années de 1939 à 1943 une augmentation sensible. En effet, comme il résulte des données énoncées ci-dessous, la valeur totale des exportations de l'Egypte vers les pays des trois continents précités qui ne s'était élevée pendant les années 1914 à 1918 qu'à L.E. 6,6, 1,8 et 0,02 millions, a atteint pendant les années 1939 à 1943, L.E. 34,8, 3,7 et 0,9 millions respectivement. Par rapport à la valeur totale des exportations de l'Egypte, la proportion des produits absorbés par l'Asie, l'Afrique et l'Océanie, qui ne s'était élevée de 1914 à 1918 qu'à 3,8, 1 et nul pour cent du total, a atteint en 1939-1943 les 27,4, 3 et 0,7 pour cent respectivement.

Continents	Années 1914 à 1918		Années 1939 à 1943	
	Millions de L.E.	Pour cent du total	Millions de L.E.	Pour cent du total
Asie... ..	6,6	3,8	34,8	27,4
Afrique... ..	1,8	1,0	3,7	3,0
Océanie... ..	0,02	—	0,9	0,7

TABLEAU F (a). — *Valeur des marchandises importées, par pays de provenance.*

En détaillant les données relatives aux importations de l'Egypte par pays de provenance au cours de la période quinquennale de 1939 à 1943 par rapport à celle de 1914 à 1918 on observe que la Grande-Bretagne, tout en conservant pendant les deux périodes le premier rang, a diminué pendant la deuxième guerre mondiale sensiblement ses envois vers l'Egypte. Les marchandises anglaises entrées en Egypte qui

s'étaient chiffrées au total pendant les années 1914 à 1918 à L.É. 72,1 millions ou à une valeur moyenne annuelle de L.É. 14,4 millions, ne se sont inscrites pendant les années 1939 à 1943 que pour L.É. 47,4 millions, soit à une valeur moyenne annuelle de L.É. 9,5 millions. Mais la Grande-Bretagne n'est pas la seule à avoir réduit, pendant le deuxième conflit, ses envois vers l'Égypte; d'autres pays tels que l'Australie, la Nouvelle-Zélande, Malte, Gibraltar et la Chine accusent également une diminution plus ou moins importante.

Toutefois, par rapport aux années 1914 à 1918, une augmentation sensible a été enregistrée au cours de la deuxième guerre mondiale par les importations des marchandises provenant de pays tels que ceux de l'Orient, des États-Unis d'Amérique, du Chili, etc. Pour en relever l'importance nous donnons ci-après la valeur comparative, en millions de livres, des marchandises importées de quelques pays pendant les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943.

Pays	Années 1914 à 1918		Années 1939 à 1943	
	Valeur totale	Valeur moyenne annuelle	Valeur totale	Valeur moyenne annuelle
	L.É.	L.É.	L.É.	L.É.
Chili ... ..	1,9	0,4	9,6	1,9
États-Unis ... ..	5,2	1,0	21,9	4,4
Indes anglaises ... ..	11,2	2,3	16,8	3,4
Iran ... ..	0,3	0,06	15,2	3,1
Suisse ... ..	1,2	0,3	2,7	0,5
Arabie Saoudite ... ..			0,2	0,04
Irak ... ..			4,2	0,8
Palestine ... ..			2,5	0,7
Syrie ... ..	2,4	0,5	0,8	0,16
Turquie ... ..			4,7	0,9
Yémen ... ..			0,2	0,05

Alors que la Turquie et les pays qui en faisaient partie n'avaient fourni à l'Égypte pendant les années de 1914 à 1918 que pour L.É. 2,4 millions de marchandises, l'ensemble des envois de ces mêmes pays atteint pendant la période de 1939 à 1943 une valeur de L.É. 13,6 millions ou presque le sextuple. D'autre part, à la suite de la fermeture des marchés roumains et indonésiens, nos approvisionnements de benzène et de kérosène ne purent s'effectuer pendant la deuxième guerre mondiale que de l'Iran, ce qui porta la valeur totale

des marchandises iraniennes entrées en Egypte pendant la période quinquennale de 1939 à 1943 à L.E. 15.267.472 ou une valeur moyenne annuelle de L.E. 3.053.496, contre une valeur totale de L.E. 261.565 ou une valeur moyenne annuelle de L.E. 52.313 à peine au cours des années 1914 à 1918. Aussi, les Etats-Unis d'Amérique qui n'avaient fourni à l'Egypte pendant le premier conflit que pour L.E. 5,2 millions de marchandises en ont expédié pendant les années 1939 à 1943 pour L.E. 31,9 millions. L'emploi de plus en plus grand d'engrais chimiques dans l'agriculture égyptienne a provoqué pendant les dernières années une augmentation considérable dans les importations du Chili dont la valeur totale malgré qu'elle se soit chiffrée à néant en 1941 est passée de L.E. 1,9 millions de 1914 à 1918 à L.E. 9,6 millions de 1939 à 1943 soit une valeur moyenne annuelle de L.E. 1.915.861 contre L.E. 383.073 de 1914 à 1918.

Comme on le voit, la diminution enregistrée par les importations de certains pays a été compensée et dépassée par les importations d'autres. D'ailleurs, comme il résulte des données inscrites au tableau F (a), les 22 pays faisant l'objet de la comparaison qui avaient fourni à l'Egypte pendant les années 1914 à 1918 pour L.E. 107,9 millions de marchandises soit les 69,7 pour cent des importations, ces mêmes 22 pays ont fourni de 1939 à 1943 pour L.E. 153,5 millions ou les 79,6 pour cent du total.

TABLEAU F (b). — *Valeur des marchandises exportées, par pays de destination.*

Comme nous l'avons signalé plus haut, la valeur des marchandises exportées de l'Egypte pendant les années 1939 à 1943 s'est fortement contractée à la suite des restrictions appliquées sur la culture cotonnière, restrictions qui eurent pour effet de réduire de deux tiers environ la production du coton, qui demeure toujours notre principal produit d'exportation. En effet, alors que les exportations de l'Egypte avaient atteint pendant les cinq années de 1914 à 1918 une valeur totale de L.E. 175 millions ou une valeur moyenne annuelle de L.E. 35 millions, elles ne se sont élevées qu'à L.E. 127 millions ou à une moyenne annuelle de L.E. 25,4 millions pendant les années 1939 à 1943. Les pays qui enregistrèrent, pendant la période quinquennale de 1939 à 1943, la régression la plus forte, sont la Grande-Bretagne, les Etats-Unis et la Suisse. Ces pays qui avaient absorbé respectivement au cours du premier conflit pour une valeur de L.E. 99,3, L.E. 24,1 et L.E. 5,3 millions de produits égyptiens, ont réduit pendant les années 1939

à 1943 le total de leurs acquisitions à L.E. 47,5, L.E. 11,7 et L.E. 2 millions, soit à une valeur qui atteint une proportion de 47,8, 48,5 et 37,7 pour cent à peine de celle enregistrée de 1914 à 1918.

Nos exportations de cotons heurt vers la Grande-Bretagne qui avaient atteint pendant les années 1914 à 1918 une quantité et une valeur totales de 14.473.006 cantars et de L.E. 79.625.001 ont reculé pendant les années 1939 à 1943 à 9.985.528 cantars et L.E. 37.990.439 soit à une quantité et une valeur n'atteignant qu'une proportion de 69 pour cent et 47,7 pour cent de celles enregistrées de 1914 à 1918.

Cependant, grâce au développement marqué par certains produits agricoles et industriels, l'Égypte a pu, pendant la deuxième conflagration mondiale, non seulement améliorer ses ventes à de nombreux autres pays, mais aussi créer de nouveaux débouchés pour l'excédent de sa production. Certes, l'amélioration enregistrée par nos envois à certains pays et notamment à ceux du Proche-Orient est loin de compenser la régression marquée par la Grande-Bretagne, les États-Unis d'Amérique et la Suisse signalée plus haut, mais elle reflète une situation encourageante, parce qu'elle est due à une exportation plus forte de produits autres que le coton, c'est-à-dire aux excédents provenant de notre agriculture et de nos jeunes industries. Ainsi les pays qui, pendant les années 1914 à 1918 faisaient partie de la Turquie, et qui n'avaient absorbé que pour L.E. 956.389 de produits égyptiens ont porté la valeur de leurs acquisitions pendant les années 1939 à 1943 à un total de L.E. 9.206.286, soit à environ le décuple. De même, l'Île de Ceylan, le Canada, l'Union de l'Afrique du Sud, l'Australie, la Nouvelle-Zélande, la Chine, l'Iran et le Portugal accusent par rapport à la période de 1914 à 1918, une progression plus ou moins importante. D'autre part, la valeur totale des marchandises exportées vers les Indes britanniques qui occupent en 1943 le premier rang parmi nos clients de coton a marqué par rapport aux années 1914 à 1918 une progression considérable. En effet, les marchandises destinées aux Indes britanniques qui ne s'étaient chiffrées pendant les années 1914 à 1918 que pour une valeur totale de L.E. 1.258.969, ont atteint L.E. 16.134.614 pendant les années 1939 à 1943 soit une valeur 13 fois plus forte.

TABLEAU G.—*Balace commerciale avec les principaux pays.*

Des 22 pays faisant l'objet de la comparaison seuls la Chine, la Grande-Bretagne, Malte et Gibraltar, le Portugal, l'Arabie Saoudite, la Palestine et la Syrie accusent pendant les années 1939 à 1943 un mouvement

se soldant par une balance commerciale favorable à l'Égypte ; tous les autres pays marquent un excédent défavorable plus ou moins important.

Bien que la balance commerciale visible de l'Égypte accuse pendant les années 1914 à 1918 un excédent moyen annuel favorable de L.E. 4,7 millions et celle des années 1939 à 1943 un excédent défavorable de L.E. 12,4 millions, les données relatives à chaque pays font ressortir que pendant le premier conflit, le mouvement commercial de 5 pays s'était soldé par un surplus favorable de L.E. 10.168.106 et défavorable pour les 17 autres pays, alors que pendant le deuxième conflit 7 pays ont enregistré un écart favorable de L.E. 1.081.297 et 15 autres, défavorables à l'Égypte.

Comme nous l'avons signalé plus haut, c'est notamment l'augmentation de plus en plus forte de marchandises d'origine américaine, chilienne, iranienne, irakienne et turque entrées en Égypte pendant les années 1939 à 1943 qui a provoqué en grande partie le déficit important enregistré par notre balance commerciale. En effet, la valeur des marchandises importées de ces pays dépasse en moyenne celle des marchandises exportées et réexportées d'un montant de L.E. 4 millions pour les États-Unis d'Amérique ; de L.E. 1,9 million pour le Chili ; de L.E. 2,9 millions pour l'Iran ; de L.E. 0,7 million pour l'Irak et de L.E. 0,8 million pour la Turquie, soit une différence totale défavorable à l'Égypte de L.E. 10,3 millions.

D'autre part, alors que pendant la guerre de 1914 à 1918 la balance commerciale de la Grande-Bretagne et de la Suisse accusait respectivement un excédent moyen annuel favorable à l'Égypte de L.E. 5.522.696 et de L.E. 806.696, l'excédent moyen annuel est réduit pendant les années 1939 à 1943 à L.E. 30.959 à peine pour la Grande-Bretagne et à un déficit moyen de L.E. 141.654 pour la Suisse. Cependant, grâce aux envois importants de produits agricoles et industriels vers la Palestine et la Syrie, le mouvement commercial de ces deux pays avec l'Égypte, accuse pendant les années 1939 à 1943, un excédent moyen annuel entre la valeur des importations et celle des exportations de L.E. 553.136 et de L.E. 250.311 respectivement.

TABLEAU H.—*Valeur des douanes et valeur calculée des importations et des exportations.*

Ce tableau résume les données énoncées aux tableaux I (a) à I (d) et J (a) à J (d) et fait notamment apparaître la majoration enregistrée par la valeur des marchandises entrées et sorties, majoration due

principalement à la hausse des prix pratiqués sur les marchés locaux et étrangers. Pour établir la susdite majoration, les quantités de chacune des marchandises importées et exportées annuellement de 1914 à 1918 et de 1939 à 1943 ont été évaluées d'après les prix moyens des années 1913 et 1938, années qui ont précédé les deux conflits mondiaux. En d'autres termes, la valeur calculée représente l'estimation des marchandises entrées et sorties pendant les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943 d'après les prix en vigueur en 1913 pour le premier conflit, et d'après ceux de l'année 1938 pour le deuxième.

Pour relever l'importance de la plus-value enregistrée pendant les deux guerres par les marchandises entrées en Egypte nous donnons ci-après, en millions de livres égyptiennes, les chiffres comparatifs annuels entre la valeur des douanes et la valeur calculée d'après les prix unitaires des années 1913 et 1938.

VALEUR DES DOUANES ET VALEUR CALCULÉE DES MARCHANDISES IMPORTÉES

Années	Valeur des Douanes		Différence	Années	Valeur des Douanes		Différence
	L.E.	L.E.			L.E.	L.E.	
1914... ..	21,7	22,1	- 0,4	1939... ..	34,0	31,8	+ 2,2
1915... ..	19,3	18,3	+ 3,0	1940... ..	31,3	29,5	+ 10,5
1916... ..	30,9	18,5	+ 12,4	1941... ..	33,1	15,6	+ 17,5
1917... ..	31,8	14,4	+ 17,4	1942... ..	53,3	23,2	+ 32,1
1918... ..	51,2	16,0	+ 34,3	1943... ..	59,1	15,2	+ 23,9
TOTAL ...	154,9	88,2	+ 66,7	TOTAL ...	192,8	106,4	+ 86,4

Il résulte des données énoncées au tableau précédent que la valeur totale des marchandises entrées en Egypte pendant les années 1914 à 1918 et estimées par l'Administration des Douanes à L.E. 154,9 millions ne représentait, d'après les prix unitaires moyens de l'année 1913, qu'une valeur de L.E. 88,2 millions. Alors que par rapport aux prix de l'année 1913 les importations de l'Egypte accusaient en 1914

une moins-value de L.E. 434.634 ou de 2 pour cent, celles des quatre années suivantes enregistrèrent une plus-value graduelle sensible, savoir :

Années	Plus-values	Proportion de la majoration
	L.E.	%
1915... ..	2.995.425	+ 18,3
1916... ..	12.465.171	+ 67,1
1917... ..	17.411.430	+ 120,6
1918... ..	34.265.045	+ 202,9

Cependant, bien que la valeur totale des marchandises importées en Egypte pendant les années 1939 à 1943 soit supérieure à celle de 1914 à 1918 de L.E. 37,9 millions ou de 25 pour cent environ, la plus-value dans les estimations douanières n'atteint qu'une proportion moyenne de 5,7 pour cent. En effet, la différence entre la valeur des douanes et celle calculée d'après les prix unitaires de l'année 1938, qui atteint en moyenne pour l'ensemble des marchandises importées pendant les cinq années de 1939 à 1943 une proportion supérieure de 81,2 pour cent, s'élève pour la période quinquennale de 1914 à 1918 à une proportion de 75,5 pour cent.

D'autre part, la valeur totale des marchandises entrées en Egypte pendant les années 1939 à 1943 estimées par l'Administration des Douanes à L.E. 192,8 millions n'atteindrait d'après les prix de 1938 qu'une valeur de L.E. 106,4 millions, soit une différence de L.E. 86,4 millions, plus-value se répartissant comme suit :

Années	Plus-values	Proportion de la majoration
	L.E.	%
1939... ..	3.221.680	+ 3,0
1940... ..	10.869.686	+ 33,0
1941... ..	17.483.868	+ 111,8
1942... ..	22.002.106	+ 138,0
1943... ..	33.737.801	+ 155,0

Comme on le voit, par rapport à 1913 et 1938, années qui ont précédé les deux guerres mondiales, les estimations douanières accusent respectivement pour l'ensemble des marchandises importées une plus-value totale de L.E. 66,7 et de L.E. 86,4 millions. D'ailleurs, les

données énoncées au tableau suivant donnent un aperçu sur la majoration considérable marquée par les prix d'un certain nombre d'articles importés pendant les deux années 1918 et 1943 comparés à ceux de 1913 et de 1938, années qui ont précédé les deux conflits.

PREX UNITAIRES MOYENS ÉTABLIS PAR LES DOUANES ÉGYPTIENNES

Articles	Unité	1913	1918	1938	1943	
		F.T.	F.T.	F.T.	F.T.	
Moutons et chèvres ... ..	Tête	43,6	109,7	90,3	209,1	
Bœufs et vaches ... ..	..	318,2	1302,0	622	3709,0	
Fromages ... ..	Kilogr.	6,8	11,8	6,9	25,9	
Beurre frais ou salé ... ..	..	9,8	19	9,0	14,7	
Blé ... ..	Tonne	859,6	1358,9	700	2467,3	
Maïs ... ..	..	664,4	801,6	650	1637,7	(1942)
Ovse ... ..	..	681,2	1400	750	1611,2	
Riz ... ..	..	927,1	1689,1	1200	3924,1	
Arachides ... ..	..	1295,2	4300	1400	1090,1	
Farines ... ..	..	1079	4048,3	1290	2341,6	
Pommes de terre ... ..	..	403	2280,7	460	3229,1	
Café non torréfié ... ..	Kilogr.	5,0	8,4	3,2	11	
Thé ... ..	..	7	19,2	10,5	32,3	
Sucre raffiné ... ..	Tonne	1152,3	4120,1	800	2423,3	
Savon commun ... ..	Kilogr.	2,9	7,3	2,9	9	
Charbon de terre ... ..	Tonne	110,8	1167,9	128,5	598	
Benzine ... ..	..	923,6	2400	490,8	820,9	
Kérosène ... ..	..	422	1063,8	367,8	665,3	
Nitrate de soude naturel ... ..	..	..	..	625	2115,3	
Sulfate d'ammoniac ... ..	..	918,7	2841,4	648,6	2583,2	
Tissus de coton ... ..	Kilogr.	12,7	40,5	10,7	86	
.. soie ... ..	..	105,1	512,2	71,5	296,7	
.. laine ... ..	Mètres	19,0	59,5	32,5	170,0	(Kilogr.)
.. lin mélangé ... ..	Kilogr.	14,3	170,7	15,8	114,0	
Sacs vides ... ..	..	3,2	7,9	2,8	7,8	
Chaussures ... ..	Paire	22,6	20,1	11,5	87,0	
Bois de construction ... ..	Mètres cube	207,7	2030,3	533,3	4454,8	(Tonne)
Ciment ... ..	Tonne	184,3	1248,7	174	338,3	
Papier à cigarettes ... ..	Kilogr.	6,9	33,6	9,3	31,1	
.. d'emballage ... ..	Tonne	608,8	6324,3	1200	8624,0	
Carton ... ..	Kilogr.	1,1	7,4	0,9	5,4	
Tabacs en feuilles ... ..	..	12,4	43,4	10,3	39,8	

La plus-value enregistrée par les estimations douanières qui, pour l'ensemble des achats de l'Égypte pendant les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943 a marqué une proportion respective de 75,5 et de 81,2 pour cent, ne s'est élevée pour l'ensemble de nos ventes à l'étranger qu'à 35 pour cent pour les années 1914 à 1918 et à 34,3 pour cent pour les années 1939 à 1943. La majoration douanière sur

les marchandises importées pendant les deux conflits atteint donc une proportion double de celle marquée par les produits exportés vers les différents pays étrangers. Mais si au total la plus-value enregistrée par les exportations de l'Égypte a été presque la même pendant les deux conflits, une différence assez importante résulte lorsque l'on estime séparément le coton et les autres marchandises. En effet, alors que pendant les années 1914 à 1918 les estimations douanières avaient enregistré une plus-value de 39,2 pour cent pour le coton et de 21,6 pour cent pour les autres produits exportés, la plus-value a été pendant les années 1939 à 1943 de 33,3 pour cent pour le coton et de 37,1 pour cent pour les autres marchandises. Les chiffres comparatifs ci-après font ressortir la différence entre les estimations des douanes et la valeur calculée d'après les prix d'avant-guerre pour le coton et les autres marchandises exportées de l'Égypte pendant les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943.

ANNÉES	COTON			AUTRES MARCHANDISES		
	Estima- tion des Douanes	Valeur calculée (*)	Différence	Estima- tion des Douanes	Valeur calculée (*)	Différence
	L.R.	L.R.	L.R.	L.R.	L.R.	L.R.
1914 ...	18.639.861	21.623.914	- 2.984.053	5.421.935	5.599.294	- 177.359
1915 ...	19.145.644	25.243.924	- 6.098.280	7.901.228	8.563.169	- 661.941
1916 ...	29.813.682	19.820.669	+ 9.993.013	7.648.081	6.128.615	+ 1.519.466
1917 ...	33.485.193	14.965.668	+ 18.519.525	7.603.419	4.621.775	+ 2.981.644
1918 ...	38.004.497	18.367.042	+ 19.637.455	7.235.883	4.561.231	+ 2.674.652
<b>TOTAL</b>	<b>129.158.847</b>	<b>99.941.117</b>	<b>+ 29.197.730</b>	<b>35.812.216</b>	<b>29.563.988</b>	<b>+ 6.248.228</b>
1939 ...	24.330.364	24.304.185	+ 26.179	8.957.508	8.968.517	- 10.979
1940 ...	18.858.754	13.980.371	+ 4.878.413	8.052.643	7.384.216	+ 1.668.427
1941 ...	16.993.989	12.321.166	+ 4.672.823	6.199.771	4.031.958	+ 2.167.813
1942 ...	14.124.760	9.490.710	+ 4.634.050	4.628.873	2.316.188	+ 2.312.685
1943 ...	18.390.298	8.452.720	+ 9.937.578	6.649.989	2.879.769	+ 3.770.220
<b>TOTAL...</b>	<b>81.618.655</b>	<b>68.749.152</b>	<b>+ 12.869.503</b>	<b>35.388.511</b>	<b>25.609.648</b>	<b>+ 9.778.863</b>

(\*) D'après les prix de l'année 1913 pour la période de 1914 à 1918 et d'après les prix de l'année 1938 pour la période de 1939 à 1943.

Les données énoncées ci-dessus font ressortir que la plus-value totale enregistrée par les estimations douanières avait atteint pour l'ensemble des marchandises exportées de l'Égypte pendant les années 1914 à 1918 une somme de L.É. 45,6 millions, contre une plus-value de L.É. 32,5 millions pour les années 1939 à 1943, soit une différence en moins de L.É. 13,1 millions. Cet écart considérable est dû notamment à l'allure des prix du coton qui, pendant les années 1914 à 1918 s'étaient maintenus à un niveau plus élevé de celui atteint au cours de la période quinquennale de 1939 à 1943. Alors que pendant les années 1914 à 1918 la quantité totale de coton exporté se chiffrait à 27.319.245 cantars avait été estimée par l'Administration des Douanes à L.É. 139.158.847, soit à un prix moyen de P.T. 509,4 le cantar, la même Administration a estimé les 25.748.746 cantars exportés pendant les années 1939 à 1943 à L.É. 91.618.055, soit à un prix moyen de P.T. 355,8 le cantar. Bien que par rapport aux prix de l'année 1913 le coton exporté pendant les années 1914 et 1915 eût marqué une moins-value de L.É. 2,9 et de L.É. 6,1 millions ou de 13,7 et 24,3 pour cent respectivement, la forte majoration des prix enregistrée pendant les trois années suivantes a porté le total de la plus-value sur le coton exporté pendant les années 1914 à 1918 à L.É. 39,2 millions, contre une plus-value sur les prix de 1939 de L.É. 22,9 millions à peine pour le coton exporté pendant les années 1939 à 1943.

Quant aux autres marchandises exportées pendant les années 1914 à 1918 et 1939 à 1943 dont la valeur estimée par l'Administration des Douanes est de L.É. 35,9 et de L.É. 35,4 millions, elles ont marqué par rapport aux prix d'avant-guerre une plus-value de L.É. 6,4 et de L.É. 9,6 millions respectivement.

Par rapport aux prix d'avant-guerre, les estimations douanières ont enregistré pour les marchandises exportées de l'Égypte au cours des deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943 les pourcentages annuels suivants :

Coton		Autres marchandises	
%	%	%	%
1914 — 13,7	1939 + 0,1	1914 — 3,2	1939 — 0,1
1915 — 24,2	1940 + 34,9	1915 — 7,7	1940 + 51,2
1916 + 50,4	1941 + 29,2	1916 + 24,8	1941 + 53,0
1917 + 124,7	1942 + 48,8	1917 + 63,7	1942 + 62,9
1918 + 107,1	1943 + 112,4	1918 + 69,8	1943 + 130,9

Les chiffres ci-après donnent un aperçu des prix moyens unitaires appliqués par l'Administration des Douanes aux principales marchandises exportées de l'Egypte pendant les deux années 1918 et 1943, comparés à ceux appliqués par la même Administration avant les deux guerres mondiales, soit en 1913 et 1938.

PREX UNITAIRES MOYENS ÉTABLIS PAR LES DOUANES ÉGYPTIENNES

Articles	Unité	1913	1918	1938	1943
		F. E.	F. E.	F. E.	F. E.
Blé ... ..	Tonne	2.429	2.450	900	2.033
Fèves sèches ... ..	..	867,1	2.087,7	1.209	1.832,8
Orge ... ..	..	778,3	1.698,2	600	2.130,4
Levées ... ..	..	942,5	1.848,8	1.200	2.219,6
Mais ... ..	..	724,3	1.618,5	800	2.015,4
Lin ... ..	..	1.184,6	2.234	1.100	2.276,1
Turkey ... ..	..	1.300	3.225,7	900	2.374,7
Olives ... ..	..	584-9	694-1	647,2	972,3
Henné ... ..	Kilogr.	2-4	3,2	2,8	4,4
Coton brut ... ..	Centars	365,9	737,7	267	567,2
Graines de coton ... ..	Ardeb	91,4	92,2	67,5	168-6
Tourteaux ... ..	Tonne	489,7	1.000	360,8	1.200-0
Huile de graines de coton	..	1.800	6.847,1	2.450,2	2.682,3
Sucre raffiné ... ..	..	1.500	4.300,6	831,2	2.266-8
Laine brute ... ..	Kilogr.	6	13,0	6-5	58,3
Drilles et chiffons ... ..	Tonne	237-9	275,5	700	2.168,5
Peaux tannées ... ..	Kilogr.	8,7	41,9	12,9	32-9
Savon commun ... ..	..	4	7,1	2,3	9-6
Phosphates naturels ... ..	Tonne	100,2	213,0	76-2	138
Cigarettes ... ..	Kilogr.	80	180,9	64-9	118,2
Blanc ... ..	Rectedite	104	737,0	233,7	530,7

Comme nous l'avons signalé plus haut, malgré la forte augmentation enregistrée par les prix unitaires des produits ayant fait l'objet de nos exportations, la plus-value dans les estimations douanières est sensiblement inférieure à celle marquée par l'ensemble des marchandises importées. En effet, alors que pour les importations de l'Egypte la plus-value avait atteint par rapport aux prix d'avant-guerre une proportion de 202,9 pour cent en 1918 et de 156 pour cent en 1943, la plus-value ne s'est élevée pendant les deux années précitées qu'à 97,0 et 117 pour cent respectivement sur nos exportations.

Les données comparatives ci-après font ressortir, en millions de livres égyptiennes, l'écart annuel entre la valeur estimée par les douanes et celle calculée d'après les prix de 1913 et 1938 pour les marchandises exportées pendant les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943.

VALEUR DES IMPORTATIONS ET VALEUR CALCULÉE DES MARCHANDISES REPORTÉES

Années	Valeur des Demandes	Valeur calculée	Différence	Années	Valeur des Demandes	Valeur calculée	Différence
	L. E.	L. E.	L. E.		L. E.	L. E.	L. E.
1914 ...	24,1	27,2	- 3,1	1929 ...	33,3	33,3	-
1915 ...	27,0	33,8	- 6,8	1930 ...	27,8	21,4	+ 6,4
1916 ...	37,4	28,9	+ 11,5	1931 ...	22,1	18,4	+ 3,7
1917 ...	41,0	19,5	+ 21,5	1932 ...	19,7	11,0	+ 8,7
1918 ...	45,4	23,0	+ 22,4	1933 ...	25,0	11,5	+ 13,5
Total	174,9	129,4	+ 45,5	Total	126,9	94,6	+ 32,3

## DEUXIÈME PARTIE.

Le commerce d'importation avait marqué pendant les années antérieures à la deuxième guerre mondiale une tendance qui se traduisait par une augmentation dans la plupart des produits destinés à la production et une diminution dans les articles de luxe et dans les produits que les marchés locaux pouvaient fournir.

Les résultats obtenus furent d'autant plus appréciables que le mouvement du commerce d'importation a un caractère constant: l'augmentation progressive de la population. Le nombre d'habitants qui vient s'ajouter tous les ans à la population déjà si dense, comporte un minimum irréductible d'augmentation de la consommation, puisqu'il faut nourrir, habiller, loger cet excédent. D'où nécessité toujours plus urgente d'augmenter la production des céréales, des autres produits alimentaires végétaux et animaux, créer des industries nouvelles, augmenter et encourager celles existantes. Cette production qui, pendant la deuxième guerre mondiale a réalisé des nouveaux progrès, contribua largement à rendre meilleure la situation de l'Égypte en lui permettant, malgré l'importation réduite d'un grand nombre d'articles, de faire face à ses besoins de plus en plus accrus, du fait de l'augmentation de la consommation intérieure. La difficulté des communications et la rareté des produits stimulèrent la production nationale.

Afin de nous rendre compte de l'évolution marquée par les échanges de l'Égypte nous nous proposons d'étudier succinctement dans les pages qui suivent le mouvement des principales marchandises importées et exportées pendant les deux périodes quinquennales de 1914 à 1918

(lorsque la comparaison sera possible) et de 1939 à 1943 tel qu'énoncé dans les tableaux I a à I d et J a à J d. (5)

#### LE COMMERCE D'IMPORTATION

C'est la Section des produits minéraux qui s'est inscrite pendant la deuxième guerre mondiale au premier rang des importations de l'Egypte avec une valeur totale de L.E. 11,5 millions en 1943, dont L.E. 1,4 million pour la houille; L.E. 4 millions pour la benzine; L.E. 1,6 million pour le pétrole; L.E. 3,7 millions pour le mazout, fuel oil, diesel oil, solar oil et gas oil et enfin 0,8 million pour d'autres produits minéraux. Par rapport à la valeur totale des importations de l'année 1943, la valeur des produits minéraux importés représente une proportion de 29,4 pour cent.

La houille, la benzine et le pétrole importés dont la quantité atteignait en 1913, 1.721.415 tonnes, 1.885 tonnes et 135.124 tonnes s'étaient inscrits en 1918, dernière année du conflit précédent, pour 501.780, 75.121 et 76.904 tonnes respectivement, soit avec une différence en moins de 1.219.635 tonnes pour la houille et de 58.220 tonnes pour le pétrole, et une différence en plus de 73.236 tonnes pour la benzine. Or, pendant la période quinquennale de 1939 à 1943 les importations de l'Egypte marquent une diminution plus forte pour la houille dont la quantité qui atteignait 1.473.511 tonnes en 1938 a reculé à 238.348 tonnes en 1943 ainsi que pour le pétrole qui passe pendant le même intervalle de 308.875 à 245.812 tonnes respectivement. Par contre la quantité de benzine qui ne s'était inscrite que pour 33.250 tonnes en 1938 progresse graduellement les années suivantes pour atteindre 481.089 tonnes en 1943, soit une quantité 14 fois plus forte. La régression sensible enregistrée par la houille importée en 1943 dont la quantité ne représente par rapport à celle importée en 1938 qu'une proportion de 16 pour cent est, croyons-nous, attribuable non seulement aux difficultés d'approvisionnement mais aussi aux transformations effectuées ces dernières années dans les grandes usines telles que celles pour la distribution d'eau, d'électricité, des Tramways, des Chemins de fer de l'Etat ou des sociétés privées, etc., qui emploient le mazout, la benzine, le pétrole ou autres produits d'approvisionnement plus facile. C'est ce qui explique d'ailleurs que malgré une production locale de plus en plus forte, la quantité de benzine et de pétrole importée marque, tel qu'il résulte des données ci-après, une progression sensible.

(5) La place considérable que devaient occuper les tableaux Ja à Jd relatifs aux principaux articles importés et exportés pendant les années 1913 à 1918 et 1938 à 1943 nous contraint de renvoyer leur publication au prochain fascicule.

## QUANTITÉ DE BENZINE ET PÉTROLE IMPORTÉS EN ÉGYPTE

Benzine				Pétrole			
Années	Tonnes	Années	Tonnes	Années	Tonnes	Années	Tonnes
1913	1.885	1938	33.280	1913	125.124	1938	305.475
1914	945	1939	40.025	1914	105.717	1939	262.700
1915	2.932	1940	27.480	1915	63.175	1940	182.961
1916	1.722	1941	129.176	1916	83.826	1941	173.349
1917	1.019	1942	430.411	1917	20.893	1942	229.533
1918	15.171	1943	481.988	1918	70.904	1943	245.812
TOTAL	31.736	TOTAL	1.195.281	TOTAL	410.519	TOTAL	1.685.235
MOYENNE	16.346	MOYENNE	231.676	MOYENNE	83.104	MOYENNE	341.659

Aussi, la plupart des produits minéraux ont-ils marqué, à la suite de la guerre, une plus-value considérable. En effet, la quantité de houille crue importée en 1938 s'élevait à 1.473.511 tonnes et estimée par l'Administration des Douanes à L.E. 1.890.585 soit à un prix moyen de P.T. 128,5 par tonne s'est inscrite en 1943 à 238.548 tonnes, mais pour une valeur de L.E. 1.426.592 soit à P.T. 598 par tonne. D'autre part, la valeur unitaire de la benzine et du kérosène qui s'élevait en 1938 à P.T. 459,8 et P.T. 367,8 par tonne, a atteint en 1943 P.T. 826,8 et P.T. 665,3 par tonne respectivement. Bien que les quantités de mazout, fuel oil, diesel oil, solar oil et gas oil soient demeurées presque inchangées jusqu'en 1942, de fortes quantités furent importées notamment de l'Irak en 1943. La quantité et la valeur des produits précités importés pendant les deux guerres mondiales ont été les suivantes :

## QUANTITÉ ET VALEUR DU MAZOUT, FUEL OIL, DIESEL OIL ET SOLAR OIL IMPORTÉS

Années	Quantité	Valeur	Années	Quantité	Valeur		
	Tonnes	L.E.		Tonnes	L.E.		
1913	17.341	114.992	1938	229.113	649.462		
1914	15.782	116.007	1939	198.259	653.927		
1915	23.823	169.845	1940	145.233	769.137		
1916	27.468	384.620	1941	173.407	1.154.634		
1917	13.252	242.653	1942	249.533	1.716.646		
1918	8.181	469.229	1943	623.265	3.697.370		
1914-18	TOTAL	191.286	1.328.336	1939-43	TOTAL	1.401.768	7.982.694
	Moy.	26.227	211.678		Moy.	282.542	1.594.539

Les données énoncées au tableau précédent font ressortir la différence sensible enregistrée par nos importations de mazout, fuel oil, diesel oil et solar oil pendant la deuxième guerre mondiale par rapport à la précédente. La quantité moyenne annuelle des produits précités, importés pendant les années 1939 à 1943, est 14 fois plus forte de celle importée pendant les années 1914 à 1918. Quant à la valeur de ces mêmes produits, elle atteint respectivement de 1939 à 1943 une moyenne annuelle de L.E. 1.595.539 contre L.E. 271.678 de 1914 à 1918 ou une valeur 6 fois plus élevée.

La Section IV des statistiques douanières relative aux produits des industries alimentaires, boissons, liquides alcooliques, tabacs a marqué au cours de ces dernières années et notamment en 1942 et 1943 une progression importante. La valeur totale des marchandises importées comprises dans cette section est passée de L.E. 2.230.762 en 1938 à L.E. 6.687.527 en 1943, soit le triple. Ce sont les boissons alcooliques et les tabacs qui accusent l'augmentation la plus forte, leur valeur respective étant passée de L.E. 424.380 et L.E. 753.257 en 1938 à L.E. 1.231.987 et L.E. 4.616.187 en 1943, soit une valeur 3 et 6 fois supérieure à celle enregistrée en 1938. La quantité et la valeur des principales boissons alcooliques importées pendant les années 1938 à 1943 a été la suivante :

PRINCIPALES BOISSONS ALCOLIQUES IMPORTÉES EN EGYPTE

Années	Bière		Whisky		Vins		Brandy (Cognac)	
	Quantité	Valeur	Quantité	Valeur	Quantité	Valeur	Quantité	Valeur
	Hectol.	L.E.	Hectol.	L.E.	Hectol.	L.E.	Hectol.	L.E.
1938 ... ..	35.219	82.328	4.589	102.422	37.618	123.303	4.925	64.365
1939 ... ..	43.554	106.379	5.065	114.857	46.737	92.379	4.171	55.691
1940 ... ..	39.300	148.163	7.352	182.680	45.810	113.628	4.808	69.254
1941 ... ..	87.322	575.990	8.264	197.644	54.083	134.281	4.571	62.641
1942 ... ..	246.283	1.314.023	17.241	542.070	23.286	166.209	3.683	59.341
1943 ... ..	28.479	315.690	7.862	273.387	32.381	207.248	5.066	159.754
1939-43								
Tot.	475.168	2.069.144	44.367	1210448	193.297	625.190	22.287	486.681
Moy.	95.034	413.829	8.873	242.090	38.659	125.038	4.457	97.336

Par suite de la modification radicale du cadre des statistiques douanières qui remonte à 1930, année de l'entrée en vigueur du nouveau

tarif douanier, il ne nous est pas toujours possible de comparer le mouvement des marchandises importées ou exportées pendant la période du premier conflit à celle du second. C'est ainsi que pendant les années antérieures à 1939 le whisky et le brandy (cognac) importés étaient compris dans les statistiques douanières parmi les alcools dulcifiés et aromatisés (liqueurs). Nous ne donnons donc ci-après que la quantité et la valeur de la bière et du vin importés en Égypte pendant les années 1913 à 1918.

Années	Bière		Vin		
	Hectolitres	L.E.	Hectolitres	L.E.	
1913 — ...	77.302	80.250	92.912	128.303	
1914 — ...	66.923	67.709	89.945	115.443	
1915 — ...	181.429	133.755	89.174	129.693	
1916 ... ..	176.943	681.639	70.709	212.322	
1917 ... ..	33.172	119.373	63.132	194.840	
1918 ... ..	29.378	165.891	63.289	279.072	
1913-18	TOTAL ...	448.743	918.537	373.249	931.654
	MOYENNE	89.749	183.707	74.650	186.211

Malgré une production intérieure de plus en plus forte, nos importations de bière ont marqué pendant les années 1939 à 1943 une augmentation totale de 26.423 hectolitres par rapport à la période quinquennale de 1914 à 1918. Cependant, bien que la différence entre la quantité de bière importée pendant le premier et le deuxième conflit ne soit pas énorme, il n'en est pas de même pour leur valeur qui a atteint un total de L.E. 2.460.146 pendant les années 1939 à 1943 contre L.E. 978.537 pendant la période de 1914 à 1918, soit une différence de L.E. 1.481.609.

En ce qui concerne la quantité des vins importés, elle marque de 1939 à 1943 grâce au développement de l'industrie viticole locale une diminution totale à l'importation de 180.652 hectolitres par rapport aux quantités importées pendant les années 1914 à 1918 et de 19.069 hectolitres par rapport à l'année 1938.

Les vins palestiniens dont la quantité s'était chiffrée à 3.472 hectolitres en 1938 marquent une progression les années suivantes pour atteindre 8.586 hectolitres en 1941 mais pour reculer respectivement à 3.199 et 2.752 hectolitres en 1942 et 1943. Quant à la valeur, ell

a enregistré une augmentation considérable puisqu'elle est passée pendant le même intervalle de L.E. 3.312 en 1938 à L.E. 34.476 en 1943. Le prix unitaire par hectolitre qui ne s'élevait qu'à P.T. 95,4 en 1938 atteint P.T. 1.234,8 en 1943.

Les tabacs et notamment ceux en feuilles, les cigarettes et les autres tabacs manufacturés ont enregistré pendant les dernières années une progression constante, leur valeur étant passée de L.E. 753.257 en 1938 à L.E. 4.616.187 en 1943, soit le sextuple. Alors que la valeur des tabacs importés ne représentait en 1938 par rapport à la valeur totale des importations de l'Egypte qu'une proportion de 2%, cette proportion atteint les 11,8% en 1943. La quantité de cigarettes et tabacs manufacturés qui ne s'était chiffrée en 1938 qu'à 215.163 et 15.194 kilogr. a atteint 2.262.257 et 317.917 kilogr. en 1943, mais pour reculer à 1.448.053 et 169.365 kilogr. respectivement en 1943. D'autre part, les tabacs en feuilles dont la quantité s'était inscrite à 5.450.384 kilogr. en 1938 progressent presque graduellement les années suivantes pour atteindre 8.444.540 kilogr. en 1943 dont 5.500.611 kilogr. provenant de la Turquie; 1.225.572 kilogr. des Etats-Unis d'Amérique et 1.718.357 kilogr. de divers autres pays.

Quant à nos importations de tabacs pendant le conflit de 1914 à 1918, la fermeture des marchés turcs avait provoqué une diminution importante. Les tabacs en feuilles, le tabac et les cigares dont les quantités importées en 1913 atteignaient 8.176.532, 720.002, et 50.462 kilogrammes ne se sont inscrits, en effet, en 1918 que pour 6.562.653, 313.464 et 55.436 kilogrammes respectivement. Seuls les autres tabacs manufacturés avaient marqué une progression, leur quantité étant passée de 62.587 kilogr. en 1913 à 149.006 kilogr. en 1918.

Après la Section V des produits minéraux et la Section IV des produits des industries alimentaires vient dans l'ordre d'importance la Section VI relative aux produits chimiques et pharmaceutiques; couleurs et vernis; parfumerie; savons; bougies et similaires; colles et gélatines; explosifs; engrais. La valeur des articles importés, faisant partie de cette Section et qui atteint en 1943 L.E. 5.433.369 représente par rapport à la valeur totale des importations de l'Egypte une proportion de 13,9%.

Età ce que la quantité de la plupart des marchandises comprises dans cette Section ait marqué ces dernières années un recul plus ou moins sensible à l'importation, la valeur accuse, grâce à la forte majoration des prix, une progression considérable. En effet, les quantités totales des marchandises de la Section VI estimées en 1943 par

L'Administration des Douanes pour une valeur de L.E. 5.433.389 ne représenterait d'après les prix en vigueur pendant l'année 1938 que L.E. 1.759.214 soit un montant inférieur de L.E. 3.764.175. Pour relever l'importance de la plus-value enregistrée en 1943 nous donnons ci-après la proportion d'augmentation marquée par les marchandises comprises dans chacun des chapitres de la Section VI par rapport aux prix unitaires de l'année 1938.

	%
Produits chimiques et pharmaceutiques ... ..	+ 244,1
Produits chimiques préparés et produits à usages photographiques ...	+ 39,7
Extraits tinctoriaux et tannants : bouillies, liques, vernis, etc. ...	+ 164,3
Huiles essentielles et résines, matières aromatiques artificielles ...	+ 132,6
Savons, bougies et autres articles fabriqués avec des cires, des huiles, etc. ... ..	+ 100,0
Colles, gélulines et apprêts ... ..	+ 633,6
Explosifs, artifices, allumettes et autres articles en mat. inflammable ...	+ 128,9
Engrais ... ..	+ 191,4

Les produits chimiques et pharmaceutiques dont les quantités importées ont le plus fortement diminué ces dernières années par rapport à 1938 sont les suivants :

	1938	1943
	Tonnes	Tonnes
Soufre ... ..	2.299	106
Acide chlorhydrique ... ..	622	2
.. sulfurique ... ..	1.862	49
.. acétique ... ..	356	19
.. tartrique ... ..	49	0
Potassium sodium ... ..	3.894	739
Chlorures, chlorates et perchlorates ... ..	2.043	804
Carbone de calcium ... ..	828	44
Naphtaline ... ..	176	35
Produits de la distil. du bois et des résines ... ..	481	90
Sel d'aniline ... ..	204	170
Acétates, citrates, lactates, oxalates, etc. ... ..	307	24
Glycérols ... ..	91	—

Les données ci-dessus font ressortir la diminution considérable enregistrée par quelques produits chimiques, et notamment de l'acide chlorhydrique, sulfurique, acétique, tartrique ainsi que de la glycérine dont l'importation s'est réduite à néant en 1943. D'autre part, le

bicarbonate, le carbonate de soude et la soude caustique importés ont reculé respectivement de 507, 1.315 et 4.112 tonnes en 1938 à 367, 807 et 3.615 tonnes en 1943.

Quant aux médicaments composés, préparations dosées et spécialités pharmaceutiques, leur valeur est passée de L.E. 486.353 en 1938 à L.E. 543.856 en 1943 dont les 34,9 % du total sont de provenance suisse ; 31 % anglaise ; 19,1 % américaine ; 12,4 % palestinienne et 2,6 % d'autres pays.

Les quantités des extraits tinctoriaux et tannants, couleurs, laques, vernis, etc., marquent également dans leur ensemble par rapport à 1938 une diminution considérable pendant la période quinquennale de 1939 à 1943. Les extraits tannants liquides importés reculent pendant l'intervalle précité de 2.426 tonnes en 1938 à 1.564 tonnes en 1943 ; les couleurs minérales et pigments minéraux de 2.018 à 355 tonnes ; les ocres et autres terres colorantes de 1.100 à 8 tonnes à peine ; les encres à écrire ou à dessiner de 331 à 26 tonnes ; les vernis, laques et seccatifs de 451 à 27 tonnes ; les couleurs préparées à l'huile ou à l'essence de 688 à 265 tonnes.

A l'exclusion des savons de toilette qui sont demeurés presque stationnaires et les savons pour la barbe et les cirages pour nettoyer les cuirs, chaussures et linoléum qui ont marqué pendant la deuxième guerre mondiale à l'importation, en quantité et en valeur une augmentation par rapport à l'année 1938, les savons communs durs ou mous, les bougies ainsi que les autres articles fabriqués avec des cires, des huiles, etc., ont enregistré, comme il résulte des données ci-après, une diminution importante presque graduelle.

	1938	1939	1940	1941	1942	1943
	Ton.	Ton.	Ton.	Ton.	Ton.	Ton.
Savons communs, durs ou mous ...	3.412	3.024	1.868	2.170	1.602	310
Lauvres et succédanés du savon ...	157	139	101	66	84	36
Huiles et graisses et soides gras ...	350	589	491	81	18	12
Bougies et cirages de toutes sortes ...	24	32	13	2	5	20

Les différentes qualités de colles, gélatines et apprêts importés ont ainsi marqué ces dernières années un fléchissement des plus sensibles. Les colles d'os, de nerfs, de peaux ainsi que les amidons et féculs torrifiés ; dextrine et similaire dont les quantités importées

en 1938 atteignaient 770.978 et 475.439 kilogr., ne se sont chiffrées respectivement qu'à 100 et 509 kilogr. à peine en 1943; la gélatine et les pâtes à base de gélatine fléchissent pendant le même intervalle de 33.592 et 9.663 kilogr. à 3.490 et 477 kilogr. respectivement. Bien que les estimations douanières sur les colles, gélatines et apprêts marquent en 1943, comme nous l'avons signalé plus haut, une plus valeur de 613,6%, par rapport à 1938 la valeur totale des articles précités a reculé de L.E. 49.669 en 1938 à L.E. 5.181 en 1943.

La deuxième guerre mondiale a eu une répercussion très défavorable sur nos importations d'engrais chimiques. En effet, malgré l'extension de certaines cultures qui réclament l'emploi de plus en plus fort d'engrais, nos importations qui avaient atteint en 1938 une quantité totale de 513.790 tonnes, se sont réduites à 5.240 tonnes à peine en 1941, mais pour progresser au cours des deux années suivantes et s'inscrire à 149.286 tonnes en 1942 et à 158.629 tonnes en 1943, soit à une proportion représentant les 29,1 et 30,5% respectivement de la quantité importée en 1938. Bien que les quantités importées annuellement de 1939 à 1943 soient, par rapport à celles de l'année 1938, très réduites, le total des engrais chimiques importés s'élevant à 1.142.782 tonnes, représente une valeur de L.E. 12.389.194 ou une quantité et une valeur moyenne annuelle de 228.556 tonnes et L.E. 2.477.827. Néanmoins, par rapport à la période quinquennale de 1914 à 1918, période pendant laquelle la quantité et la valeur des engrais chimiques importés s'étaient chiffrées au total à 199.296 tonnes et L.E. 3.150.022 ou une quantité et une valeur moyenne annuelle de 39.859 tonnes et L.E. 630.004, nos importations furent pendant la deuxième guerre mondiale sensiblement supérieures. D'autre part, alors que nos importations d'engrais de l'année 1938 comprenaient huit variétés, elles se sont réduites en 1942 à une seule variété, le nitrate de soude naturel et à deux variétés en 1943, le nitrate de soude naturel et une petite quantité de sulfate d'ammoniaque. Quant à la valeur des engrais importés elle est passée, pendant le même intervalle, de L.E. 2.935.462 en 1938 à L.E. 3.406.044 en 1943, soit une valeur supérieure de 16% pour une quantité qui est de 69,1% au-dessous de celle importée en 1938. Les estimations douanières qui, pour l'ensemble des engrais importés en 1938 atteignaient un prix moyen de P.T. 571,3 par tonne, se sont élevés à P.T. 1.836,2 en 1942 et à P.T. 2.147,2 en 1943.

A la suite de l'essor enregistré par les industries du savon et des allumettes les quantités importées ont marqué pendant les années 1939 à 1943 une diminution considérable par rapport à la période de 1914

à 1918. En effet, la valeur des allumettes et la quantité de savon commun importés qui avaient atteint respectivement de 1914 à 1918 un chiffre moyen annuel de L.E. 216.452 et 4.383 tonnes, les deux articles précités figurent dans les statistiques douanières des années 1939 à 1943 pour une moyenne de L.E. 37.457 et 1.797 tonnes respectivement.

Années	Savon commun	Soude caustique	Engrais chimiques	Allumettes	Indigo artificiel
	Tonnes	Tonnes	Tonnes	Valeur L.E.	Tonnes
1913 ... ..	1.203	900	71.654	81.398	503
1914 ... ..	7.541	613	72.810	79.191	341
1915 ... ..	3.028	1.179	61.243	135.331	7
1916 ... ..	4.196	717	25.432	174.767	—
1917 ... ..	2.003	481	36.040	221.367	—
1918 ... ..	4.199	453	3.071	471.605	44
1914-1918					
(TOTAL ... ..)	21.967	3.443	199.294	1.082.261	392
(MOYENNE ... ..)	4.393	689	39.859	216.452	78
1939 ... ..	3.812	4.112	613.790	32.141	93
1940 ... ..	3.034	1.984	472.075	35.472	159
1941 ... ..	1.828	3.791	397.522	2.243	142
1942 ... ..	2.179	3.561	6.240	2.848	87
1943 ... ..	1.002	4.601	149.596	124.635	17
1943 ... ..	310	3.655	158.629	22.019	32
1939-1943					
(TOTAL ... ..)	8.953	17.595	1.143.182	197.267	437
(MOYENNE ... ..)	1.797	3.519	228.636	37.457	87

La catégorie des marchandises qui occupait pendant les années 1914 à 1918 le premier rang à l'importation était celle des textiles dont la valeur à la suite d'une progression graduelle successive est passée de L.E. 5.476.932 en 1914 à L.E. 22.190.210 en 1918 soit à une valeur représentant les 43,4 % du total des importations de l'Egypte. Les tissus de coton importés en 1918 atteignaient à eux seuls une valeur de L.E. 13.686.467. Venaient ensuite les sacs vides, les fils de coton et les tissus de laine qui s'étaient inscrits au cours de la même année pour L.E. 1.348.771, L.E. 886.152 et L.E. 850.803 respectivement. Or, la valeur des articles précités importés en 1943 ne s'est chiffrée qu'à L.E. 1.468.327 pour les tissus de coton ;

à L.E. 538.972 pour les sacs vides ; à L.E. 76.250 pour les fils de coton à L.E. 562.647 pour les tissus de laine, soit pour une valeur totale de L.E. 2.656.196 contre L.E. 16.791.193 en 1918.

Les tissus de coton dont les quantités importées avaient atteint 16.956.357 kilogrammes en 1918 ont reculé presque graduellement pendant les années suivantes pour ne s'inscrire que pour 1.708.211 kilogrammes à peine en 1943, soit pour une quantité ne représentant que le dixième environ de celle de 1918. Cependant si l'on compare la valeur des tissus de coton importés en 1943 avec celle de 1918 on constatera qu'elle est à peine inférieure de L.E. 1.359.784 pour une quantité moindre de 15.248.146 kilogrammes. Comme on le voit, bien que la valeur ne marque en 1943 par rapport à 1918 qu'une régression de 48,1% les quantités sont plus de 9 fois inférieures. Alors que l'Administration des Douanes égyptiennes estimait en 1918 à P.T. 15,7 le kilogramme, cette même Administration a évalué en 1943 à P.T. 85,9 le kilogramme. La régression considérable enregistrée par les quantités des tissus de coton importés en 1943 par rapport à celles de 1918 est due, d'une part, aux difficultés d'approvisionnement actuelles, et d'autre part aux progrès de l'industrie locale qui, ces dernières années s'est considérablement développée et répond dans une large mesure aux besoins du pays.

Aussi, croyons-nous, que rien n'illustrera mieux la répercussion bienfaisante qu'a eue le développement de l'industrie textile sur les importations égyptiennes de tissus de coton que les données comparatives ci-après :

[TISSUS DE COTON IMPORTÉS PENDANT LES ANNÉES 1913 à 1948

Années	Mètres	Valeur		Valeur totale	
		L.E.	Kilogr.	L.E.	L.E.
1913 ... ..	60.226.618	1.123.648	19.997.691	2.531.034	3.654.700
1914 ... ..	65.127.472	1.238.073	14.428.252	1.719.618	3.027.693
1915 ... ..	76.894.774	1.400.139	17.033.661	2.001.616	3.491.744
1916 ... ..	107.254.386	2.470.317	18.376.406	3.663.933	6.134.272
1917 ... ..	94.561.104	3.223.177	15.699.716	3.764.671	6.989.848
1918 ... ..	125.923.648	6.985.721	16.553.441	6.699.746	13.685.467
Moy. 1914-18	93.958.497	3.163.884	16.337.997	3.481.921	6.585.865

## TISSUS DE COTON IMPORTÉS PENDANT LES ANNÉES 1938 à 1943

Années	Kilogr. (1)	Valeur
		L.E.
1938	18.356.337	2.828.111
1939	9.775.181	1.793.501
1940	7.267.637	1.365.130
1941	7.172.035	2.589.923
1942	8.950.307	5.359.333
1943	1.708.211	1.468.377
Moy. 1939-43	6.978.658	2.631.343

Une regression également sensible a été enregistrée par les articles de soie, de bourre de soie et de bourrette de soie pure dont les quantités importées en 1943 sont, par rapport à celles de 1938, insignifiantes. Le recul considérable marqué pendant les années 1939 à 1943 par les quantités importées des articles précités, recul qui atteint en 1943 une proportion de 97,30% est dû à l'interruption des envois de la France, de l'Italie et du Japon qui étaient nos principaux fournisseurs. Les données ci-après font ressortir le déclin presque graduel enregistré par nos importations d'articles de soie, bourre de soie et de bourrette de soie pendant les cinq dernières années par rapport à 1938 :

	Quantité	Valeur
	Kg.	L.E.
1938	600.909	429.766
1939	496.915	331.811
1940	254.599	206.741
1941	131.093	212.082
1942	228.317	480.402
1943	16.047	37.983
Moyennes 1939 à 1943	261.393	213.804

(1) Ces quantités correspondent respectivement à 137.428.872 m<sup>2</sup> en 1938 ; 82.474.208 m<sup>2</sup> en 1939 ; 66.082.446 m<sup>2</sup> en 1940 ; 66.696.073 m<sup>2</sup> en 1941 ; 76.654.420 m<sup>2</sup> en 1942 et 14.511.334 m<sup>2</sup> en 1943.

Pendant la deuxième guerre mondiale, la laine brute importée a marqué, aussi bien en quantité qu'en valeur, une progression considérable. En effet, alors que la quantité et la valeur de la laine brute ne s'étaient chiffrées en 1938 à l'importation que pour 96.478 kilogr. et L.E. 18.777 à peine, elle progresse graduellement les années suivantes jusqu'à atteindre en 1942, 691.704 kilogr. et L.E. 218.327 soit une quantité et une valeur 7 fois et 12 fois plus forte mais pour reculer en 1943 à 491.455 kilogr. et L.E. 171.356. Par contre, les quantités de tissus de laine marquent pendant le même intervalle une diminution presque constante et ne s'inscrivent en 1943 que pour kilogr. 329.800 alors qu'ils s'étaient chiffrés à kilogr. 1.645.615 en 1938. Cependant, la valeur de ces mêmes tissus de laine qui s'étaient inscrits en 1938 à L.E. 860.755 atteint L.E. 1.820.504 en 1942 et L.E. 562.647 en 1943. Comme on le voit, bien que la quantité des tissus de laine ait diminué de 22,7% en 1942 et de 80% en 1943 par rapport à 1938, la valeur est supérieure de 111,5% en 1942 et à peine inférieure de 34,6% en 1943.

Nonobstant que pendant la première guerre mondiale la quantité des tissus de laine ait marqué une diminution, la régression a été cependant beaucoup moins importante de celle enregistrée pendant le second conflit. Les tissus de laine importés qui s'étaient inscrits pour 1.870.559 mètres en 1913 reculent à 1.429.792 mètres en 1918 soit de 23,6%.

Les données comparatives ci-après montrent les fluctuations enregistrées pendant les années 1938 à 1943 par les importations de l'Égypte de la laine brute, des tissus de laine, des fils de soie naturelle et artificielle, etc.

		1938	1939	1940	1941	1942	1943
Fils de soie naturelle.	Kil.	245.458	302.438	114.221	80.025	19.491	2.597
	L.E.	179.498	196.456	91.103	117.155	28.101	13.078
Fils de soie artificielle.	Kil.	1.659.942	1.755.943	1.068.166	2.032.529	546.911	118.658
	L.E.	213.875	247.779	402.088	838.101	432.186	136.554
Fils de coton par.	Kil.	772.541	764.800	425.663	1.080.649	502.221	143.667
	L.E.	111.688	120.120	122.509	262.425	219.265	76.220
Laine brute.	Kil.	96.478	160.637	288.530	540.292	691.704	491.455
	L.E.	18.777	28.484	118.786	158.629	218.327	171.356

		1938	1939	1940	1941	1942	1943
Tissus de laine.	Kil.	1.645.615	1.625.941	832.117	838.913	1.272.313	329.890
	L.E.	860.733	830.641	682.883	997.205	1.820.504	562.647
Articles de lin, de chanvre, de jute, de ramie, etc.	Kil.	4.693.323	5.490.436	6.222.235	2.547.374	7.782.497	7.653.684
	E.	167.913	220.324	391.692	205.674	603.837	651.060
Bas et chaussettes en soie artificielle.	Do.	23.170	16.279	12.639	25.774	145.978	3.474
	L.E.	12.047	8.765	9.279	21.864	178.607	3.438
Bas et chaussettes en soie naturelle.	Do.	25.389	23.198	19.391	40.389	23.878	21
	L.E.	31.681	30.332	33.917	72.782	61.923	44
Sacs vides en jute.	Ton.	24.140	33.111	19.421	18.333	17.911	7.119
	E.	546.708	488.629	311.975	990.784	1.158.593	338.972

Le tableau précédent fait ressortir que, contrairement à tous les autres articles faisant l'objet de la comparaison, seuls ceux de lin, de chanvre, de jute, de ramie et la laine brute marquent une progression quantitative à l'importation. La quantité importée d'articles de lin, de chanvre, de jute, etc., qui s'était chiffrée en 1938 à 4.693.323 kilogr. s'est inscrite à 7.782.497 kilogr. en 1942 et à 7.653.684 kilogr. en 1943 ou à une quantité moyenne annuelle de 5.937.284 kilogr. pendant la période quinquennale de 1939 à 1943. D'autre part, comme il résulte des données ci-après, tous les articles mentionnés au tableau précédent ont enregistré en 1943 par rapport à 1938 une plus-value considérable.

	1938	1943
	F.V.	F.V.
Fils de soie naturelle ... .. par kilogram.	51,9	360,4
" " artificielle ... .. "	13,1	316,8
" coton pur ... .. "	14,4	63,1
Laines brutes ... .. "	18,5	34,9
Tissus de laine ... .. "	52,3	170,5
Articles de lin, chanvre, jute, etc. ... .. "	3,6	8,5
Bas et chaussettes en soie artificielle ... .. par douz.	52,0	99,0
" " naturelle ... .. "	123,3	203,5
Sacs vides en jute ... .. par tonne	2.300,0	7.852,0

Aussi, croyons-nous devoir signaler que pendant la première guerre mondiale les prix moyens unitaires des tissus de laine étaient passés de P.T. 19,9 le mètre en 1913 à P.T. 59,4 en 1918, alors que pendant le deuxième conflit ils ont progressé de P.T. 52,3 en 1938 à P.T. 170,5 le mètre en 1943.

Les produits du règne végétal dont la valeur totale atteint en 1943 L.E. 3.283.674 représentent les 9,2% du total des importations. Malgré l'augmentation des superficies cultivées de certains produits égyptiens, une majoration a été enregistrée jusqu'en 1942 sur les quantités importées de produits végétaux tels que blé, maïs, farines de froment, certaines denrées coloniales, etc. Cependant, la plupart des produits précités, après avoir atteint le maximum en 1942, voient l'année suivante un déclin sensible. Les fluctuations enregistrées pendant les années 1938 à 1943 par quelques-uns des produits précités ont été les suivantes :

	1938	1939	1940	1941	1942	1943
	Ton.	Ton.	Ton.	Ton.	Ton.	Ton.
Blé ... ..	805	2.411	289	7.403	51.894	2.160
Maïs ... ..	5.150	31	—	1.483	19.937	—
Farines de froment ... ..	2.432	2.226	1.353	2.220	6.637	1.320
Malt ... ..	224	413	442	1.157	1.178	1.587
Café non torréfié ... ..	8.222	6.247	7.651	7.794	7.638	10.384
Thé, maté et lait. de thé ... ..	7.382	7.062	8.425	8.255	6.890	2.971
Picre noir ... ..	784	950	1.027	813	1.516	331

Les légumes, tubercules alimentaires, etc., accusent ces dernières années à l'importation un recul presque constant, leur valeur totale ayant reculé de L.E. 217.626 en 1938 à L.E. 48.560 en 1943. Grâce à l'extension des cultures, la quantité de pommes de terre importées qui avait atteint 27.771 tonnes en 1938, s'est réduite à 57 tonnes en 1942 et à 40 tonnes à peine en 1943.

D'autre part, si l'on compare les importations des fruits comestibles en l'année 1938, année durant laquelle elles avaient atteint une valeur de L.E. 582.763, à celles des années suivantes, on constatera qu'une régression graduelle a été enregistrée jusqu'en 1941 mais pour marquer une augmentation en 1942, dépasser en 1943 les chiffres de 1938 et s'inscrire pour une valeur de L.E. 584.206. La majoration enregistrée en 1943 est due non seulement à la plus-value de estimations

douanières qui, par rapport aux prix unitaires de 1938, atteint pour l'ensemble des fruits comestibles une proportion de 308,5% en 1943. Mais aussi aux quantités plus fortes d'oranges et de raisins secs importés qui sont passés respectivement de 2.109 et 1.303 tonnes en 1938 à 3.437 et 2.201 tonnes en 1943, alors que leur valeur s'est accrue de L.E. 13.244 et L.E. 31.820 en 1938 à L.E. 71.223 et L.E. 164.784 en 1943 respectivement.

L'importance de la Section XV relative aux métaux communs et ouvrages de ces métaux, qui, avant la deuxième guerre mondiale, occupait une place prépondérante, s'est considérablement réduite pendant les dernières années. En effet, la valeur des nombreux articles composant cette section qui atteignait L.E. 3.838.592 en 1938 ou les 10,4% de la valeur totale des importations de l'Egypte, ne s'est inscrite en 1943 que pour L.E. 1.447.048 ou à 3,7% du total des importations, et ce, malgré la plus-value marquée par les estimations douanières, qui atteint pour les métaux communs et ouvrages de ces métaux, une proportion de 141,2%.

Les données relatives aux quantités des divers métaux communs et ouvrages de ces métaux importés en 1938 et en 1943 mentionnées ci-après reflètent le degré de régression enregistré par tous les articles envisagés ainsi que la répercussion défavorable qu'a eu la deuxième guerre mondiale sur les industries métallurgiques nationales. Ces industries furent sans doute très gênées par l'absence de certains articles et amenées toutes les fois qu'il était possible, de tirer parti des débris et déchets disponibles.

Les quantités des principaux articles en fer, en fonte ou en acier importés en 1938 et 1943 ont été les suivantes :

ARTICLES EN FER, EN FONTE ET EN ACIER IMPORTÉS

	1938	1943
	Tonnes	Tonnes
Fontes brutes ordinaires, hématites et spiegel	4.735	1.379
Fer ou acier laminé ou forgé en barres	74.709	2.250
Rails et traverses pour chemins de fer	16.935	3.760
Tôles de fer ou d'acier	38.862	6.715
Fer ou acier feuillards	12.551	91
Tuyaux de tous types et raccords pour tuyauterie	18.586	127
Foies, cheminées, calorifères, fourneaux	520	43

## ARTICLES EN FER, EN FONTE ET EN ACIER IMPORTÉS (en t.)

	1938	1943
	Tonnes	Tonnes
Tubes et tuyaux, raccords en fer, acier, fonte mall. ... ..	15.218	3.190
Constructions métalliques en fer ou en acier ... ..	10.411	1.168
Ouvrages en tôle de fer ou d'acier ... ..	1.007	714
Pointes, rivets et crampons, clous ... ..	4.793	445
Vie, pitons, gonds, crochets, boulons, écrous... ..	3.493	391
Roues artificielles... ..	846	—
Grillages et treillis en fer ou en acier ... ..	269	1

Quant aux importations des principaux articles en d'autres métaux tels que: cuivre, nickel, aluminium, plomb, zinc, étain, etc., les données ci-après font ressortir que par rapport à l'année 1938, elles se sont aussi considérablement réduites en 1943.

## ARTICLES EN CUIVRE ET AUTRES MÉTAUX IMPORTÉS

	1938	1943
	Tonnes	Tonnes
Cuivre coulé, brut, lingots, masses, blocs, plaques ... ..	1.734	194
Tôles, feuilles, plaques en cuivre ... ..	1.838	23
Barres et fils en cuivre ... ..	928	128
Tubes et tuyaux en cuivre ... ..	687	95
Tôles, feuilles, plaques, planches en nickel... ..	17	—
Ouvrages nickelés... ..	282	6
Feuilles minces d'aluminium ... ..	72	—
Ustensiles de ménage en aluminium ... ..	53	—
Plomb brut, en bloc, saumons ou plaques coulées... ..	723	100
Barres, verges, fils, tubes, tuyaux et raccords en plomb... ..	282	2
Étain brut, en masses, saumons, lingots ... ..	498	94
Tôles, feuilles, planches en zinc ... ..	307	33
Zinc brut en masses, saumons ou plaques coulées en zinc... ..	491	14

Bien que par rapport à l'année 1938, l'ensemble des machines, appareils, matériel électrique, les estimations douanières accusent une plus-value de 101,2% en 1943 la valeur totale de la Section XVI a reculé de L.É. 2.687.854 ou 7,3% du total des importations de l'Égypte à L.É. 1.125.160 ou 2,9% du total en 1943.

Comme on le voit, pendant la deuxième guerre mondiale, le nombre de machines, chaudières et appareils mécaniques et électriques s'est considérablement réduit à l'importation, la plupart ayant enregistré au

cours des dernières années une diminution sensible presque constante, diminution qui, sans doute, a eu pour conséquence le ralentissement du développement de certaines industries nationales. Afin de faire mieux ressortir la forte diminution enregistrée ces dernières années par les importations, nous croyons devoir signaler que seules deux machines locomobiles et tenders et aucune machine pour la fabrication du papier n'a été importée en 1943, alors que 47 machines et tenders furent importés en 1938 et kilogr. 237.113 pour une valeur de L.E. 77.657 de machines pour la fabrication du papier furent importées en 1941. D'autre part, les machines pour la minoterie, la boulangerie et les pâtes alimentaires importées en 1943 ne représentent qu'une proportion de 0,2% à peine du nombre importé en 1938; les machines à vapeur une proportion de 5,5% par rapport à 1938; les machines ou engins pour l'agriculture et les pompes actionnées mécaniquement, 2,2 et 9,5% respectivement; les machines-outils (pneumatiques et autres), 5,9%; les machines-outils pour la tannerie, 25%; les chaudières à vapeur, 7,7%; les machines pour impression, 4,2% du nombre importé en 1938, etc.

Ci-après est énoncée la quantité des principaux genres de machines, appareils et matériel électrique importés en 1938 et 1943 :

	1938	1943
	Tonnes	Tonnes
Chaudières à vapeur .....	283	27
Pompes actionnées mécaniquement .....	1.095	105
Machines à vapeur .....	177	12
.. à combustion interne .....	2.834	232
.. locomobiles et tenders .....	2.152	18
Tracteurs .....	918	28
Appareils de levage et de manutention .....	1.381	39
Machines-outils (pneumatiques et autres) .....	386	23
.. pour l'industrie de la tannerie .....	8	2
Machines et moteurs pour l'industrie textile .....	3.679	204
.. pour l'impression, presses .....	182	8
.. et engins pour l'agriculture .....	620	49
.. pour la minoterie, la boulangerie et pâtes alim. ....	422	1
Générateurs d'électricité, moteurs et trarif électriques .....	1.059	119
Fils et câbles isolés pour l'électricité .....	3.453	634
Appareils électriques et électrotechniques .....	1.015	186

La quantité des diverses qualités de papiers, cartons et articles en papier a marqué à l'importation pendant les dernières années une

diminution considérable. Pour expliquer cette diminution, nous croyons devoir signaler que du total des articles précités importés en 1938, année qui a précédé la deuxième guerre mondiale, les 14,4% étaient de provenance anglaise; les 51,1% de l'Allemagne, de l'Italie et des pays qui furent occupés par l'Allemagne; les 30,5% de pays non belligérants mais dont les communications avec l'Égypte étaient difficiles, et enfin 4% de pays du Proche-Orient, de l'Océanie, de l'Amérique et de l'Asie.

Bien que la quantité de la plupart des papiers, cartons et articles en papier ait marqué ces dernières années par rapport à 1938 une forte régression, il n'en est pas de même pour la valeur de ces articles qui, à la suite de la majoration des prix, passe de L.E. 891.588 en 1938 à L.E. 1.814.505 en 1942 et à L.E. 736.796 en 1943.

Afin de donner une idée approximative sur la plus-value enregistrée pendant la deuxième guerre mondiale par quelques-uns des articles précités nous donnons ci-après les prix moyens comparatifs par tonne établis par l'Administration des Douanes:

DÉNOMINATION	1938	1943
	F.T.	F.T.
Cartons communs en rouleaux ou en feuilles ...	918	5.644
Papiers et cartons d'emballage — ... ..	1.188	8.034
" pour journaux et revues ... ..	1.072	3.421
" à cigarettes ... ..	9.204	31.143
Registres, cahiers, etc. — ... ..	11.296	21.982
Enveloppes, papiers à lettres ... ..	7.897	12.368

Par rapport aux prix de l'année 1938 les quantités importées en 1943 de papiers, cartons et articles en papier (non compris les articles de librairie) n'atteignent qu'une valeur de L.E. 180.987 alors qu'ils sont estimés à L.E. 736.796 par les douanes, soit avec une plus-value de 307%.

Les données ci-après donnent un aperçu sur la régression enregistrée par nos importations de papiers, cartons et articles en papier pendant les années 1942 et 1943 comparées à 1938.

## PAPIERS, CARTONS ET ARTICLES EN PAPIERS IMPORTÉS

	1938	1942	1943
	Ton.	Ton.	Ton.
Cartons communs en rouleaux ou en feuilles ... ..	9.093	1.065	928
Papiers et cartons d'emballage ... ..	10.220	2.022	622
.. pour journaux et revues ... ..	10.373	6.192	2.920
.. à cigarettes ... ..	245	627	684
.. et cartons pressés, comprimés ou durcis ... ..	713	44	16
.. .. couchés ou émaillés ... ..	717	744	194
.. .. réglés, lignés ou rayés ... ..	592	—	—
Tous autres papiers et cartons en rouleaux ou en feuilles ...	15.323	9.650	2.849
Registres, rubrics, livres de commandes et de bureau ... ..	128	58	26
Enveloppes, papiers à lettres, cartes pour correspondance ...	151	54	29

Un des signes de la prospérité que la deuxième guerre mondiale a procurée à l'Égypte nous est donné par les importations de métaux précieux, perles et pierres précieuses dont la valeur est passée de L.E. 343.838 en 1938 à L.E. 992.619 en 1942 et à L.E. 738.536 en 1943. Cette forte différence est due principalement aux brillants et émeraudes bruts ou ouvrés non montés importés dont la quantité et la valeur sont passés de 13.062 carats et L.E. 135.308 en 1938 à 15.467 carats et L.E. 925.144 en 1942 mais pour se réduire à 7.161 carats et L.E. 693.246 en 1943. Comme on le voit la plus-value unitaire enregistrée au cours des dernières années par les brillants et émeraudes a été considérable : le prix moyen par carat estimé, en effet, par les douanes à P.T. 1.035,9 en 1938 s'est élevé à P.T. 5.981,4 en 1942 et à P.T. 9.680,8 en 1943.

Par contre, l'or brut en masse ou lingots, l'or en feuilles minces, le platine, l'argent brut en masse, en lingots ou en barre, l'orfèvrerie en or, l'orfèvrerie en argent ont marqué aussi bien en quantité qu'en valeur un recul important. Les données ci-après montrent la différence enregistrée par la quantité et la valeur des articles précités importés en 1938 et 1943 :

## MÉTALX PRÉCIEUX ET PIERRES PRÉCIEUSES IMPORTÉS EN ÉGYPTTE

	Unité	Quantité		Valeur (L.E.)	
		1938	1943	1938	1943
Or brut en masse, en lingots ... ..	Grammes	210.081	174	46.750	87
.. en feuilles minces ... ..	..	19.193	499	6.835	450
Platine brut en masse, en lingots, ou poudre ... ..	..	29.844	124	6.392	494
Argent brut en masse, en lingots, ou barres ... ..	Kilogr.	10.705	328	22.389	1.436
Brillants et émeraudes ... ..	carats	13.062	7.161	135.308	693.246
Rubis et saphirs ... ..	Grammes	1.305	62	3.900	1.502
Orfèvrerie en argent ... ..	Grammes	1.515.889	95.043	13.258	1.270
.. or ... ..	..	19.821	9	4.625	1
Brillants et émeraudes montés ... ..	carats	2.035	27	42.990	725
Rubis et saphirs montés ... ..	..	779	162	1.239	1.254

La transformation des usines américaines et anglaises d'automobiles et autres véhicules de transport en usines pour la fabrication de matériel de guerre a eu pour conséquence d'une part, de modifier et réduire considérablement nos importations habituelles de ces articles et, d'autre part, d'augmenter celles des parties, pièces détachées et accessoires d'automobiles; des châssis divers d'automobiles et d'autobus ainsi que des moteurs d'automobiles. En effet, le nombre des motocycles et side-cars qui s'était élevé à 592 en 1938 n'atteint que 55 en 1943; le nombre des voitures automobiles neuves et des autobus neufs recule respectivement pendant le même intervalle de 4.124 à 23 et de 1.473 à 19; le nombre des bicyclettes de tous genres n'est inscrit qu'à 702 en 1943 alors qu'il avait atteint 1.502 en 1938. Par contre, les châssis divers d'automobiles et d'autobus qui s'étaient élevés au nombre de 994 et pour une valeur de L.E. 159.284 en 1938 se sont accrus presque graduellement les années suivantes pour atteindre 1.876 et L.E. 492.272 en 1942 mais pour se réduire sensiblement l'année suivante et se s'inscrire qu'à 47 et L.E. 20.656; les moteurs d'automobiles dont le poids et la valeur s'étaient élevés en 1938 à kilogrammes 17.848 et L.E. 3.112 se sont inscrits en 1942 pour kilogrammes 73.195 et L.E. 19.282 pour reculer cependant à kilogrammes 17.811 et L.E. 5.164 en 1943; les parties, pièces détachées et accessoires d'automobiles qui avaient progressé pendant la même intervalle de kilogrammes 908.095 et L.E. 165.676 à kilogrammes 973.161 et L.E. 293.768 en 1942 se sont réduits à la suite des difficultés d'approvisionnement et de transport à kilogrammes 487.968 et L.E. 188.059 en 1943. Comme on le voit, la diminution marquée par les arrivages de véhicules automobiles neufs a occasionné l'emploi de plus en plus important de pièces détachées de rechange, stimulant et intensifiant ainsi les travaux de réparation dans les ateliers égyptiens. On trouvera ci-après les données relatives aux cycles, automobiles et autres véhicules importés en 1942 et 1943 comparés à 1938:

	Unité	1938	1942	1943
Bicyclettes de tous genres ... ..	Nombre	1.502	722	702
Motocycles et side-cars ... ..	"	592	15	55
Châssis divers d'automobiles et autobus ...	"	994	1.876	47
Moteurs pour automobiles ... ..	Kilogr.	17.848	73.195	17.811
Voitures automobiles neuves ... ..	Nombre	4.124	201	23
Autobus neufs ... ..	"	1.473	770	19
Voitures automobiles usagées ... ..	"	373	289	216
Parties, pièces détachées et accés. d'autom.	Kilogr.	908.095	973.161	487.968

De tous les importants articles composant la Section XVIII des statistiques douanières c'est-à-dire celle relative aux instruments et appareils scientifiques et de précision, horlogerie et instruments de musique, seuls les montres compliquées et les bracelets-montres ont enregistré une augmentation à l'importation. Les montres compliquées et bracelets-montres qui ne s'étaient inscrits en 1938 qu'à 806 et 83.618 unités, ont atteint 1.634 et 344.119 respectivement en 1942 et 1.724 et 123.767 en 1943. Quant aux autres articles de la Section XVIII, ils marquent tous à l'importation une diminution plus ou moins sensible. Le nombre des machines à écrire qui s'était élevé à 2.461 en 1938 atteint 504 à peine en 1943; le nombre des compteurs à gaz et électriques qui s'étaient inscrits respectivement à 8.935 et 19.246 en 1938 n'a atteint que 519 et 4.307 en 1943; les manomètres et microscopes reculent pendant le même intervalle de 7.599 et 643 à 943 et 2 à peine respectivement; les réveils avec ou sans musique dont le nombre atteignait 39.060 unités en 1938 ne s'en y crivent en 1943 qu'à 1.348; les disques enregistrés se réduisent en 1943 à 18.252 unités contre 129.240 en 1938. Il en est de même pour les machines à calculer, pour les horloges et pendules, pour les gramophones, etc. Les données comparatives ci-après donnent un aperçu sur l'écart défavorable enregistré en 1943, par rapport à l'année 1938, par les principaux articles composant la Section XVIII des statistiques douanières.

	1938	1943
	Nombre	Nombre
Masques contre les gaz asphyxiants .....	80.385	54
Machines à calculer .....	311	21
"  écriture .....	2.461	504
Compteurs à gaz .....	8.935	519
"  électriques .....	19.246	4.307
Manomètres .....	7.599	943
Microscopes .....	643	2
Montres compliquées .....	806	1.724
Bracelets-montres .....	83.618	123.767
Horloges et pendules de tous genres .....	14.909	126
Réveils avec ou sans musique .....	39.060	1.348
Gramophones .....	1.129	408
Disques enregistrés .....	129.240	18.252

Les armes et munitions ont enregistré à l'importation une progression considérable. En effet, alors que pendant l'année 1938 la valeur des armes et munitions ne s'était élevée qu'à L.E. 266.800, cette valeur est passée à L.E. 874.439 en 1939 et à L.E. 1.165.491 en 1940 pour reculer en 1941 et 1942 à L.E. 81.368 et L.E. 42.371 respectivement et s'élever à nouveau à L.E. 758.226 en 1943. Les armes qui ont marqué pendant cet intervalle l'augmentation la plus forte sont les fusils, carabines, mousquetons dont le nombre est passé de 2.630 en 1938 à 15.793 en 1940 et se réduire à 100 en 1943 ; les pistolets, revolvers, etc., qui atteignirent 21.927 unités en 1940 contre 3.765 en 1938 reculent à néant en 1943. Cependant, ce sont les armes diverses non prévues dans les statistiques douanières qui est marqué en 1943 la progression la plus forte, leur valeur ayant atteint L.E. 754.061 contre L.E. 100.603 en 1938. Par contre les cartouches de toutes sortes dont le nombre et la valeur s'étaient chiffrés en 1938 à 15,5 millions et L.E. 68.054 ont reculé presque graduellement pendant les années suivantes pour ne s'inscrire qu'à 251.000 et L.E. 1.469 à peine en 1943.

La Section IX (bois, liège et ouvrages de ces matières) qui occupait le huitième rang en 1938 recule au treizième rang en 1943, la valeur de tous les articles compris dans cette section ne représentant qu'une proportion de 0,8 pour cent à peine du total des importations de l'Égypte, alors qu'elle s'était chiffrée à 4,7 pour cent en 1938. L'essor de l'industrie de la construction et de l'industrie du meuble, essor qui s'était considérablement développé au cours des années antérieures à la deuxième guerre mondiale, a été donc sérieusement affecté à la suite de la régression enregistrée par les différentes qualités de bois importés, la plupart des pays fournisseurs de bois de l'Égypte étant des pays ennemis ou occupés par l'Allemagne. En effet, du total des différentes qualités de bois importés en 1938 les 1,5 pour cent étaient de provenance anglaise ; les 11,4 pour cent de l'Allemagne, de l'Italie et des pays occupés pendant la guerre par l'Allemagne ; les 74,2 pour cent des pays dont les communications avec l'Égypte étaient difficiles et enfin 12,9 pour cent des pays du Proche-Orient, de l'Océanie, de l'Amérique et de l'Asie.

Bien que la valeur unitaire des articles en bois ou en liège ait considérablement augmenté au cours des dernières années, la valeur de l'ensemble des articles précités importés ne s'est inscrite en 1943 que pour L.E. 327.648 contre L.E. 1.730.493 en 1938.

De tous les bois et ouvrages en bois importés en Egypte, seules les caisses vides ou démontées marquent jusqu'en 1941 un progrès sensible; la quantité importée est passée en effet de 491.647 kilogrammes en 1938 à 6.944.247 kilogrammes en 1941, soit une quantité 14 fois plus forte, mais pour reculer en 1942 et 1943 à 4.594.517 kilogrammes et 19.137 kilogrammes à peine respectivement. D'ailleurs, par les données ci-après on peut se rendre compte sur le degré de stagnation que l'industrie de la construction et l'industrie du meuble ont eu à supporter du fait de la réduction enregistrée par nos importations des différentes qualités de bois.

	Unité	1938	1942	1943
Bois équarris ou bois supérieurs à 50 mill.	Tonnes	101.821	10.370	1.916
.. vides .....	..	114.293	3.662	1.626
.. en sciées .....	..	1.160	—	—
.. teintés injectés .....	..	2.582	50	—
.. de placage .....	..	7.104	124	3
Caisses d'emballage vides ou démontées...	..	492	4.550	19

Quant aux articles en liège, seuls les bouchons sont demeurés presque stationnaires, tous les autres ont marqué une diminution sensible à l'importation. Le liège brut dont la quantité s'était élevée à kilogr. 36.953 en 1938 s'est réduit à kilogr. 28 à peine en 1942 pour se relever l'année suivante à kilogr. 1.375. Le liège préparé et le liège moulu qui s'étaient chiffrés respectivement à kilogr. 8.210 et kilogr. 66.488 en 1938 ressemblent à kilogr. 711 et kilogr. 23.640 en 1943.

	Unité	1938	1942	1943
Liège brut, concassé .....	Kilogr.	36.953	28	1.375
.. préparé .....	..	8.210	1.941	711
.. moulu .....	..	66.488	28.054	23.640
Bouchons en liège .....	..	33.899	27.597	31.410

Bien que les articles appartenant à la Section I des statistiques douanières (animaux vivants et produits du règne animal) accusent une forte plus-value, la valeur totale de la Section a enregistré à la suite de la diminution marquée par la plupart des articles la composant un recul considérable presque constant. En effet, la

valeur totale de la Section I qui avait atteint à l'importation L.E. 236.821 en 1938, fléchit à L.E. 627.039 en 1939 et à L.E. 345.061 en 1940 pour avancer au cours des deux années suivantes et s'inscrire à L.E. 434.813 et L.E. 613.737 et reculer à nouveau à L.E. 311.643 en 1943, soit à une valeur inférieure de 66,7 pour cent par rapport à celle de 1938.

Ce sont surtout les animaux vivants, les viandes de boucherie et les viandes salées, les poissons frais ou salés et les fromages qui ont marqué à l'importation la diminution la plus forte. En effet, alors que l'Égypte avait importé en 1938, 838 mules et mulets, 5.631 bœufs et vaches et 59.023 moutons, ces chiffres fléchissent respectivement à 3, 3 néants et à 11 à peine en 1943. Les viandes de boucherie et les viandes salées, séchées et fumées reculent pendant le même intervalle de 910.446 et 189.168 kilogrammes respectivement, à 14.041 et 89.493 kilogrammes. Les quantités de poissons frais, salés, séchés ou fumés importées qui atteignaient 5.653.247 kilogrammes en 1938, se sont réduites à 78.715 kilogrammes à peine en 1943. Il en est de même pour le beurre frais ou salé et les fromages de toutes sortes qui ne se sont inscrits en 1943 que pour une quantité de 142.504 et 138.739 kilogrammes respectivement contre 600.651 et 3.391.945 kilogrammes en 1938.

	Unité	1913	1938	1938	1943
Bœufs et vaches	Têtes	31.876	123	5.631	—
Moutons, agneaux	..	273.249	2.772	59.023	11
Chameaux	..	33.389	2.667	29.376	7.858
Viandes de boucherie	Tonnes			910	14
.. salées, fumées	..	2.145	23.292	189	89
Poissons frais, salés, séchés (*)	..	3.918	374	5.423	235
Beurre frais ou salé	..	884	137	601	148
Fromages de toutes sortes	..	2.803	1.267	3.392	739

Les données énoncées au tableau précédent font ressortir que l'Égypte, malgré une population sensiblement inférieure à celle de nos jours, avait importé en 1913 cinq fois plus de bœufs et de vaches et trois fois de moutons et de chèvres qu'elle n'en a importé en 1938. D'autre part, ne pouvant importer de gros et petit bétail pendant le premier conflit l'Égypte avait été contrainte d'augmenter

(\*) Y compris saumon, arctique, thon et autres poissons conservés.

considérablement ses importations de viandes salées, fumées ou conservées dont les quantités passèrent de 2.165 tonnes en 1913 à 23.292 tonnes en 1918, soit une quantité presque 11 fois plus forte, alors qu'elle n'en a importé que 1.059 tonnes en 1938 et 103 tonnes à peine en 1943.

Les articles en verre marquant également à l'importation une diminution sensible, diminution due, d'une part, à ce que les principaux pays qui étaient fournisseurs de l'Egypte pour ces articles tels que la Belgique, la Tchécoslovaquie, l'Allemagne, les Pays-Bas, le Japon n'ont, du fait de la guerre, rien exporté vers l'Egypte, et, d'autre part, au développement enregistré ces dernières années par l'industrie nationale. En effet, les verres ou cheminées pour lampes, les verres à boire, les fioles et flacons ordinaires ainsi que de nombreux autres articles de consommation courante sont actuellement fabriqués dans le pays.

Bien que les ouvrages en pierres et d'autres matières minérales, poteries, verre et ouvrages en verre aient enregistré dans leur ensemble une plus-value considérable, la valeur totale des articles importés de la susdite section a reculé de L.E. 520.380 à L.F. 131.923, soit à une valeur ne représentant qu'une proportion de 25,3 pour cent de celle de l'année 1938. D'ailleurs, les données énoncées ci-après montrent la différence considérable enregistrée en 1943 par rapport à 1938, par nos importations de quelques uns des principaux articles de la Section XIII des statistiques douanières.

	Unité	1938	1943
Marbre et albâtre... ..	Kilogr.	3.776.220	13.000
Plaques et carreaux en fibre-ciment ... ..	..	1.326.287	27.938
Briques réfractaires ... ..	..	1.452.727	209.323
Autres produits réfractaires ... ..	..	869.628	245.097
Verres bruts coulés, moulés ... ..	..	2.167.654	183
Glaces ... ..	..	2.403.238	119.332
Verres à vitres ... ..	..	8.378.915	161.807
Verres ou cheminées pour lampes ... ..	Nombres	176.707	—
Bouteilles, fioles et flacons... ..	Kilogr.	1.768.106	111.177
Verres à boire, ... ..	..	971.485	12.207

La Section III (corps gras, graisses, huiles et cires) est une de celles qui ont été le plus affectées par la deuxième guerre mondiale. En effet, bien que d'après les estimations douanières les articles composant cette section accusent dans leur ensemble en 1943 une plus-value de

300 pour cent par rapport aux prix en vigueur pendant l'année 1938, la valeur totale des corps gras, graisses et huiles importés en 1943 ne représente par rapport à 1938 qu'une proportion de 14,9 pour cent à peine. Alors que les articles précités atteignaient à l'importation une valeur totale de L.E. 576.312 en 1938, cette valeur a reculé à L.E. 401.399 en 1939 pour remonter à L.E. 456.035 en 1940 mais pour fléchir pendant les trois années suivantes et ne s'inscrire qu'à L.E. 86.096 en 1943.

La forte diminution enregistrée par les articles précités et notamment par celle des huiles employées pour la fabrication du savon est due aux difficultés d'approvisionnement, les principaux pays producteurs et fournisseurs de l'Égypte étant des pays ennemis ou occupés, tels que les Indes Néerlandaises, l'Italie, l'Allemagne, le Danemark, les Pays-Bas, la Grèce, etc. Nos importations de l'année 1943 proviennent notamment de la Grande-Bretagne, de la Palestine, de la Syrie et de la Turquie.

Les chiffres ci-après donnent un aperçu sur la régression considérable enregistrée en 1943 par rapport à l'année 1938 par quelques-uns des principaux articles de la Section III.

	1938	1943
	Kilogr.	Kilogr.
Huile de noix de coco .....	1.065.140	—
.. d'olive .....	1.093.974	54.096
.. de lin .....	503.478	1.186
.. de ricin .....	427.494	134.740
.. de noix de coco pour la fabrication du savon ..	10.716.534	348.702
.. d'olive ..	1.436.248	23.248
.. de palme ..	2.247.151	—
.. pour la fabrication des couleurs et vernis ..	2.761.842	18.406
.. graisses et beurres d'origine végétales ou animales, hydrogénées ..	2.437.082	168.277
Acide oléique pour la fabrication du savon ..	4.274.985	426

Bien que la Section XII des statistiques douanières c'est-à-dire celle relative aux importations de chaussures, chapeaux, parapluies, parasols et articles de mode ne se soit inscrite en 1943 que pour L.E. 6.238 à peine et par conséquent pour une valeur insignifiante, nous avons cru devoir l'inclure dans notre exposé parce qu'elle fait ressortir d'une manière frappante le progrès considérable enregistré ces dernières années par deux industries nationales, celles des tabouchees et des

chaussures dont la production couvre à l'heure actuelle presque entièrement les besoins du pays. En effet, nonobstant la plus-value enregistrée en 1943 par l'ensemble des articles composant la susdite Section, la valeur totale qui s'était inscrite pour L.E. 115.796 en 1938 fléchit presque graduellement pendant les années suivantes pour ne s'élever qu'à L.E. 6.238 en 1943, soit à 5,4 pour cent à peine de la valeur de nos importations de l'année 1938. Alors que la quantité de chaussures et de talonnettes importés en 1938 avait atteint 346.096 paires et 7.133 douzaines respectivement, ces quantités se sont réduites à 4.267 paires et à néant en 1943.

Aussi, afin de faire mieux ressortir l'essor considérable marqué par les industries des talonnettes et des chaussures, nous croyons devoir signaler que les importations de l'Egypte s'étaient chiffrées en 1913 à 792.006 paires de chaussures et à 55.565 douzaines de talonnettes. Malgré l'accroissement de plus en plus considérable de la consommation intérieure, nos importations de chaussures en l'année 1943 ne représentent qu'une proportion de 0,5 pour cent à peine des quantités importées en 1913.

La quantité des chaussures, talonnettes et parapluies importés pendant les années 1938 à 1943 a été la suivante :

		1938	1939	1940	1941	1942	1943
Chaussures ... ..	Paires	346.096	306.158	31.806	33.099	29.203	4.267
Talonnettes ... ..	Douz.	7.133	202	39	—	—	—
Parapluies, parasols ...	Nombre	1.548	1.628	457	300	124	—

#### LE COMMERCE D'EXPORTATION

Alors que pendant la période quinquennale de 1939 à 1943 la valeur des importations de l'Egypte a été supérieure de L.E. 37,9 millions à celle de la période quinquennale de 1914 à 1918, il n'en a pas été de même pour nos exportations dont la valeur, pendant la deuxième guerre mondiale, s'est considérablement réduite. Les données ci-après

font apparaître la différence sensible marquée par la valeur de nos exportations pendant la deuxième guerre mondiale par rapport à la précédente.

VALEUR DES EXPORTATIONS DE L'ÉGYPTE

Années		Valeur totale des exportations	Nombre Indice	Années		Valeur totale des exportations	Nombre Indice
		L.E.				L.E.	
1914-1918	1913	31.662.065	100	1939-1943	1939	29.173.338	100
	1914	24.695.796	76,1		1940	23.288.302	114,1
	1915	27.044.872	85,4		1941	27.811.427	95,3
	1916	37.443.703	118,3		1942	22.123.640	76,8
	1917	41.080.612	129,7		1943	18.753.313	64,3
1918	45.339.020	143,3		25.030.284	85,7		
1914-1918	Tot.	175.031.063	—	1939-1943	Tot.	127.006.966	—
	Moy.	35.006.212	110,6		Moy.	25.401.393	87,1

Ainsi que l'Égypte avait exporté pendant la période quinquennale de 1914 à 1918 des marchandises pour une valeur de L.E. 175.031.063 ou pour L.E. 35.006.212 en moyenne tous les ans, ses exportations pendant la période quinquennale de 1939 à 1943 n'ont atteint qu'une valeur totale de L.E. 127.006.966 ou une valeur moyenne annuelle de L.E. 25.401.393. Pendant le premier conflit, la valeur des marchandises exportées accuse, par rapport à 1913, une diminution de 23,9 pour cent en 1914 et de 14,6 pour cent en 1915 et une progression de 18,3, 29,7 et 43,3 pour cent respectivement pendant les trois années suivantes. Par contre, pendant la deuxième guerre mondiale, seule l'année 1939 a marqué, par rapport à 1938, une progression de 14,1 pour cent, les années suivantes enregistrant une diminution presque constante. La valeur totale des marchandises exportées qui avait atteint en 1938 et 1939, L.E. 29.173.338 et L.E. 33.288.302 respectivement, a reculé pendant les années suivantes pour ne s'inscrire que pour L.E. 18.753.313 en 1942 et L.E. 25.030.284 en 1943.

La régression marquée par nos exportations est due, comme nous l'avons signalé plus haut, aux restrictions appliquées ces dernières années sur le coton qui demeure toujours le pivot principal de notre

commerce d'exportation ainsi qu'aux prohibitions imposées à de nombreux articles qui, avant la guerre, faisaient l'objet d'envois importants vers l'étranger.

La quote-part du coton brut ainsi que celle des autres marchandises dans l'ensemble des exportations de l'Egypte pendant les deux conflits mondiaux a été la suivante :

Années		Coton	Autres marchandises	Années		Coton	Autres marchandises
		%	%			%	%
	1913	80,6	19,4		1938	72,6	27,4
1914-1918	1914	77,5	22,5	1939-1943	1939	73,1	26,9
	1915	70,5	29,5		1940	67,3	32,7
	1916	79,5	20,5		1941	72,0	28,0
	1917	81,6	18,4		1942	75,3	24,7
	1918	83,4	16,6		1943	72,4	27,6

La quote-part des marchandises diverses autres que le coton s'est, de 1938 à 1943, non seulement maintenue à un niveau satisfaisant mais elle a aussi été supérieure à celle enregistrée pendant la période de 1914 à 1918, période durant laquelle les exportations de l'Egypte furent au total par rapport à 1939-1943 supérieures de L.E. 48.024.097. Ces résultats qui auraient été sans doute plus marqués, sans les prohibitions en vigueur pendant la deuxième guerre mondiale, sont des plus encourageants, car, ils témoignent de l'activité déployée en Egypte dans les deux domaines agricole et industriel.

La Section XI (matières textiles et ouvrages de ces matières) occupe, comme toujours, le premier rang dans les statistiques douanières. Cependant, comme il résulte des données ci-après, la valeur totale des marchandises composant la Section précitée a marqué pendant les dernières années à la suite du déclin enregistré par le coton exporté, une diminution presque constante et ce, nonobstant que par rapport aux prix unitaires de l'année 1938, les estimations de l'Administration des Douanes accusent une forte plus-value qui atteint en 1943 une proportion de 117,9 pour cent.

## VALEUR DES DOUANES ET CALCULÉE DES MATIÈRES TEXTILES

	Valeur des Douanes	Valeur calculée (*)	Nombre Indices (**)
	L.E.	L.E.	
1938 ... ..	21.532.963	21.532.963	100
1939 ... ..	24.723.349	24.703.327	109,1
1940 ... ..	19.267.493	14.331.828	128,1
1941 ... ..	16.746.195	12.079.979	133,2
1942 ... ..	15.293.313	9.926.594	154,1
1943 ... ..	19.884.037	9.124.611	217,9

La quantité et la valeur du coton brut exporté pendant les deux conflits mondiaux ont été les suivantes :

## COTON BRUT EXPORTÉ DE L'ÉGYPTÉ

Années 1914-1918			Années 1939-1943		
Années	Quantité	Valeur	Années	Quantité	Valeur
	Cantars	L.E.		Cantars	L.E.
1913... ..	6.972.636	25.513.109	1938... ..	7.606.673	21.189.544
1914... ..	5.509.788	18.669.561	1939... ..	9.102.691	24.320.264
1915... ..	6.859.132	19.145.944	1940... ..	5.239.094	18.856.734
1916... ..	5.416.935	29.813.482	1941... ..	4.614.669	15.923.899
1917... ..	4.073.799	35.495.195	1942... ..	3.654.373	14.124.740
1918... ..	5.019.649	38.034.407	1943... ..	3.240.719	18.360.298
1914-18	(TOTAL) 37.319.245	139.158.847	1939-43	(TOTAL) 32.749.746	91.618.652
	(MOY.) 5.462.849	27.831.169		(MOY.) 5.149.749	18.322.641

Par rapport à l'année 1938, la quantité et la valeur du coton brut exporté le représentent en 1943 qu'une proportion de 40,8 et de 86,7 pour cent respectivement. Avant la deuxième guerre mondiale, la valeur du coton exporté oscillait entre 24 et 26 millions de livres égyptiennes, et si cette valeur marqua en 1938 une diminution par rapport aux années antérieures, cela est dû au fléchissement des prix. Quant à la progression considérable enregistrée en 1939 par la quantité de coton exportée qui s'est inscrite à 9.102.691 cantars

(\*) D'après les prix unitaires de l'année 1938.

(\*\*) De la valeur des douanes par rapport à la valeur calculée.

contre 7.936.675 cantars en 1938, soit pour une quantité supérieure de 1.166.016 cantars, elle est due :

- (1) aux complications politiques qui stimulèrent l'approvisionnement en matières premières ;
- (2) à la propagande entreprise par le Gouvernement Egyptien dans les principaux marchés consommateurs étrangers ;
- (3) aux mesures appliquées contre le mélange du coton, et ce en vue de sauvegarder sa réputation à l'étranger ;
- (4) aux efforts déployés pour l'amélioration de la qualité, par la découverte de nouvelles variétés permettant au coton égyptien de se distinguer sur les cotons des autres pays producteurs.

Comme on le voit, les mesures entreprises avant la deuxième guerre mondiale, qui commençaient à donner des résultats brillants, furent annihilées.

Les données relatives aux exportations de coton pendant les deux conflits mondiaux font ressortir également que de 1914 à 1918, l'Égypte avait exporté une quantité totale de 27.319.245 cantars de coton brut représentant une valeur de L.E. 139.158.847 ou une quantité et une valeur moyennes annuelles de 5.463.849 cantars et de L.E. 27.831.769 respectivement, alors que pendant les cinq années de 1939 à 1943, l'ensemble des exportations de coton brut ne s'est élevé qu'à 25.748.746 cantars et une valeur de L.E. 91.618.055, soit à un chiffre moyen annuel de 5.149.749 cantars et de L.E. 18.323.611. Ainsi, pour une quantité qui n'a été inférieure au cours du deuxième conflit par rapport au précédent que de 1.570.499 cantars, la valeur du coton exporté marque une diminution de L.E. 47.540.792, diminution considérable due aux bas prix en vigueur de 1939 à 1943 par rapport à ceux pratiqués pendant les années 1914 à 1918.

Les prix moyens annuels par cantar estimés par l'Administration des Douanes pour le coton brut exporté pendant les deux périodes quinquennales de 1914 à 1918 et de 1939 à 1943 comparés à ceux des années 1913 et 1938 sont les suivants :

Années		P.T.	Années		P.T.
1913	...	363,9	1938	...	297,0
1914	...	315,9	1939	...	267,3
1915	...	277,3	1940	...	300,2
1916	...	320,4	1941	...	345,1
1917	...	322,2	1942	...	397,4
1918	...	337,7	1943	...	507,3

L'accord conclu en 1940 relatif à l'achat par la Grande-Bretagne de toute la récolte locale de lin a créé une nouvelle source de richesse pour le pays. Grâce à cet accord, la production de lin, qui était insignifiante avant la guerre, s'est beaucoup accrue ces dernières années. D'ailleurs, de tous les textiles, le lin brut est le seul à enregistrer à l'exportation une augmentation graduelle considérable.

La quantité et la valeur de lin brut exporté pendant les années 1938 à 1943 a été la suivante :

LIN BRUT EXPORTÉ DE L'ÉGYPTE

Années	Kilogr.	L.E.
1938	1.256.596	80.001
1939	1.716.834	102.870
1940	2.387.837	203.906
1941	3.803.983	653.134
1942	6.069.308	1.071.689
1943	6.764.364	1.408.730

Par contre, comme il résulte des données ci-après, la laine brute, les déchets de coton et de fils de coton, les filés de coton, les drilles et chiffons, etc., ont enregistré en 1943 par rapport à 1938 une diminution plus ou moins sensible.

Désignation	1938	1943
	Kilogr.	Kilogr.
Laine brute	1.377.534	1.135
Fils	279.411	63.443
Déchets de coton brut	988.488	633.752
— Fils de coton	1.083.180	314.630
Filés de coton pur	417.842	—
Drilles et chiffons	7.920.853	1.142.079

La Section II des statistiques douanières relative aux produits du règne végétal se place au deuxième rang dans l'ordre d'importance. Cependant, bien que les estimations douanières sur les articles compris dans cette section aient enregistré dans leur ensemble en 1943 une plus-value de 111,1 pour cent par rapport aux prix unitaires de l'année 1938, la valeur totale a reculé de L.E. 3.728.764 à L.E. 3.022.790 en 1943, soit une diminution de L.E. 705.974 ou une valeur ne représentant qu'une proportion de 81,1 pour cent de celle marquée en 1938.

Comme on le voit, les nombreux produits du règne végétal qui faisaient l'objet de nos exportations pendant les années antérieures à la deuxième guerre mondiale en quantités plus ou moins importantes, ont marqué dans leur ensemble une diminution sensible. Les seuls produits dont les quantités ont enregistré une augmentation en 1943 par rapport à 1938 sont : le froment, le riz, la paille de céréales, le sorgho, les graines et fruits à enssemencer et la gomme arabique. Par contre, certaines céréales, le son et résidus de la mouture, les tomates, les pommes de terre et autres légumes, les arachides, les graines de lin, le sésame et notamment les graines de coton, les oignons, les oranges et mandarines, qui occupaient dans nos exportations une place prépondérante, ne se sont inscrits ces dernières années que pour le néant ou à un chiffre insignifiant.

Les données comparatives ci-après montrent l'écart important enregistré par nos exportations de l'année 1943 par rapport à celles de 1938 :

Désignation	Unité	1938	1943
Tomates ... ..	Tonnes	2.433	—
Oignons ... ..	»	143.619	6
Pommes de terre ... ..	»	2.814	—
Légumes frais ... ..	»	1.188	—
Fèves séchées ... ..	»	769	12
Lentilles ... ..	»	598	7
Paille de céréales ... ..	»	1.023	4.181
Oranges ... ..	»	6.083	—
Mandarines ... ..	»	5.893	—
Bhé ... ..	»	8.734	10.951
Riz ... ..	»	65.416	101.678
Orge ... ..	»	4.966	413
Sorgho ... ..	»	—	16.738
Son et résidus de la mouture ... ..	»	40.424	16.454
Graines de coton ... ..	Ardebs	2.766.455	6
Arachides ... ..	Tonnes	346	—
Graines de lin ... ..	»	184	—
Sésame ... ..	»	548	—
Beana ... ..	»	1.081	218

Un coup d'œil jeté sur le tableau précédent suffit pour se rendre compte de l'effet défavorable qu'a eu la deuxième guerre mondiale sur l'exportation de la plupart des produits agricoles de l'Égypte dont certains tels que les oignons, les oranges et les mandarines avaient pris un essor considérable grâce aux efforts déployés par le Ministère du Commerce et de l'Industrie qui avait organisé une propagande des

plus actives sur les marchés étrangers. Alors que l'Egypte n'exportait par le passé que des quantités insignifiantes d'agrumes et en était plutôt importatrice, elle a, jusqu'à la période d'avant-guerre, sensiblement accru ses exportations d'oranges, mandarines et citrons, dont les quantités passèrent de 55.508 kilogrammes à peine en 1931 à 11.977.931 kilogrammes en 1938, soit une quantité deux cents fois plus forte, mais pour se réduire à néant en 1943.

C'est aussi aux efforts déployés par le Ministère du Commerce et de l'Industrie qu'était due la progression enregistrée par nos exportations de légumes. Cependant, les plantes potagères et légumes frais dont les quantités exportées avaient atteint 1.399.833 kilogrammes en 1939 se sont réduites à la suite de l'occupation de la Grèce qui était notre principale cliente pour ces produits, à 600 kilogrammes à peine en 1942 et à néant en 1943.

Par contre, la Section V, c'est-à-dire celle des produits minéraux exportés dont la valeur ne s'était chiffrée au total que pour L.E. 616.872 en 1938, progresse graduellement pour atteindre L.E. 1.305.576 en 1941 et reculer au cours des deux années suivantes et s'inscrire en 1942 et 1943 à L.E. 1.174.092 et L.E. 860.717 respectivement, soit avec une majoration de 90,3 et de 39,5 pour cent par rapport à l'année 1938. Cette augmentation est principalement due aux quantités plus fortes et à la plus-value marquée par le mazout, fuel oil, diesel oil exportés. En effet, alors que la quantité et la valeur du mazout exporté ne s'étaient chiffrées en 1938 qu'à 54.672 tonnes et à L.E. 135.421, ce produit s'est inscrit pour 208.414 tonnes et L.E. 1.029.563 en 1942 et pour 134.489 tonnes et L.E. 766.406 en 1943, soit avec une majoration de 153.652 et 79.727 tonnes respectivement dans les quantités et de L.E. 894.142 et L.E. 630.985 dans la valeur. Le prix moyen par tonne, estimé par l'Administration des Douanes à P.T. 247,3 en 1938, est majoré par la même Administration et porté à P.T. 494 en 1942 et à P.T. 569,9 en 1943. Cependant les quantités de coke, brai et asphalte de pétrole ainsi que de benzine qui avaient atteint respectivement 127.873 et 30.748 tonnes en 1938, se sont réduites graduellement les années suivantes pour ne s'inscrire qu'à 10.671 et 14 tonnes à peine en 1943.

De toutes les marchandises faisant l'objet de nos exportations, les produits du règne animal furent les plus affectés par la deuxième guerre mondiale. En effet, les divers produits du règne animal qui avaient atteint en 1938 à l'exportation une valeur de L.E. 228.258 et qui, en 1939 et 1940, grâce à des envois

vers l'étranger de quantités de plus en plus fortes d'œufs de volaille en coque, s'inscrivent à L.E. 301.463 et à L.E. 326.636 respectivement, se sont réduites pendant les années suivantes à L.E. 14.172 en 1942 et à L.E. 17.572 en 1943 ou à une valeur qui ne représente respectivement par rapport à celle de l'année 1938 qu'une proportion de 6,2 et 7,7 pour cent à peine.

Cette diminution sensible est due à la disparition totale de certains produits tels que les poissons frais, les œufs de volaille en coque et dépourvus de leur coque, les cornes, bois, os, cornillons, sabots, ongles, etc., les éponges brutes ainsi qu'au recul important marqué par nos exportations de beurre (maslé), de fromage, des boyaux, vessies et estomacs d'animaux.

Les données ci-après donnent un aperçu sur les quantités exportées de produits du règne animal pendant les années 1942 et 1943 comparées à celles de l'année 1938.

Désignation	Unité	1938	1942	1943
Poissons frais	Kilogr.	713.479	—	—
Beurre (maslé)	"	181.982	1.217	1.402
Fromages	"	49.796	3.448	891
Œufs de volaille en coque	Milliers	38.388	—	—
— dépour. de leur coque	Kilogr.	707.300	—	—
Boyaux, vessies et estomacs d'animaux	"	87.603	17.604	17.490
Cornes, bois, os, cornillons, sabots, ongles, etc.	"	3.434.602	—	—
Eponges brutes	"	19.318	2.627	—

Bien que la quantité des peaux brutes et des peaux préparées ne représente respectivement en 1943 qu'une proportion de 26,9 et de 45,4 pour cent par rapport à la quantité exportée en 1938, grâce à la progression marquée par les prix unitaires, la valeur n'est inférieure en 1943 que de 21,5 pour cent. L'Administration des Douanes qui avait estimé en 1938 les peaux brutes fraîches ou salées et les peaux brutes sèches exportées à P.T. 11,7 et P.T. 8,6 le kilogramme respectivement, les a estimées en 1943 à 13,7 et P.T. 20 le kilogramme. Quant aux peaux préparées, seulement tannées, et les peaux teintes ou maroquinées qui avaient été estimées en 1938 par l'Administration, précitée à P.T. 12,9 et P.T. 31,5 le kilogramme, leur estimation s'est élevée respectivement en 1943 à P.T. 32,9 et à P.T. 131,5 le kilogramme.

Les données ci-après montrent la quantité et la valeur des peaux brutes et préparées exportées en 1943 comparées à celles de 1938 :

Désignation	Quantité (kilogr.)		Valeur (L. E.)	
	1938	1943	1938	1943
Peaux brutes, fraîches ou salées ...	843.558	16.778	99.689	1.297
.. .. séchées ... ..	449.294	331.480	38.599	66.290
.. préparées, seulement tannées	666.552	203.535	60.034	66.804
.. tannées ou maroquinées... ..	25.763	19.813	6.054	28.069

Comme nous l'avons signalé plus haut, à la suite des prohibitions d'exportation nécessitées en vue d'assurer l'approvisionnement du pays, un certain nombre d'articles ont marqué un déclin considérable. C'est ainsi que la tabana et les fourreaux, dont les quantités avaient atteint en 1938 à l'exportation 573 et 256.163 tonnes respectivement, disparaissent en 1943 des statistiques douanières après avoir marqué une régression presque graduelle pendant les années suivantes jusqu'à se réduire à 82 et 563 tonnes à peine en 1942. Il en est presque de même pour les huiles de graines de coton, dont les quantités exportées ont reculé de 7.086 tonnes en 1938 à 17 tonnes en 1943. Le sucre raffiné exporté qui s'était inscrit pour 17.461 tonnes en 1938 progresse à 56.007 tonnes en 1939 et à 70.296 tonnes en 1940 pour s'inscrire à 25.167 tonnes en 1941, à 3.984 tonnes en 1942 et à 3 tonnes à peine en 1943. Le sel marin, les cigarettes et les phosphates de chaux naturels qui occupaient avant la guerre une place importante dans le commerce d'exportation de l'Égypte ont enregistré également ces dernières années un recul sensible. En effet, la quantité de sel marin exportée qui atteignait en 1938, 284.984 tonnes s'est réduite à 106.901 tonnes en 1943 ; les cigarettes fléchissent pendant le même intervalle de 268.208 kilogrammes en 1938 à 38.530 kilogrammes en 1941 pour remonter à 143.521 kilogrammes en 1942 et à 145.698 kilogrammes en 1943 ; les phosphates de chaux naturels reculent de 402.756 tonnes en 1938 à 122.517 tonnes en 1940 pour augmenter pendant les trois années suivantes et s'inscrire à 208.569 tonnes en 1943, soit pour une quantité ne représentant qu'une proportion de 51,8 pour cent de celle exportée en 1938.

Cependant, comme il résulte des données ci-après, le développement enregistré par l'industrie du savon a permis non seulement de parfaire les besoins de plus en plus accrus du pays mais aussi d'augmenter graduellement jusqu'en 1942, nos exportations de cet article.

#### SAVON COMMUN EXPORTÉ

Années	Quantité	Valeur
	Kilogr.	L. E.
1938 ... ..	12.871	282
1939 ... ..	47.589	1.635
1940 ... ..	223.035	9.101
1941 ... ..	490.288	14.329
1942 ... ..	1.227.625	57.943
1943 ... ..	12.160	1.171

#### CONCLUSION

Notre exposé fait apparaître que le déclin considérable enregistré par la plupart des marchandises importées a eu une répercussion heureuse sur certaines industries nationales dont la production s'est développée au point de leur permettre de couvrir en totalité ou en partie les besoins du pays. La deuxième guerre mondiale a permis, en effet, à plusieurs de nos industries de franchir rapidement les étapes et de jouer un rôle important dans l'évolution économique de l'Égypte. Cependant, sans les mesures entreprises pendant les années antérieures au deuxième conflit, mesures qui avaient amélioré la structure économique de l'Égypte par le développement de l'agriculture, par la création de nouvelles industries et par une meilleure réglementation de notre organisation commerciale, la diminution du volume de nos importations, qui s'est réalisé en 1943 par rapport à 1938 de plus de la moitié, aurait eu un effet beaucoup plus préjudiciable à l'approvisionnement du pays.

Le volume des marchandises exportées, a également marqué une diminution pendant les deux conflits mondiaux. Cependant, la régression a été moins sensible pendant le premier conflit, en raison des restrictions et

prohibitions promulguées pendant le deuxième conflit pour assurer l'approvisionnement intérieur, ce qui réduisit sensiblement nos ventes de produits à l'étranger. Alors que le commerce d'exportation de

L'Égypte était avant la deuxième guerre mondiale en plein essor grâce à l'œuvre de propagande et d'organisation commerciale entreprise par le Ministère du Commerce et de l'Industrie, son volume fléchit en 1943, par rapport à 1938, à un niveau inférieur à la moitié.

Mais si la deuxième guerre mondiale a eu un effet bénéfisant sur les industries nationales, elle a par contre bouleversé l'économie agricole qui, sous la pression des circonstances, a dû s'adapter de manière à assurer l'approvisionnement du pays et fournir tout excédent disponible aux pays voisins, auxquels nous lient tant d'attaches communes. C'est ainsi qu'une place prépondérante a dû être réservée aux céréales, aux légumes, aux fruits, etc., et que la culture du coton a perdu le privilège dont elle jouissait.

Toutefois, on peut se demander si certaines des transformations enregistrées par les deux principales branches de notre économie, l'agriculture et l'industrie, transformations qui se sont révélées efficaces et avantageuses, pourront se maintenir ? Nous ne devons pas perdre de vue qu'en ce qui concerne nos industries, elles auront à affronter l'avalanche des marchandises de toutes sortes, que les grandes nations industrielles expédieront vers l'Égypte en remboursement de ses avoirs accumulés pendant la guerre. L'Égypte devra-t-elle, pour protéger ses industries, recourir, comme par le passé aux taxes douanières ? Ces taxes, si elles sont appliquées, ne provoqueront-elles pas des contre-mesures dans les autres pays ?

Quant à notre agriculture, la question se pose de savoir s'il y a avantage ou désavantage pour l'Égypte de maintenir l'extension prise ces dernières années par certaines cultures au détriment de certaines autres.

De nombreux autres problèmes importants se posent sans doute dans un proche avenir. Mais nous sommes heureux de le signaler le " Sous-Secrétariat d'Etat pour l'étude des problèmes d'après-guerre " spécialement créé, ainsi que des Institutions scientifiques privées, ont entrepris d'ores et déjà les recherches de nature à permettre de jeter les bases d'une politique économique stable, par l'exploitation maximum des sources de la richesse nationale, exploitation qui assurera le bien-être, la prospérité, et acheminera l'Égypte vers de splendides destinées sous la Haute égide de S.M. le Roi Farouk Ier.

J. SCHATT.

Mai 1945.

IMPORTATION ET EXPORTATION DE CERTAINS ARTICLES PENDANT LES ANNÉES  
 1913 ET 1918

TABLEAU A.

Articles	Unité	1913	1918
<i>Importations :</i>			
Chameaux ... ..	Têtes	23.369	29.376
Bœufs et vaches ... ..	"	21.878	5.631
Moutons et chèvres ... ..	"	272.249	39.023
Viances salées, fraîches et conservées ... ..	Kilogr.	2.164.690	1.009.614
Beurre frais ou salé ... ..	"	687.096	600.651
Hé ... ..	Tonnes	4.591	808
Mais ... ..	"	20.091	5.150
Orge ... ..	"	29.129	343
En ... ..	"	24.311	9.148
Arachides ... ..	"	2.283	645
Sésame ... ..	"	1.569	4
Fèves chiches ... ..	"	4.490	102
Lupins ... ..	"	4.612	—
Linolées ... ..	"	1.208	22
Éèves sèches ... ..	"	1.722	15
Oignons ... ..	"	2.081	825
Champignons et citrons ... ..	"	9.702	2.109
Bananes ... ..	"	877	12
Farines de blé et de maïs ... ..	"	263.547	2.633
Biscuits ... ..	Kilogr.	761.205	227.942
Pâtes alimentaires ... ..	"	806.165	109.195
Confitures ... ..	"	2.201.747	372.129
Peaux tannées ... ..	"	142.996	111.211
Chapeaux ... ..	Paires	782.006	91.206
Huile de graines de coton ... ..	Kilogr.	401.124	—
Bougies ... ..	"	925.722	24.245
Tissus de coton ... ..	Mètres	222.207.186	127.428.872
Fils de coton ... ..	Kilogr.	2.092.885	772.541
Couvertures en coton ... ..	L.E.	21.202	7.145
Tarboches ... ..	Dozn.	54.265	7.123
Allumettes ... ..	L.E.	81.398	32.141
Mesures en bois ... ..	"	117.984	25.167
Lits en fer ... ..	"	81.614	1.098

TABLEAU A (suite)

Articles	Unité	1913	1928
<i>Exportations :</i>			
Poissons salés, fumés ou conservés	Kilogr.	443.577	734.026
Fromages	"	21.946	40.756
Beurre	"	20.498	182.632
Hé	Tonnes	2.341	8.734
Riz	"	23.546	65.414
Orge	"	147	4.606
Farine de blé	"	62	267
Soie	"	2.531	49.424
Al	Kilogr.	—	492.475
Oignons	Tonnes	102.487	143.619
Pommes de terre	"	755	2.814
Ouvrages et marchandises	"	27	11.978
Coton	Cantars	6.972.486	7.936.675
Graines de coton	Ardebs	3.605.356	2.766.455
Huile de graines de coton	Kilogr.	2.106.637	7.086.023
Tourneaux	Tonnes	62.977	256.163
Sucre	"	5.133	17.461
Milasse	"	14	23.860
Sel marin	"	187.166	284.948
Fils de coton	Kilogr.	29.380	417.642
Phosphates de chaux naturels	Tonnes	64.123	402.756
Benzine	"	—	30.748

BALANCE COMMERCIALE DE L'EGYPTE<sup>(1)</sup>

(Valeur exprimée en millions de livres égyptiennes)

TABLEAU B.

Années	Importations	Exportations et Réexportations	Balances Commerciales + Favorable - Défavorable
	L. E.	L. E.	L. E.
<i>Années 1914-1918</i>			
Moy. 1909-1913... ..	25.357	30.428	+ 5.089
1914 ... ..	21.725	24.539	+ 2.814
1915 ... ..	19.329	27.374	+ 8.245
1916 ... ..	30.887	38.035	+ 7.138
1917 ... ..	31.839	41.090	+ 9.751
1918 ... ..	51.155	46.749	- 4.406
TOTAL 1914-1918 ... ..	154.935	178.477	+ 23.542
Moy. 1914-1918 ... ..	30.987	35.695	+ 4.708
<i>Années 1929-1943</i>			
Moy. 1924-1928... ..	33.569	34.439	+ 869
1929 ... ..	34.024	34.033	+ 7
1940 ... ..	31.357	28.321	- 3.036
1941 ... ..	33.101	25.613	- 10.488
1942 ... ..	25.287	19.295	- 35.992
1943 ... ..	39.073	28.579	- 12.494
TOTAL 1929-1943 ... ..	192.822	120.834	- 61.988
Moy. 1929-1943 ... ..	38.564	26.167	- 12.397

(1) Non compris le commerce et le commerce spécial avec le Soudan.

## VALEUR DES IMPORTATIONS ET DES EXPORTATIONS

(exprimée en milliers de livres égyptiennes)

TABLEAU C.

Années	Importations		Exportations	
	Valeur	Nombre Indices	Valeur	Nombre Indices
	L.E.		L.E.	
<b>Années 1914-1918</b>				
Moy. 1909-1913 .....	25.357	100	29.971	100
1914 .....	21.725	85,7	24.052	80,4
1915 .....	19.329	76,2	27.047	90,2
1916 .....	30.897	121,8	37.462	125,0
1917 .....	31.835	125,5	41.001	137,0
1918 .....	51.155	201,7	45.370	151,4
Moy. 1914-1918 .....	30.967	122,2	35.006	116,6
<b>Années 1939-1943</b>				
Moy. 1934-1938 .....	33.639	100	23.451	100
1939 .....	34.054	101,4	23.288	99,0
1940 .....	31.437	93,4	27.811	118,7
1941 .....	33.101	98,6	22.124	94,6
1942 .....	45.287	134,7	18.753	80,6
1943 .....	59.073	175,6	25.030	106,8
Moy. 1939-1943 .....	38.594	114,9	23.401	100,0

TABLEAU D.

VALEUR DES MARCHANDISES IMPORTÉES

Douanes	1913		1914		1915	
	Valeur	%	Valeur	%	Valeur	%
	L.E.		L.E.		L.E.	
Années						
<i>Importations</i>						
	1913		1914		1915	
Alexandrie ... ..	22.709.358	85,8	18.434.301	84,8	15.037.433	77,8
Port-Saïd ... ..	2.801.570	10,0	2.286.735	10,5	2.999.608	15,5
Suez ... ..	1.168.901	4,2	883.511	4,1	1.277.348	6,6
Autres douanes ... ..	135.269	0,6	120.009	0,6	13.912	0,1
<b>Total ... ..</b>	<b>27.865.198</b>	<b>100,0</b>	<b>21.724.556</b>	<b>100,0</b>	<b>19.328.301</b>	<b>100,0</b>
Années						
	1915		1916		1917	
Alexandrie ... ..	28.693.047	77,9	26.336.653	77,4	21.678.185	68,8
Port-Saïd ... ..	2.950.970	10,7	3.523.350	10,4	3.793.904	12,1
Suez ... ..	2.659.011	9,6	2.786.648	11,1	3.482.869	17,4
Autres douanes ... ..	550.014	1,6	373.612	1,1	529.423	1,7
<b>Total ... ..</b>	<b>34.853.042</b>	<b>100,0</b>	<b>34.020.263</b>	<b>100,0</b>	<b>31.324.381</b>	<b>100,0</b>
Années						
<i>Exportations</i>						
	1913		1914		1915	
Alexandrie ... ..	30.894.787	97,6	23.117.486	95,8	22.621.994	94,7
Port-Saïd ... ..	448.426	1,4	660.912	2,5	969.967	3,7
Suez ... ..	272.698	0,9	250.813	1,0	424.580	1,6
Autres douanes ... ..	46.144	0,1	22.587	0,1	231	—
<b>Total ... ..</b>	<b>31.662.055</b>	<b>100,0</b>	<b>24.051.798</b>	<b>100,0</b>	<b>23.946.872</b>	<b>100,0</b>
Années						
	1916		1917		1918	
Alexandrie ... ..	27.128.499	93,0	30.578.520	91,9	23.728.289	85,3
Port-Saïd ... ..	769.754	2,6	545.742	1,6	661.650	2,0
Suez ... ..	843.437	2,9	1.098.699	3,3	2.209.010	7,9
Autres douanes ... ..	422.668	1,3	1.065.541	3,2	1.324.478	4,8
<b>Total ... ..</b>	<b>29.164.358</b>	<b>100,0</b>	<b>33.288.502</b>	<b>100,0</b>	<b>27.923.427</b>	<b>100,0</b>

## ET REEXPORTÉS PAR DOUANES

1914	%	1917	%	1918	%	1918	1918	%
L. E.		L. E.		L. E.		L. E.	L. E.	
<b>1914-1918</b>								
22.679.344	73,4	22.244.040	69,9	33.835.821	65,0	111.921.544	22.384.209	72,2
6.354.588	20,6	5.078.076	15,9	16.094.350	30,7	26.814.817	5.302.963	17,3
1.813.913	5,5	4.508.724	14,2	7.525.646	14,3	16.029.142	3.237.823	10,4
13.843	0,1	11.228	—	280	—	169.288	31.838	0,1
30.886.888	100,0	31.838.068	100,0	51.655.396	100,0	154.934.791	30.986.938	100,0
<b>1920-1943</b>								
16.883.536	50,1	21.817.616	39,5	15.105.913	34,8	101.478.886	20.285.777	52,6
4.558.938	13,8	11.054.902	20,0	7.930.346	18,3	29.881.699	6.176.721	16,0
19.479.743	31,6	22.080.812	36,3	12.894.234	33,8	62.397.324	10.819.499	27,3
1.484.573	4,5	2.324.384	4,2	5.135.856	8,1	7.852.832	1.573.566	4,1
33.406.790	100,0	55.286.814	100,0	39.073.249	100,0	192.622.641	38.364.529	100,0
<b>1944-1948</b>								
36.098.543	94,3	38.294.878	93,3	40.732.984	89,9	163.915.885	32.783.177	83,7
2.153.862	5,7	2.141.366	5,2	4.040.723	9,0	8.976.122	1.795.224	5,1
209.581	0,6	616.220	1,5	496.694	1,1	2.097.790	419.259	1,3
277	—	8.358	—	9.707	—	41.260	8.252	—
37.461.763	100,0	41.060.812	100,0	45.379.508	100,0	175.031.062	35.006.512	100,0
<b>1920-1943</b>								
18.068.276	81,7	13.497.692	72,0	20.247.345	81,0	106.156.792	21.231.258	83,6
509.381	2,3	332.715	1,9	631.385	2,5	2.600.843	320.169	2,1
1.864.614	8,9	3.779.512	20,1	2.935.320	11,7	11.977.655	2.395.811	9,4
1.661.690	7,1	1.123.624	6,0	1.186.234	4,8	6.271.776	1.254.255	4,9
22.103.961	100,0	18.733.543	100,0	25.000.284	100,0	127.006.466	25.401.533	100,0

TABLEAU E (4)

VALEUR DES MARCHANDISES

Continents	Value	%	Value	%	Value	%
	L.E.		L.E.		L.E.	
Années						
	1913		1914		1915	
Europe ... ..	23.439.168	84,2	18.140.774	83,4	13.788.726	71,3
Asie ... ..	1.758.616	6,2	1.339.148	6,2	2.022.901	10,6
Afrique ... ..	118.898	0,4	79.159	0,4	122.819	0,6
Amérique du Nord ... ..	538.273	1,9	496.402	2,2	1.273.077	6,6
.. Centrale ... ..	—	—	—	—	—	—
.. du Sud ... ..	527.198	1,9	502.053	2,2	983.704	5,0
Océanie ... ..	367.736	1,2	329.418	1,5	557.026	2,9
Pays non précisés ... ..	1.028.320	3,9	827.872	3,8	662.740	3,1
Total ... ..	27.865.195	100,0	21.724.684	100,0	19.328.593	100,0
Années						
	1928		1929		1949	
Europe ... ..	26.779.114	72,7	24.068.907	70,6	16.701.158	53,3
Asie ... ..	5.434.020	15,4	5.263.609	15,5	7.638.340	27,4
Afrique ... ..	184.366	0,5	122.338	0,4	172.234	0,6
Amérique du Nord ... ..	2.507.265	6,8	2.728.270	6,0	3.478.142	11,7
.. Centrale ... ..	101.481	0,3	138.171	0,4	138.653	0,4
.. du Sud ... ..	1.232.124	3,1	1.551.976	4,5	2.079.032	6,3
Océanie ... ..	208.900	0,6	186.772	0,6	388.546	1,2
Pays non précisés ... ..	3.473	—	5.410	—	21.128	0,1
Total ... ..	36.826.683	100,0	34.024.469	100,0	31.337.384	100,0

## IMPORTÉES PAR CONTINENTS

Valeur	%	Valeur	%	Valeur	%	Valeur	Valeur	%
L.E.		L.E.		L.E.		L.E.	L.E.	
<b>1914-1918</b>								
22.063.628	71.4	21.126.319	66.4	25.211.262	68.9	119.322.839	22.063.628	71.2
3.020.416	9.8	5.631.929	17.5	9.170.822	17.9	21.144.217	4.225.803	13.6
174.297	0.6	291.302	0.9	844.328	1.7	1.512.006	302.401	1.0
2.985.329	6.8	1.077.896	3.4	495.278	1.0	3.428.222	1.085.644	3.8
463	—	—	—	8	—	473	98	—
660.234	2.1	858.791	2.7	194.707	0.2	3.150.191	638.028	2.0
1.644.676	6.3	1.452.226	4.6	2.475.648	6.8	6.455.053	1.291.811	4.2
1.227.811	4.0	1.444.465	4.5	2.793.100	5.3	6.907.688	1.381.637	4.5
39.886.888	100.0	31.828.298	100.0	51.152.266	100.0	154.934.294	39.886.928	100.0
<b>1929-1933</b>								
19.704.176	32.3	14.607.246	29.4	19.713.321	27.4	78.188.848	15.267.769	29.8
12.439.911	37.2	19.004.297	36.4	17.222.117	44.1	61.459.274	13.291.825	31.9
619.091	2.0	2.264.824	4.1	2.203.489	5.6	5.422.955	1.084.297	2.8
8.404.824	25.4	14.520.448	28.3	4.824.020	12.4	24.126.544	6.429.169	17.7
9.571	—	9.933	—	6.360	—	302.899	60.678	0.2
395.574	0.9	2.862.000	5.2	3.720.064	9.3	10.629.799	2.265.942	5.4
569.518	1.7	1.834.091	3.4	754.835	1.9	3.792.897	758.561	2.0
72.435	0.2	122.653	0.2	108.945	0.3	330.590	66.118	0.2
33.109.720	100.0	52.286.694	100.0	29.973.349	100.0	191.822.448	33.544.529	100.0

TABLEAU F (b):

VALEUR DES MARCHANDISES

Continents	Value	%	Value	%	Value	%
	L.E.		L.E.		L.E.	
	Années					
	1913		1914		1915	
Europe ... ..	29.158.310	88,9	29.353.429	81,5	20.868.977	70,9
Asie ... ..	869.818	2,8	593.085	2,6	875.838	3,2
Afrique ... ..	52.741	0,2	116.891	0,5	288.434	1,1
Amerique du Nord ... ..	2.482.870	7,5	2.923.049	12,1	4.964.538	18,4
" Centrale ... ..	—	—	—	—	—	—
" du Sud ... ..	3.332	—	1.422	—	3.839	—
Océanie ... ..	7.410	—	11.234	—	6.809	—
Pays non spécifiés ... ..	77.084	0,2	91.892	0,4	98.600	0,4
TOTAL ... ..	31.682.065	100,0	34.894.794	100,0	27.046.821	100,0
	Années					
	1938		1939		1940	
Europe ... ..	23.200.928	79,8	24.047.970	74,0	19.069.083	68,6
Asie ... ..	4.612.900	14,8	3.236.939	10,0	6.565.487	23,6
Afrique ... ..	161.222	0,5	82.573	0,3	238.103	0,9
Amerique du Nord ... ..	787.211	2,7	1.512.700	4,5	1.413.031	5,1
" Centrale ... ..	10.028	0,1	50.328	0,2	11.084	—
" du Sud ... ..	148.615	0,5	52.235	0,2	179	—
Océanie ... ..	52.690	0,2	88.124	0,3	98.225	0,3
Pays non spécifiés ... ..	—	—	—	—	31.970	0,2
Communication des Navires ... ..	124.772	0,4	297.603	0,9	358.253	1,3
TOTAL ... ..	29.173.238	100,0	32.388.392	100,0	27.541.477	100,0

## EXPÉDITIONS PAR CONTINENTS

1914-1915	1916		1917		1918		Tot. 1914-18		Moy. 1914-18	
Value	%	Value	%	Value	%	Value	Value	%	Value	%
L. E.		L. E.		L. E.		L. E.	L. E.	L. E.	L. E.	
28.995.318	77,4	33.177.386	80,8	28.406.331	64,7	141.741.441	28.348.288	81,0		
1.103.268	3,1	2.052.325	5,0	1.900.548	4,2	6.565.194	1.313.029	3,8		
212.560	0,6	361.593	1,4	607.651	1,3	1.786.927	357.385	1,0		
3.927.526	10,5	5.090.527	12,4	4.289.399	9,5	24.195.592	4.839.118	13,8		
—	—	—	—	—	—	—	—	—		
3.891	—	3.840	—	7.297	—	20.139	4.038	—		
20.981	0,1	67.900	0,1	56.266	0,1	188.229	31.844	0,1		
122.099	0,3	147.343	0,3	104.771	0,2	562.300	112.500	0,3		
461.763	100,0	41.669.643	100,0	43.379.019	100,0	325.031.063	33.096.212	100,0		
1919-1921										
1921										
8.120.340	26,8	9.798.204	32,2	9.468.191	37,6	71.060.410	14.212.082	26,0		
3.542.466	29,6	3.275.663	17,6	11.832.368	47,4	34.793.947	6.958.580	27,4		
5.193.763	14,4	137.093	0,7	94.563	0,4	3.744.604	740.213	3,0		
1.100.974	12,4	3.950.069	21,1	2.508.573	10,3	12.193.849	2.438.770	9,6		
23.897	0,1	1	—	14.401	—	120.591	24.118	0,1		
104	—	20	—	—	—	37.414	10.523	—		
309.618	1,4	295.442	1,6	104.698	0,4	490.155	179.221	0,7		
107.498	0,5	339.176	1,7	290.923	0,8	689.537	127.919	0,8		
965.099	4,8	967.635	3,2	766.517	3,1	3.454.819	690.964	2,7		
301.649	100,0	29.753.343	100,0	25.038.284	100,0	127.406.955	25.491.393	100,0		

TABLEAU F (4).

VALEUR DES MARCHANDISES

Pays	1913	Années 1914-1918					Moyennes 1914-18
		1914	1915	1916	1917	1918	
	L. E.	L. E.	L. E.	L. E.	L. E.	L. E.	L. E.
Afrique Équatoriale et Orientale britannique	15.016	6.287	12.532	60.234	22.726	234.331	131.229
Union de l'Afrique du Sud							
Australie							
Nouvelle Zélande	397.798	329.410	357.029	1.644.476	1.482.228	2.475.648	1.291.811
Bénel	265.672	241.984	265.128	254.165	164.021	66.400	246.265
Canada	10.018	9.031	1.561	145.723	18.900	3.730	165.972
Ceylan	58.976	58.403	206.016	180.243	257.704	492.343	257.061
Chili	282.025	259.519	676.341	306.771	694.779	77.965	283.061
Chine	156.583	84.721	112.255	214.832	643.638	1.200.242	441.280
États-Unis d'Amérique	525.160	485.272	1.248.839	1.038.769	1.067.485	491.328	1.044.261
Grande-Bretagne	8.496.483	7.061.405	8.740.448	16.070.182	14.129.048	27.072.635	14.415.741
Indes anglaises	1.335.388	884.225	1.341.922	1.785.919	3.414.401	4.004.489	2.265.661
Iran	48.144	29.455	27.528	75.363	71.919	44.856	52.181
Malte et Gibraltar	267.199	191.086	270.328	366.294	321.109	282.673	286.061
Portugal	14.524	13.891	4.026	26.716	2.208	2.744	9.081
Suisse	149.052	148.728	218.323	276.968	257.418	269.704	264.421
Arabie Saoudite						23.211	
Irak						69.287	
Palestine						—	
Syrie	2.723.898	1.010.784	169.184	73.882	71.592	—	471.871
Turquie						19.440	
Yémen						—	
Total 22 pays							
Chiffres absolus	14.628.116	11.219.294	12.672.883	22.346.648	22.574.717	27.418.698	21.287.461
% du total	38,6	24,9	29,7	23,0	20,2	23,1	69,7
Autres pays							
Chiffres absolus	12.297.649	9.993.907	5.656.198	8.346.310	2.264.281	12.731.216	9.399.261
% du total	47,4	45,0	29,3	27,5	39,1	26,9	30,2
TOT. GÉNÉRAL	27.925.765	21.213.201	18.329.081	30.692.958	24.838.998	50.150.914	30.686.722

## IMPORTÉES PAR PAYS DE PROVENANCE

1928	Années 1929-1943					
	1929	1940	1941	1942	1943	Moyenne 1929-1943
L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
66.660	62.368	118.242	216.348	378.857	763.052	203.771
1.611	2.607	20.200	424.810	1.842.308	1.265.277	714.120
203.786	193.967	360.639	538.737	1.783.320	711.698	717.563
959	1.787	27.948	20.781	100.771	45.735	41.094
181.843	175.518	205.947	222.210	47.677	56.413	141.963
51.182	46.625	83.469	311.409	1.312.928	531.066	437.090
291.497	277.663	604.900	644.023	1.372.533	593.659	638.436
936.741	1.227.601	2.350.088	—	2.736.572	3.145.665	1.915.841
135.747	161.626	136.325	167.016	207.655	102.143	174.999
2.456.083	2.481.645	3.694.673	5.092.517	13.237.563	4.302.962	6.361.870
6.444.386	9.371.111	8.891.350	9.281.873	12.770.463	7.078.812	9.478.729
676.109	781.931	1.646.131	3.182.030	7.000.909	2.596.709	3.263.542
695.036	572.377	692.000	2.026.705	5.497.524	6.478.860	3.052.455
9.971	8.729	7.167	9.609	1.651	1.519	4.422
22.950	24.720	12.963	8.470	10.213	13.610	13.999
596.154	632.022	422.761	335.574	608.063	598.486	537.516
126.783	18.769	23.645	20.542	79.170	68.040	44.034
163.716	90.610	52.415	209.745	923.983	2.024.634	840.227
264.519	207.939	293.198	820.004	905.415	1.215.610	705.833
501.313	169.659	149.428	89.161	124.680	263.189	157.297
218.412	290.572	247.928	403.333	902.348	2.903.065	941.847
32.923	27.057	25.620	29.334	62.219	78.690	40.585
15.945.328	17.127.528	19.788.224	27.063.637	52.729.838	26.777.706	29.627.294
43,3	50,4	63,1	81,6	92,4	94,1	79,6
20.945.431	18.586.911	11.527.162	6.031.113	2.565.796	2.295.643	7.867.325
56,7	49,6	36,9	18,2	4,6	5,9	29,4
26.850.662	34.624.469	31.327.386	23.106.750	55.296.634	29.073.349	29.564.329

TABLEAU F (2A)

VALEUR DES MARCHANDISES

Pays	1913	Années 1914-1918					Moyenne 1914-18
		1914	1915	1916	1917	1918	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Afrique Equatoriale et Orientale Britanniques	6.880	9.801	10.754	6.199	13.566	28.963	13.867
Union de l'Afrique du Sud							
Australie							
Nouvelle-Zélande	7.419	11.234	6.869	36.981	47.906	66.266	31.844
Bénel	200	46	145	265	339	—	157
Canada	5.493	3.989	1.839	8.906	21.769	2.228	9.714
Ceylan	16.639	74.437	31.277	15.799	28.154	42.109	38.355
Chili	1.509	1.027	999	2.039	2.051	7.111	2.945
Chine	11.800	11.324	6.394	8.884	16.000	13.836	11.450
Etats-Unis d'Amérique	2.484.902	2.917.413	4.961.321	9.947.626	5.097.828	4.786.318	4.829.160
Grande-Bretagne	12.648.479	10.456.171	12.923.028	19.039.282	24.444.177	39.542.828	19.869.524
Indes anglaises	78.984	82.212	258.361	148.184	450.284	221.928	251.294
Iran	11.248	1.315	20.071	34.445	1.228	222	7.459
Malte et Gibraltar	12.526	68.024	232.259	302.339	335.960	456.609	274.639
Portugal	29.109	22.147	14.691	37.280	37.879	6.234	23.426
Roumanie	1.012.217	1.205.187	1.247.110	1.004.788	933.621	911.997	1.039.948
Arabie Saoudite						52.957	
Irak						—	
Palestine						402.098	191.278
Syrie	694.214	431.139	39.415	17.298	—	—	—
Turquie						2.161	
Yémen						—	
Total 22 pays :							
Chiffres absolus	27.289.026	15.299.241	26.725.860	28.489.128	21.299.264	32.116.242	26.685.557
% du total	56,8	63,5	76,8	75,9	76,5	81,8	76,9
Autres pays :							
Chiffres absolus	12.673.029	8.804.455	6.271.712	9.812.621	9.660.648	8.253.777	8.469.655
% du total	43,2	36,5	23,2	24,1	23,5	18,2	24,0
Tot. Général	39.962.055	24.103.696	32.997.572	38.301.749	30.959.912	40.370.019	35.155.212

## EXPORTÉES PAR PAYS DE DESTINATION

1935	Années 1939-1943					
	1939	1940	1941	1942	1943	Moyenne 1939-43
L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
46.110	11.710	15.734	13.653	43.344	9.083	18.740
14.401	9.129	8.040	3.173.579	84.607	50.509	606.373
44.358	83.644	73.801	282.436	255.249	102.728	152.984
8.190	1.464	22.433	27.125	40.190	1.658	19.233
374	2.353	8	—	—	—	472
79.681	249.989	37.255	107.271	91.387	177	97.319
34.803	50.551	99.316	53.333	42.737	1.993.110	469.612
147.512	49.553	2	—	19	—	9.915
208.150	496.413	378.699	47.839	—	—	182.594
197.620	17.262.702	1.379.970	2.637.697	2.408.972	2.668.309	2.341.443
9.824.106	11.627.629	19.373.304	7.047.330	9.498.694	8.227.671	9.492.967
1.637.569	1.981.719	1.770.917	3.685.312	1.849.893	7.448.573	3.236.883
2.338	187.080	283.263	1.912	2.777	317.717	108.549
64.014	96.033	199.920	6.771	24.449	241	45.597
133.739	212.403	86.680	101.454	138.954	56.229	119.130
274.319	1.358.633	474.825	97.584	8.989	887	233.794
71.098	84.244	94.701	56.232	25.821	312.077	114.770
71.377	146.862	260.608	11.747	33.988	23.865	98.589
269.024	533.243	1.479.453	1.714.292	602.420	831.629	1.078.089
208.423	259.072	219.714	260.080	303.789	709.749	305.663
84.983	72.885	157.370	276.155	105.441	316.620	185.738
560	2.013	31	—	—	2	409
14.722.537	18.792.924	17.351.542	19.622.314	17.291.880	21.734.363	19.229.897
56,5	56,5	62,4	56,6	91,7	94,8	73,7
11.429.801	14.495.378	10.459.865	3.181.224	1.332.233	1.291.691	6.180.592
49,3	42,3	32,6	14,0	8,2	5,2	36,3
19.173.338	23.288.302	27.811.407	22.123.649	18.753.313	23.029.264	25.491.353

TABLEAU G.

BALANCE COMMERCIALE

Pays	1913			MOYENNE 1914-1918		
	Importations	Exportations et Reexportations	Balance Commerciale + Favorable - Défavorable	Importations	Exportations et Reexportations	Balance Commerciale + Favorable - Défavorable
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Afrique Equatoriale et Orientale Bri- tannique ... ..	16.918	7.582	- 8.333	121.220	16.349	- 104.871
Union de l'Afrique du Sud ... ..						
Arabie ... ..	367.798	7.875	- 359.923	1.291.811	34.964	- 1.256.847
Nouvelle-Zélande ... ..	265.872	554	- 265.318	246.330	164	- 246.166
Bretel ... ..						
Canada ... ..	10.618	8.579	- 4.439	35.976	7.765	- 28.211
Ceylan ... ..	54.976	14.620	- 42.356	237.988	38.788	- 199.200
Chili ... ..	282.025	1.909	- 280.116	383.073	2.858	- 380.215
Chine ... ..	156.383	11.930	- 144.453	441.337	11.681	- 429.656
Etats-Unis d'Amé- rique ... ..	525.160	2.485.820	+ 1.960.660	1.044.342	4.831.145	+ 3.786.803
Grande-Bretagne ...	8.496.483	13.746.910	+ 5.250.427	14.415.743	19.928.439	+ 5.512.696
Indes anglaises ...	1.335.688	81.301	- 1.254.387	2.265.660	229.337	- 2.036.323
Iran ... ..	48.144	11.815	- 36.329	52.313	7.675	- 44.638
Malte et Gibraltar ...	207.125	35.131	- 172.093	288.604	324.073	+ 35.469
Portugal ... ..	14.534	28.103	+ 11.579	9.034	23.479	+ 14.445
Suisse ... ..	140.932	1.012.918	+ 871.986	254.028	1.060.724	+ 806.696
Arabie Saudite ... ..						
Irak ... ..						
Palestine ... ..						
Syrie ... ..	2.723.826	797.369	- 1.926.457	471.578	428.292	- 43.286
Turquie ... ..						
Yémen ... ..						
Autres pays ... ..	13.207.049	13.991.063	+ 784.014	9.599.550	8.769.885	- 829.665
TOTAL ... ..	27.865.195	23.349.316	- 4.515.879	30.986.958	35.695.499	+ 4.708.541

## AVEC LES PRINCIPAUX PAYS

1938			MOYENNE 1932-1943		
Importations	Exportations et Réexportations	Balance Commerciale + Favorable - Défavorable	Importations	Exportations et Réexportations	Balance Commerciale + Favorable - Défavorable
L.É.	L.É.	L.É.	L.É.	L.É.	L.É.
66.660	15.644	- 50.016	303.771	25.728	- 280.043
1.611	15.009	+ 13.488	714.120	673.401	- 40.729
207.746	44.725	- 163.021	717.562	160.585	- 556.967
989	8.227	+ 7.238	41.004	19.842	- 21.162
181.643	412	- 181.431	161.033	527	- 141.426
51.182	79.804	+ 28.622	457.099	97.379	- 359.720
291.497	34.569	- 256.928	658.438	463.865	- 194.573
976.743	147.522	- 829.221	1.915.843	10.063	- 1.905.780
165.747	200.281	+ 44.534	174.999	182.909	+ 7.901
2.456.083	715.998	- 1.740.085	6.381.870	2.346.203	- 4.035.667
8.444.386	9.864.477	+ 1.420.091	9.478.729	9.599.688	+ 120.959
876.107	1.542.855	+ 666.748	3.203.542	3.241.945	- 38.403
595.026	14.178	- 580.848	3.053.435	167.796	- 2.885.639
2.971	83.225	+ 80.254	4.423	46.954	+ 42.531
32.959	153.871	+ 120.912	13.999	119.198	+ 105.199
596.154	1.081.069	+ 484.855	837.616	595.862	- 241.754
126.793	107.840	- 18.953	44.034	136.594	+ 92.560
163.715	83.359	- 80.356	840.757	108.463	- 732.294
264.519	993.100	+ 728.581	705.833	1.258.969	+ 553.136
201.313	231.580	+ 30.267	167.297	467.378	+ 299.081
218.412	86.048	- 132.364	941.847	191.911	- 750.006
32.223	7.683	- 24.540	49.583	448	- 49.135
20.905.434	14.836.667	- 6.068.767	7.867.325	6.613.452	- 1.253.873
16.850.662	29.959.463	+ 13.108.801	28.564.529	26.166.943	- 2.397.586

TABLEAU II.

VALEUR DES DOUANES ET VALEUR CALCULÉE

		ANNÉES 1914-1918			
Années	Valeur des Douanes	Valeur calculée	Différence		
			Chiffres absolus	Nombre Indices	
		L. E.	L. E.	L. E.	(%)
IMPOUR					
1914..	21.724.608	21.159.240	- 434.634	98,0	
1915..	19.528.103	18.533.368	- 2.095.435	148,3	
1916..	30.890.888	18.481.717	12.409.171	167,1	
1917..	31.838.998	14.427.568	17.411.430	220,6	
1918..	51.155.206	16.890.221	34.265.045	302,9	
	<b>154.934.791</b>	<b>88.390.324</b>	<b>+66.644.437</b>	<b>175,5</b>	
EXPORT.					
1914	Coton... ..	18.689.841	21.623.914	- 2.934.033	84,3
	Autres marchandises ... ..	5.421.935	5.599.561	- 177.329	96,8
	<b>TOTAL ... ..</b>	<b>24.111.776</b>	<b>27.223.478</b>	<b>- 3.111.702</b>	<b>88,4</b>
1915	Coton... ..	19.145.644	25.261.924	- 6.066.280	75,8
	Autres marchandises ... ..	7.902.228	8.261.103	- 468.875	92,3
	<b>TOTAL ... ..</b>	<b>27.047.872</b>	<b>33.523.027</b>	<b>- 6.475.155</b>	<b>80,9</b>
1916	Coton... ..	28.813.682	19.820.540	9.033.143	150,4
	Autres marchandises ... ..	7.648.081	6.128.615	1.519.466	124,8
	<b>TOTAL ... ..</b>	<b>36.461.763</b>	<b>25.949.154</b>	<b>10.512.609</b>	<b>144,4</b>
1917	Coton... ..	31.495.193	14.905.668	16.589.525	209,7
	Autres marchandises ... ..	7.565.419	4.421.775	3.143.644	163,7
	<b>TOTAL ... ..</b>	<b>39.060.612</b>	<b>19.327.443</b>	<b>19.733.169</b>	<b>201,3</b>
1918	Coton... ..	38.034.467	18.397.043	19.667.425	207,1
	Autres marchandises ... ..	7.325.033	4.891.231	2.433.802	159,8
	<b>TOTAL ... ..</b>	<b>45.359.500</b>	<b>23.288.273</b>	<b>22.071.227</b>	<b>197,6</b>

(%) Prix moyens unitaires de l'année 1913 = 100.

## DES IMPORTATIONS ET EXPORTATIONS

## Années 1939-1943

Années	Valeur des Douanes	Valeur calculée	Différence	
			Chiffres absolus	Nombre Indices
			L. E.	(%)
1939	34.624.429	31.802.789	2.821.640	107,0
1940	31.337.356	29.470.700	10.866.656	103,0
1941	33.100.730	15.614.882	17.485.848	211,5
1942	55.298.694	23.224.598	32.074.096	238,0
1943	39.073.349	15.315.548	23.757.801	255,0
	192.825.448	106.408.367	+86.294.141	181,3

## MARCHANDISES

1939	Coton	24.220.364	24.304.135	26.179	100,1
	Autres marchandises	8.907.938	8.508.657	10.579	99,9
	TOTAL	33.288.302	33.212.792	15.600	100,0
1940	Coton	18.828.784	13.360.371	4.878.413	124,9
	Autres marchandises	8.503.643	3.354.216	1.566.427	121,2
	TOTAL	27.811.427	21.364.587	6.406.840	129,2
1941	Coton	15.223.869	12.221.166	3.002.703	129,2
	Autres marchandises	6.199.771	4.051.608	2.147.812	153,0
	TOTAL	22.113.640	16.312.774	5.750.536	135,1
1942	Coton	14.124.740	9.490.710	4.634.030	148,6
	Autres marchandises	4.628.573	2.816.188	2.112.385	183,9
	TOTAL	18.753.313	12.696.898	6.746.415	156,2
1943	Coton	18.280.289	8.662.726	9.727.578	212,4
	Autres marchandises	8.649.066	2.879.789	3.779.277	230,9
	TOTAL	25.929.354	11.522.489	13.697.795	247,0

(2) Prix unitaires moyens de l'année 1938 = 100.

TABLEAU I (a).

VALEUR DES DOUANES ET VALEUR CALCULÉE DES MARCHANDISES

Sections	1914			1915		
	Valeur des Douanes	Valeur calculée	Num. tonnes ( <sup>1</sup> )	Valeur des Douanes	Valeur calculée	Num. tonnes ( <sup>1</sup> )
	L.E.	L.E.		L.E.	L.E.	
I. Animaux et produits alimentaires d'animaux ... ..	810.500	832.419	98,6	1.156.942	1.017.511	113,7
II. Peaux et ouvrages en peaux ... ..	344.595	330.190	101,7	190.305	163.211	122,1
III. Autres prod. et débris d'ani.	49.948	45.546	102,9	63.835	49.626	128,6
IV. Céréales, légumes, farines, etc.	2.093.737	3.089.744	66,9	1.583.165	1.160.538	136,4
V. Denrées coloniales et drogues ...	709.606	726.287	96,5	1.382.136	1.202.940	114,9
VI. Spiritueux, boissons, huiles ...	1.243.232	1.222.689	101,7	1.620.676	1.308.484	123,9
VII. Ciments, papier, livres ... ..	349.443	357.895	97,7	390.420	311.56,3	
VIII. Bois et charbon ... ..	2.838.953	2.822.908	100,6	2.669.388	1.279.25,3	
IX. Fers, terres, sables, verre, etc.	433.207	429.477	100,9	247.666	185.423	
X. Matières tinctoriales et couleurs	208.034	214.616	97,0	206.163	99.484	207,3
XI. Produits chimiques, miné. et part.	1.241.260	1.317.707	94,2	1.288.892	1.067.332	120,7
XII. Industries textiles ... ..	5.476.232	5.378.784	98,2	5.684.725	5.846.841	97,2
XIII. Métaux et ouvrages en métal ...	2.603.742	2.706.336	96,2	969.745	707.147	126,4
XIV. Articles divers ... ..	1.511.795	1.541.825	98,0	1.144.085	937.836	119,3
Tabacs, tabac et cigares ... ..	916.827	949.713	97,6	854.835	926.397	92,1
<b>VALEUR TOTALE DES IMPORTATIONS.</b>	<b>21.724.646</b>	<b>22.159.249</b>	<b>98,0</b>	<b>19.328.993</b>	<b>16.333.566</b>	<b>118</b>

TABLEAU I (b).

VALEUR DES DOUANES ET VALEUR CALCULÉE DES MARCHANDISES

Sections	1914			1915		
	Valeur des Douanes	Valeur calculée	Num. tonnes ( <sup>1</sup> )	Valeur des Douanes	Valeur calculée	Num. tonnes ( <sup>1</sup> )
	L.E.	L.E.		L.E.	L.E.	
I. Animaux et produits alimentaires d'animaux... ..	258.232	289.365	89,2	587.312	604.792	110,0
II. Peaux et ouvrages en peaux ... ..	266.068	223.282	119,2	303.832	208.096	145,0
III. Autres prod. et débris d'ani.	37.620	38.416	100,2	41.662	39.079	106,0
IV. Céréales, légumes, farines, etc....	3.220.040	3.389.899	95,0	4.619.834	5.723.349	80,9
V. Denrées coloniales et drogues ...	247.363	217.869	113,8	599.121	423.791	141,1
VI. Spiritueux, boissons, huiles ...	194.457	247.099	78,7	222.457	183.643	126,0
VII. Ciments, papier, livres ... ..	23.871	24.246	98,0	20.599	17.317	118,0
VIII. Bois et charbon ... ..	18.614	21.034	88,5	15.693	19.619	80,0
IX. Fers, terres, sables, verre, etc.	1.277	1.442	88,5	626	782	80,0
X. Matières tinctoriales et couleurs	26.374	29.317	104,2	23.107	19.193	120,0
XI. Produits chimiques, miné. et part.	142.597	163.480	92,8	94.491	95.434	101,0
XII. Industries textiles ... ..	18.978.354	21.819.123	86,9	19.404.195	23.481.811	76,0
XIII. Métaux et ouvrages en métal ...	371.753	366.250	104,2	763.003	740.481	103,0
XIV. Articles divers ... ..	107.653	121.640	88,5	79.894	99.825	80,0
Cigarettes ... ..	296.031	296.634	100,0	248.941	248.944	100,0
<b>VALEUR TOTALE DES EXPORTATIONS.</b>	<b>34.691.296</b>	<b>37.222.178</b>	<b>88,4</b>	<b>27.045.873</b>	<b>23.897.627</b>	<b>80,0</b>

(<sup>1</sup>) Prix Moyens unitaires de l'année 1913 = 100.

## IMPORTÉES EN ÉGYPTÉ PENDANT LES ANNÉES 1914 À 1918 PAR CATÉGORIES

1914			1917			1918		
Valeur des Douanes	Valeur calculée	Non indiqués (%)	Valeur des Douanes	Valeur calculée	Non indiqués (%)	Valeur des Douanes	Valeur calculée	Non indiqués (%)
L.E.	L.E.		L.E.	L.E.		L.E.	L.E.	
2.163.867	1.845.701	117,2	1.603.637	1.250.828	128,0	2.291.468	1.498.084	153,3
301.729	188.644	151,9	301.427	145.676	207,4	501.431	169.854	295,2
90.632	83.720	107,4	105.200	46.531	226,1	135.518	43.880	309,0
1.459.591	805.756	181,1	1.845.429	683.868	270,0	1.361.805	417.231	326,4
1.417.918	1.114.790	127,2	1.699.880	909.997	161,3	2.110.604	1.050.293	200,9
5.771.074	1.502.315	189,1	1.852.624	788.296	235,0	4.737.127	1.341.832	353,0
1837.026	829.083	222,2	648.748	162.744	397,2	1.658.686	281.341	589,5
17.70.753	1.238.343	466,7	3.289.217	388.380	610,0	5.418.041	619.880	873,7
482.325	207.885	231,6	259.638	136.431	262,3	730.476	145.478	502,1
490.222	186.679	271,3	427.316	139.335	306,9	580.024	186.113	311,7
1.252.859	768.727	163,5	1.606.097	674.461	238,1	1.880.391	505.692	373,2
9.664.492	7.334.744	131,5	11.322.869	6.425.878	182,4	22.190.210	7.763.490	285,8
1.475.715	828.468	178,8	1.509.082	700.059	215,7	2.858.704	1.118.197	254,2
1.993.682	1.155.908	167,2	2.638.739	536.296	218,0	1.600.308	528.161	303,0
514.676	913.232	60,2	3.040.441	823.374	364,9	3.100.929	867.700	357,4
286.889	18.481.711	167,1	31.838.998	14.427.568	220,4	51.152.346	18.899.261	268,9

## EXPORTÉES DE L'ÉGYPTÉ PENDANT LES ANNÉES 1914 À 1918 PAR CATÉGORIES

1914			1917			1918		
Valeur des Douanes	Valeur calculée	Non indiqués (%)	Valeur des Douanes	Valeur calculée	Non indiqués (%)	Valeur des Douanes	Valeur calculée	Non indiqués (%)
L.E.	L.E.		L.E.	L.E.		L.E.	L.E.	
585.453	423.690	162,5	483.350	299.164	162,5	375.904	180.154	208,6
418.763	184.222	227,3	768.215	243.642	315,3	622.279	149.967	414,9
42.167	33.373	126,2	37.998	32.606	116,5	40.442	23.964	169,2
4.467.108	4.084.680	109,4	3.537.584	2.879.614	122,0	3.413.022	3.028.880	112,7
680.683	465.749	147,6	1.352.741	606.372	223,0	1.246.696	472.171	264,0
297.911	117.507	253,5	192.429	61.680	312,6	225.614	56.512	399,2
26.168	16.614	154,4	41.104	17.309	237,5	73.508	18.899	393,2
16.646	11.071	144,9	28.633	13.457	212,8	50.923	25.971	196,1
533	298	144,9	375	176	212,6	2.388	1.218	196,1
21.645	17.474	123,0	16.025	12.820	125,0	6.448	4.774	135,1
109.188	79.868	136,7	235.724	121.638	192,1	187.754	167.687	112,0
20.668.451	19.160.395	108,0	33.761.227	15.612.998	224,0	38.298.026	18.477.662	207,3
197.239	174.219	113,2	114.601	98.123	116,2	71.160	75.560	94,1
128.601	88.735	144,9	126.365	59.392	212,8	23.697	12.085	196,1
262.853	292.323	100,0	465.765	228.251	177,8	722.185	323.616	226,1
37.461.763	25.949.184	144,4	41.666.612	19.522.443	210,3	45.319.029	22.928.373	197,6

TABLEAU I (c).

VALEUR DES DOUANES ET VALEUR CALCULEE DES MARCHANDISES

Sections	1929			1940		
	Valeur des Douanes	Valeur calculée	No. matres ( <sup>1</sup> )	Valeur des Douanes	Valeur calculée	No. matres ( <sup>1</sup> )
	L.E.	L.E.		L.E.	L.E.	
I.—Animaux vivants et produits du règne animal ... ..	627.030	583.935	197,0	345.061	270.918	125,4
II.—Produits du règne végétal ... ..	2.119.211	2.057.738	103,0	2.700.503	1.656.459	138,7
III.—Corps gras, graisses, huiles et cires; graisses alimentaires ... ..	401.290	394.806	101,6	456.032	267.500	13,3
IV.—Produits des industries alimentaires; boissons, liquides alcooliques et vinaigres, talcous ... ..	2.220.702	2.027.732	109,5	2.718.835	2.031.206	13,3
V.—Produits minéraux ... ..	4.820.199	4.225.256	112,8	4.617.125	2.128.636	188,8
VI.—Produits chimiques et pharmaceutiques; couleurs et vernis; parfums; savons, bougies et allumettes; collés et gélatines; explosifs; engrais ... ..	4.596.000	4.322.002	106,3	5.110.512	1.400.334	149,9
VII.—Peaux, cuir, pebbes et ouvrages de ces matières ... ..	223.960	251.103	89,0	210.828	154.028	140,0
VIII.—Caoutchouc et ouvrages en caoutchouc ... ..	282.747	277.024	102,1	201.169	148.034	136,1
IX.—Bois, légè- et ouvrages de ces matières; ouvrages en matières à tresser ... ..	1.423.743	1.420.025	94,3	1.000.046	610.207	163,7
X.—Papier et ses applications ... ..	931.015	926.163	100,5	1.050.002	310.613	200,7
XI.—Matières textiles et ouvrages de ces matières ... ..	5.621.703	5.061.304	111,1	6.137.642	3.642.028	168,2
XII.—Chapeaux, parapluies et parasols, articles de mode ... ..	83.282	78.228	106,0	40.948	38.619	143,1
XIII.—Ouvrages en pierres et autres matières minérales; poteries; terre et ouvrages en verre ... ..	400.642	479.895	93,6	303.051	228.643	142,0
XIV.—Métaux précieux; perles et pierres précieuses ... ..	311.520	212.509	145,3	107.351	120.129	89,4
XV.—Métaux communs et ouvrages de ces métaux ... ..	3.420.175	3.542.710	99,2	2.821.180	1.815.742	155,9
XVI.—Machines et appareils, matériel électrique ... ..	2.527.434	2.297.722	111,4	1.406.820	1.041.196	125,1
XVII.—Moyens de transport ... ..	1.270.618	1.139.486	112,2	1.025.672	850.609	120,8
XVIII.—Instruments et appareils scientifiques et de précision; horlogerie; instruments de musique ... ..	590.507	592.154	99,0	303.879	248.247	122,2
XIX.—Armes et munitions ... ..	874.439	680.664	126,8	1.103.491	908.129	121,7
XX.—Marchandises et produits divers non compris ailleurs ... ..	792.918	741.747	106,9	564.435	348.612	162,9
XXI.—Objets d'art et de collection ... ..						
VALEUR TOTALE DES IMPORTATIONS ...	31.624.463	31.882.789	101	21.237.284	20.476.700	152

(1) Prix Moyens unitaires de l'année 1928=100

## IMPORTATION EN EGYPTE PENDANT LES ANNEES 1941 à 1943 PAR CATEGORIES

1941			1942			1943		
Valeur des Douanes	Valeur calculée	No. indices (?)	Valeur des Douanes	Valeur calculée	No. indices (?)	Valeur des Douanes	Valeur calculée	No. indices (?)
L.E.	L.E.		L.E.	L.E.		L.E.	L.E.	
434.813	317.760	199,5	613.737	398.468	158,0	311.643	165.771	188,0
2.728.396	1.510.090	181,3	4.328.596	1.909.800	254,4	1.583.674	1.019.777	261,4
599.866	195.203	294,9	374.065	114.631	326,5	86.096	21.524	400,0
18339								
1575								
587.060	1.711.676	162,8	6.322.694	4.246.801	164,9	8.687.627	9.878.935	232,3
	2.587.445	243,7	10.284.778	4.823.964	219,0	11.492.500	5.638.914	303,9
2.624.680	1.229.222	213,0	5.768.157	2.192.861	263,0	6.433.389	1.750.214	369,8
205.185	111.002	184,8	370.925	169.056	219,4	174.013	50.638	343,6
649.136	334.187	161,9	341.820	175.718	194,2	121.597	29.975	405,7
664.534	139.425	290,1	716.294	201.189	356,1	327.648	88.729	369,8
1.944.711	613.813	320,1	1.608.290	530.640	309,6	837.621	218.673	392,6
8.109.829	3.008.041	231,0	12.928.521	4.171.403	309,9	4.543.782	1.288.805	360,2
24.173	17.666	136,8	41.120	28.262	145,6	6.228	2.902	208,5
259.903	100.502	258,6	398.564	116.027	362,1	121.623	36.951	337,0
197.982	74.596	265,4	992.619	196.045	506,3	738.536	81.177	909,8
5.689.378	1.432.981	233,9	4.922.353	1.963.578	250,7	1.447.048	599.860	241,2
1.262.039	747.708	168,9	1.308.475	668.931	195,6	1.125.166	569.222	201,2
693.983	419.841	169,0	1.228.270	685.469	180,7	629.928	322.579	197,7
327.432	255.928	131,8	678.635	388.228	174,0	411.485	122.299	336,4
81.365	44.596	182,4	42.971	29.077	148,4	758.229	417.662	181,4
295.649	172.790	211,9	560.859	304.831	238,1	394.926	115.625	336,4
23.186.720	15.414.882	212	55.286.694	23.224.588	238	19.873.349	15.315.548	251

TABLEAU I (d).

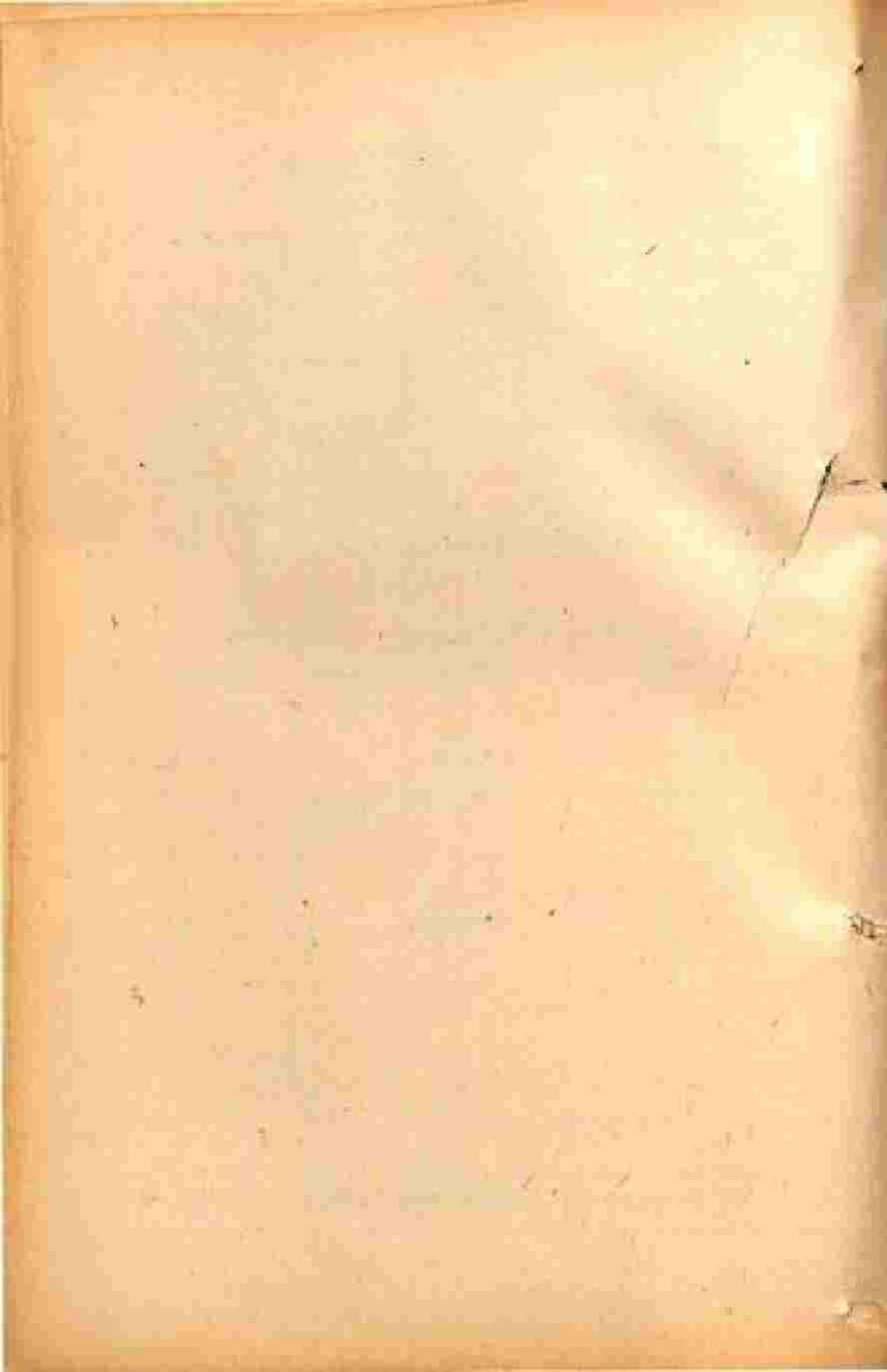
VALEUR DES DOUANES ET VALEUR CALCULÉE DES MARCHANDISES

Spécimens	1929			1928		
	Valeur des Douanes	Valeur calculée	Pour- centage (%)	Valeur des Douanes	Valeur calculée	Pour- centage (%)
	L. E.	L. E.		L. E.	L. E.	
I.— Animaux vivants et produits du règne animal ... ..	301.463	270.631	111,3	326.699	285.143	111,3
II.— Produits du règne végétal ... ..	2.742.666	3.977.976	69,1	4.244.193	3.981.683	111,3
III.— Corps gras, graisses, huiles et cires, graisses alimentaires ... ..	389.669	406.972	95,8	307.186	297.422	103,3
IV.— Produits des industries alimentaires; boissons, liquides alcooliques, vinaigres, tabacs ... ..	1.539.698	1.454.432	105,9	1.888.610	1.211.695	155,8
V.— Produits minéraux ... ..	699.833	616.373	113,5	783.732	577.842	135,6
VI.— Produits chimiques et pharmaceutiques; couleurs et vernis; parfumeries; savons, bougies et similaires; colles et gélatine, explosifs, engrais ... ..	561.221	539.173	104,1	258.125	210.592	122,6
VII.— Peaux, cuir, pebblières et ouvrages de ces matières ... ..	236.839	237.617	99,7	352.444	304.741	115,6
VIII.— Caoutchouc et ouvrages en caoutchouc ... ..	—	—	—	—	—	—
IX.— Bois, légers et ouvrages de ces matières; ouvrages en matières à tresser ... ..	—	—	—	—	—	—
X.— Papier et ses applications ... ..	23.345	80.855	93,4	72.303	55.097	131,2
XI.— Matières textiles et ouvrages de ces matières ... ..	24.725.949	24.766.637	100,1	19.367.482	14.331.026	135,2
XII.— Chaussures, chapeaux, parapluies et parasols, articles de mode ... ..	—	—	—	—	—	—
XIII.— Ouvrages en pierres et autres matières minérales; poteries, verre et ouvrages en verre ... ..	—	—	—	—	—	—
XIV.— Métaux précieux; perles et pierres précieuses ... ..	598.699	539.038	107,1	6.324	3.535	178,8
XV.— Métaux communs et ouvrages de ces métaux ... ..	11.750	13.039	90,1	15.774	14.449	109,2
XVI.— Machines et appareils, matériel électrique ... ..	—	—	—	—	—	—
XVII.— Moyens de transport ... ..	—	—	—	—	—	—
XVIII.— Instruments et appareils scientifiques et de précision; horlogerie; instruments de musique ... ..	—	—	—	—	—	—
XIX.— Armes et munitions ... ..	—	—	—	—	—	—
XX.— Marchandises et produits divers non compris ailleurs ... ..	392.289	392.140	100,0	188.536	144.688	130,3
XXI.— Objets d'art et de collection ... ..	—	—	—	—	—	—
VALEUR TOTALE DES EXPORTATIONS ... ..	33.888.302	33.972.782	100,0	27.811.423	21.364.583	129,7

(1) Prix Moyens unitaires de l'année 1928=100

## IMPORTATIONS DE L'ÉGYPTE PENDANT LES ANNÉES 1933 à 1943 PAR CATEGORIES

1941			1942			1943		
Valeur des Douanes	Valeur calculée	Non- indiqués (°)	Valeur des Douanes	Valeur calculée	Non- indiqués (°)	Valeur des Douanes	Valeur calculée	Non- indiqués (°)
L.E.	L.E.		L.E.	L.E.		L.E.	L.E.	
115.348	109.493	105.4	14.172	15.210	93.2	17.572	14.215	133.6
1.497	1.689.798	115.0	708.209	528.719	131.5	2.022.790	1.432.193	211.1
	242.099	117.3	190.922	123.154	185	14.407	8.925	161.2
333.872	342.740	204.9	311.641	174.055	179	263.386	132.121	199.3
1.337.576	614.624	212.4	1.174.092	630.697	186.2	860.717	266.707	234.7
268.168	256.151	143.4	532.239	320.244	172.4	401.730	207.759	103.4
207.093	207.318	148.1	192.160	94.465	203.5	168.872	65.782	266.7
58.110	28.216	198.9	54.727	14.276	280.7	40.781	14.776	276.6
6.745.195	12.679.979	182.2	15.293.312	9.228.594	154.1	19.884.437	9.126.011	217.9
1.766.787	5.204	242.7	6.107	6.407	100.0	1.122	1.122	100.0
2.458	1.419	242.4	1.206	507	237.9	416	163	268.7
291.572	182.543	125.1	254.516	162.899	156.2	232.872	162.689	227.4
1.122.640	16.322.124	125.1	18.722.212	12.006.899	156.2	22.028.284	11.522.489	217.6



فائدة وحدة النقود عن الكسر من وحدة الزمن

بقر

الأستاذ رضوان خالد

أستاذ الرياضيات المالية والاقتصاد بكلية التجارة - جامعة بغداد الأتول

يمرض للباحث في موضوع الفائدة سؤال يبدو الجواب عليه لأول وهلة بسيطاً وسريعاً ولكن إذا أمعنا النظر قليلاً في السؤال لا يمكن أن نطمئن كثيراً لهذا الجواب السريع وهذا السؤال هو :

" إذا كان معدل فائدة وحدة النقود في وحدة الزمن هو  $C$  ، فماذا تكون الفائدة عن الجزء الميسر من وحدة الزمن " ؟

لقد كان هذا السؤال موضع مناقشة مطولة بين المشتغلين بالأعمال المالية والباحثين في موضوع الفائدة بالبنوك .

فقد بدأ لأول وهلة أن الفائدة يجب أن تكون  $\frac{C}{1+C}$

وهذا القول يستند على أساس الفائدة البسيطة إذ حيث إن فائدة وحدة الزمن

هي  $C$  فمن السهل أن نقول أن فائدة  $\frac{1}{1+C}$  من وحدة الزمن هي  $C \times \frac{1}{1+C} = \frac{C}{1+C}$

ولكن إذا نظرنا إلى الموضوع من ناحية الفائدة المركبة نجد أن الفائدة عن

$$\frac{1}{1+C} \text{ الجزء الميسر من وحدة الزمن} = (1+C) - 1$$

$$\text{وهذا المقدار} = \left[ 1 + C \times \frac{1}{1+C} + C \times \frac{(1 - \frac{1}{1+C})^2}{1+C} + \dots \right]$$

$$1 - \left[ \dots + C \frac{(1 - \frac{1}{1+C})^2}{1+C} + C \frac{(1 - \frac{1}{1+C})^3}{1+C} + \dots \right]$$

$$\dots + C \frac{(1 - \frac{1}{1+C})^2}{1+C} + C \frac{(1 - \frac{1}{1+C})^3}{1+C} = \dots + C \frac{(1 - \frac{1}{1+C})^2}{1+C} - C \frac{(1 - \frac{1}{1+C})^2}{1+C} =$$

$$\dots + C \frac{(1 - \frac{1}{1+C})^2}{1+C} - C \frac{(1 - \frac{1}{1+C})^2}{1+C} = \dots + C \frac{(1 - \frac{1}{1+C})^2}{1+C} - \text{كيفية موجبة} =$$

$$\dots + C \frac{(1 - \frac{1}{1+C})^2}{1+C} = \text{أي أن مقدار الفائدة أصغر من } \frac{C}{1+C}$$

ولقد كان الاعتقاد السائد هو صحة استعمال الفائدة البسيطة واعتبار مقدار الفائدة عن الكسر من وحدة الزمن هو  $\frac{x}{m}$  خصوصا وأنه ليس من المعقول أن نحصل على مقدار من الفوائد يكون في حالة الفائدة المركبة أصغر منه في حالة الفائدة البسيطة كما يظهر من التحليل السابق ، ولكن الحقيقة أنه لا ضير مطلقا على النتيجة الأخيرة ولا داعي للشكك فيها ، إذ أن استعمال الفائدة المركبة معناه أن الفائدة الناجمة توضع موضع الاستئجار عن الجزء المتبقي من وحدة الزمن وهكذا في كل فترة زمنية تتلو وبذلك نحصل في نهاية وحدة الزمن وهي المدة المزمومة التي تستحق في نهايتها الفائدة على فائدة تكون أكبر مما نحصل عليه باستعمال الفائدة البسيطة ، وأما إذا أراد المستثمر استلام الفائدة في نهاية الجزء الميعى من وحدة الزمن - فمن الواجب أن يكون مقدارها أقل من  $\frac{x}{m}$  لأن الفروض أن هذه الفائدة ستوضع موضع الاستئجار لأخر وحدة الزمن - زد على ذلك أننا لم نفرض استعمال الفائدة البسيطة واعتبرنا مقدار الفائدة في آخر الجزء الميعى من وحدة الزمن هو  $\frac{x}{m}$  تكون

$$\begin{aligned} & \frac{x}{m} + 1 = \text{الجملة في نهاية الجزء الميعى الأول} \\ & \left(\frac{x}{m} + 1\right) = \text{..... الثاني} \\ & \left(\frac{x}{m} + 1\right)^2 = \text{..... م من الأجزاء أى في نهاية وحدة الزمن} \\ & \dots + \left(\frac{x}{m}\right)^2 \frac{(2-2)(1-2)^2}{2!} + \left(\frac{x}{m}\right) \frac{(1-2)}{1!} + \frac{x}{m} \times 2 + 1 = \\ & \dots + \frac{(2-2)(1-2)^2}{2!} + \frac{(1-2)}{1!} + 2 + 1 = \dots \end{aligned}$$

وبذلك تكون فائدة وحدة القود في آخر وحدة الزمن أكبر من  $\frac{x}{m}$  وهذا مخالف للفرض ، إذ أن معدل فائدة وحدة القود في وحدة الزمن هو  $\frac{x}{m}$  وعلاوة على ذلك فإن استعمال الفائدة البسيطة في إيجاد مقدار الفائدة عن الكسر من وحدة الزمن واعتبار مقدار الفائدة يساوى  $\frac{x}{m}$  يسبب كثيرا من التعقيد في المعادلات الرياضية ويوجد بها كثيرا من الارتباك ، إذ نصل إلى أكثر من حل واحد ( في بعض الحالات ثلاثة حلول مختلفة ) للحالة الواحدة .

أما إذا اعتبرنا مقدار الفائدة يساوي  $\left[ 1 - \frac{1}{(ع + 1)} \right]$  وذلك على أساس الفائدة المركبة فإن التعقيد السابق الذكر يزول من المعادلات ولا ينتج أكثر من حل واحد للحالة الواحدة

لكل هذه الاعتبارات يكون استعمال الفائدة المركبة في إيجاد مقدار الفائدة عن الكسر من وحدة الزمن هو الأصح والرأى الواجب الأخذ به دائماً في جميع الأبحاث النظرية

وبذلك يكون الجواب الصحيح عن السؤال السابق هو أن

$\frac{1}{ع + 1}$   
الفائدة عن الجزء الميعى من وحدة الزمن =  $(ع + 1) - 1$   
وبذلك يتم قانون الجلمة بالفائدة المركبة وتكون

جملة  $ع$  من وحدات النقود في نهاية  $ع$  من وحدات الزمن =  $(ع + 1)^ع$   
وهذا صحيح مهما كانت قيمة  $ع$  صحيحة أو كسرية

على أنه يجب ملاحظة أن العرف التجارى جرى على استعمال الوضع  $\frac{ع}{ع + 1}$  كمقدار للفائدة الكسرية ولا شك أن هذا العرف فيه تجاوز عن الوضع الصحيح إلا أن هذا التجاوز يمكن التساهل فيه وقبوله في المعاملات التجارية إذ هو لا يتعدى إهمال قوى  $ع$  التي تكون أكبر من الواحد الصحيح كما يتضح من المعادلة الآتية :

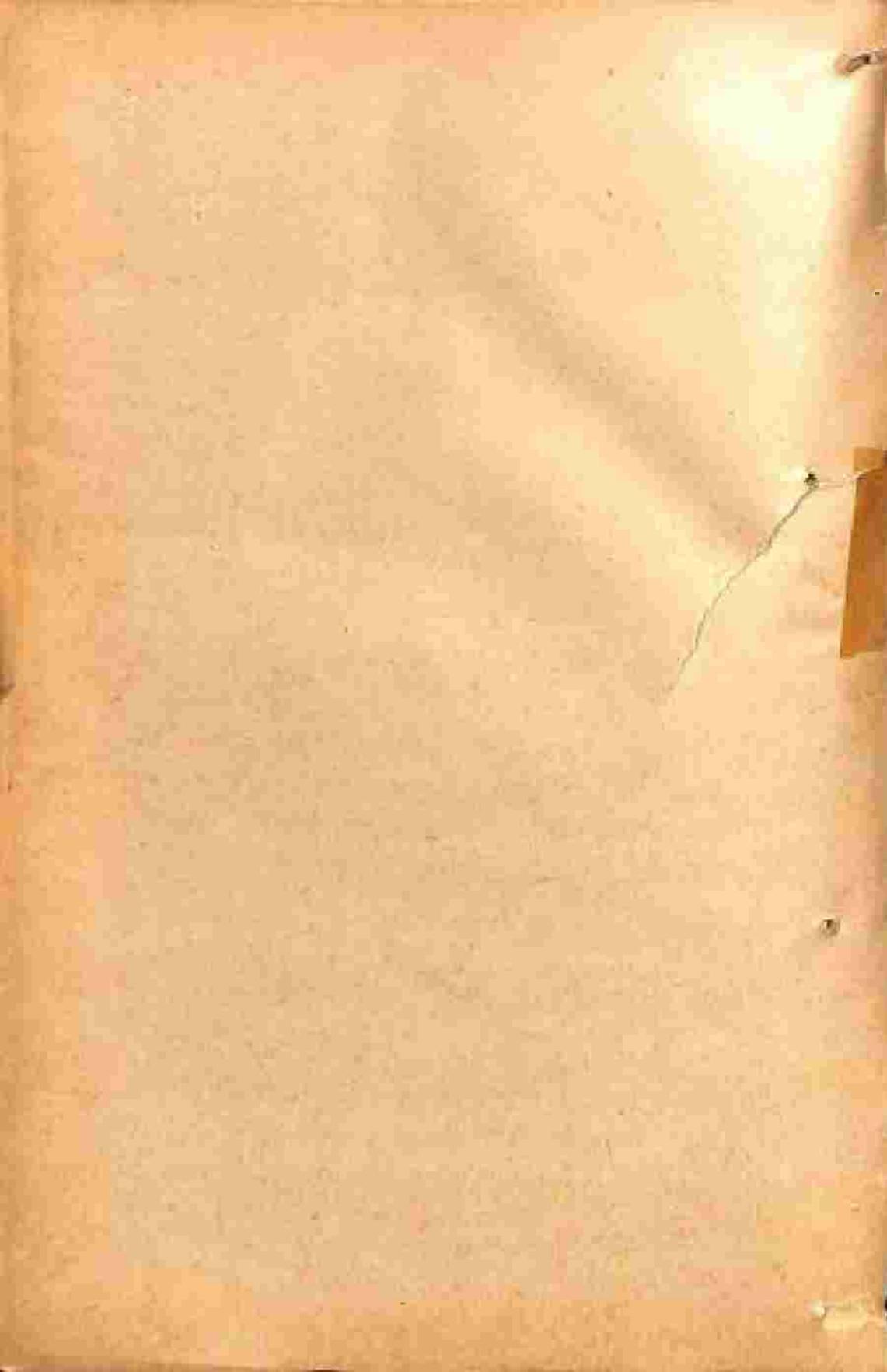
$$\dots + ع \frac{ع^{ع-1} - 1}{ع + 1} + ع \frac{ع^{ع-2} - 1}{ع + 1} + \dots + ع + 1 =$$

$$\dots + ع \frac{ع^{ع-1} - 1}{ع + 1} + ع \frac{ع^{ع-2} - 1}{ع + 1} + ع + 1 =$$

وبما أن مقدار  $ع$  يكون عادة صغيراً فإهمال قوى  $ع$  التي تكون أكبر من الواحد الصحيح لا يسبب إلا فرقاً طفيفاً لا يؤثر في المعاملات التجارية على أنه في الأبحاث العلمية يجب أن نعتبر الفائدة الكسرية تساوى

$\frac{1}{ع + 1}$   
 $\left[ 1 - \frac{1}{ع + 1} \right]$  والجملة تساوى  $(ع + 1)^ع$  مهما كانت قيمة  $ع$  صحيحة أو كسرية وذلك على أساس الفائدة المركبة ما

رضوان خال



# DOCUMENTS ET STATISTIQUES

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## ASSEMBLÉE GÉNÉRALE ORDINAIRE

DU 25 AVRIL 1945

DE LA

## SOCIÉTÉ FOUAD I<sup>er</sup> D'ÉCONOMIE POLITIQUE DE STATISTIQUE ET DE LEGISLATION

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### RAPPORT DU SECRÉTAIRE GÉNÉRAL

MESSEURS,

L'événement le plus marquant de la période écoulée depuis la dernière Assemblée fut l'insigne honneur que daigna nous faire Sa Majesté le Roi Farouk I<sup>er</sup> d'assister à la Séance Solennelle—sections réunies—tenue le vendredi 28 avril à l'occasion du huitième anniversaire de la mort du Grand Roi Fouad I<sup>er</sup>, fondateur et bienfaiteur de notre Société.

Ce témoignage d'intérêt de la part de l'Auguste fils et successeur de Celui dont nous avons l'insigne privilège de porter le nom, a rempli nos cœurs de joie et a grandement stimulé notre activité.

Que Sa Majesté daigne trouver ici d'expression renouvelée de notre profonde gratitude et de notre indéfectible loyalisme.



Un autre événement heureux fut la haute marque de confiance que notre bien-aimé Souverain a daigné donner à notre éminent Président en lui confiant le Portefeuille des Affaires Étrangères à un tournant crucial de la vie nationale et internationale.

Que Son Excellence Abdel Hamid Badaoui Pacha, dont nous regrettons l'absence à cette Assemblée, nous permette de lui adresser l'expression de notre grande joie et nos souhaits de plein succès dans la haute mission qu'il est appelé à remplir à l'étranger avec plusieurs de nos éminents Conseillers et membres de la première heure.



En regard de ces deux motifs de fierté nous avons à rappeler hélas le deuil cruel qui a frappé la Nation à la suite de l'assassinat de notre illustre collègue, le très regretté Ahmed Maher Pacha, mort sur la brèche victime de sa générosité et de son libéralisme. Ce crime d'impatrie a soulevé l'indignation universelle.

Nous ne saurions assez exalter les rares qualités de cœur et d'esprit qui lui valent l'inscription au livre d'or des grands serviteurs de l'Egypte Contemporaine.

Nous nous inclinons devant sa tombe avec une profonde émotion et adressons aux membres de la famille du cher défunt l'expression de toute notre sympathie.



Le nombre des réunions de nos sections s'est élevé en 1944 à neuf contre six en 1943 et le volume comme la qualité des contributions à notre revue se sont maintenus à la hauteur de nos traditions.

Deux hommes d'Etat éminents étrangers de passage parmi nous, nous ont fait l'honneur de prendre la parole devant une affluence exceptionnelle de nos membres.

Ce fut d'abord l'ancien Vice-Président du Conseil de Grèce, Mr. P. Kanellopoulos, actuellement ambassadeur près du Gouvernement Français.

Le brillant conférencier a, dans une forme d'une rare élégance et avec une grande élévation de pensée, analysé objectivement les causes et les buts de cette guerre, et défendu effrènement les droits des petites nations et particulièrement ceux de son héroïque pays, victime de la barbarie hitlérienne. Le texte de cette conférence a paru dans le fascicule de décembre 1943.

Ce fut ensuite le tour de Mr. Landis, Ministre d'Etat, directeur de la Mission Economique Américaine du Moyen-Orient.

Mr. Lardis a exposé les conditions et les avantages du développement des rapports économiques et culturels entre les États-Unis et l'Égypte. Il manifesta le désir de son pays de participer au développement de l'Égypte, à la condition cependant, que l'on établisse un plan rationnel.

En raison de l'abondance des matières, cette importante communication de même que celle de Mr. André Eman, dont nous parlons ci-après, paraîtront dans le fascicule de janvier 1945, actuellement sous presse.



Entre ces deux communications se place celle très remarquable de notre Vice-Président, Mr. E. Minocet, donnée en l'auguste présence du Souverain à la séance solennelle dont il a été question en tête de ce rapport.

Mr. Minocet, avec la clarté qui le distingue, avait développé un sujet de grande actualité, à savoir : L'Égypte devant les plans monétaires internationaux.

Mr. le Prof. Georges Bouquet a fait une intéressante incursion dans l'histoire économique et donné un saisissant aperçu des théories de l'église mozarite comme illustration des théories de Max Weber sur les rapports entre l'économique et le religieux.

Il a mis en lumière la richesse d'enseignements sociologiques que l'on peut tirer de cette histoire d'un siècle de durée à cheval entre le XVIIIème et le XIXème siècles.

Cette conférence n'a pas paru dans notre revue, Mr. Bouquet ayant quitté brusquement le pays sans nous laisser son manuscrit.



La section économique a reçu également une communication en langue arabe d'un de nos jeunes collaborateurs égyptiens, Mr. Ahmed Fouad, qui a donné un aperçu malheureusement trop sommaire de la situation économique présente et future de l'Égypte pour qu'il pût être publié avec profit.

À la même section notre excellent collaborateur Mr. André Eman, s'appuyant sur la doctrine et une solide documentation, traite de la circulation fiduciaire et les prix en Égypte depuis 1939.

Cette étude suscita un vif intérêt, et fit l'objet de très intéressants débats auxquels furent consacrées deux séances, dont le compte rendu paraîtra en même temps que l'étude de Mr. Eman.

Enfin Mr. Bonné de l'Institut de recherches économiques de Palestine développa le problème de la reconstruction en Occident et en Orient en faisant état d'une riche documentation.



Des quatre fascicules, dont deux doubles, parus en 1944 et formant un volume de 650 pages, deux constituent des monographies.

La première est une thèse de doctorat brillamment soutenue à l'Université Fouad Ier par le Dr. Mohamed Aly Nashat sous le titre "Ibn Khaldoun Economist Pioneer".

L'original a été rédigé en arabe, mais le Dr. Nashat nous a donné une version anglaise abrégée qui a été très appréciée par les très nombreux admirateurs de cet esprit encyclopédique que fut Ibn Khaldoun.

L'auteur de la deuxième monographie qui traite de la Législation d'origine gouvernementale est M. Hassan Rachid Garrana.

C'est une très précieuse contribution à la documentation juridique dont nous remercions vivement l'auteur.

A part ces deux contributions de deux nouveaux collaborateurs à qui les portes de notre revue restent grandes ouvertes, nous avons publié dans la partie économique les travaux suivants :

Une intéressante série de notes des membres du groupe d'études économiques et sociales qui continue à se réunir régulièrement à notre siège sous la présidence de Mr. M. Messiqna, notes qui ont été l'objet des débats au cours des réunions.

Elles émanent de MM. Messiqna, Battino, Allouba, Issawi, Nazmi, Gharet, Curiel, El Laskazy Bey et constituent un apport très apprécié que nous souhaitons voir se développer et compléter, par des comptes rendus des débats de façon à permettre aux lecteurs de notre revue de juger des tendances de nos jeunes économistes.

Mahmoud Saleh el Falaky Bey, qui faisait partie de la délégation égyptienne à la Conférence Monétaire tenue au Caire en avril 1944 et dont nous avons publié en deux langues le texte des conclusions et recommandations, a abordé la question du marché monétaire égyptien en rapport avec les plans monétaires internationaux de l'après-guerre.

Avant exposé la politique monétaire du Gouvernement Egyptien et les effets du rattachement de notre monnaie au Sterling, Falaky Bey souligna la nécessité d'une rapide réalisation des avoirs sterling, afin de faciliter la reconstruction économique de l'Égypte, et du renforcement du marché monétaire égyptien. Ces plans ont fait l'objet de la très remarquable étude de Mr. E. Minot, dont nous avons parlé plus haut et dans laquelle il s'est appliqué à relever de ces plans ce qui mérite de retenir tout particulièrement l'attention de l'Égypte.

L'histoire économique de l'Angleterre a fait l'objet d'une excellente étude de Mr. Ch. Issawi, qui a exposé l'influence réciproque de l'industrie et de l'agriculture de ce pays depuis la révolution industrielle.

Mr. Issawi a fait ressortir la tendance actuelle vers le développement de l'agriculture en Angleterre pour des raisons d'ordre politique, économique et social.

Enfin Mr. Jean Godard a eu l'amabilité de nous envoyer de Beyrouth une intéressante étude sur la politique du blé en Syrie et au Liban, politique qui, après plusieurs expériences plutôt malheureuses, a abouti à la création de l'Office du Blé qui instaura le monopole du commerce des céréales panifiables.

En 1944 le partage de la matière entre les parties juridique et économique de notre revue, a été plus égal que l'année précédente, bien que seule la section économique se soit réunie pendant l'année sous revue.

Mr. Mouskhéli nous a donné de nouveau cette année une étude de droit public égyptien intitulée "Le pouvoir réglementaire d'urgence". L'auteur a mis bien en lumière la déformation dont est l'objet dans la pratique législative, l'article 41 de la Constitution, les abus auxquels cette déformation a donné lieu et les remèdes qu'il y a lieu d'appliquer pour mettre un terme à un état de chose qui est nettement en contradiction avec le régime démocratique du pays.

Les Drs. Sayed Sabri et Mahmoud Eid ont publié en arabe une étude très fournie sur l'immunité parlementaire qui constitue une très utile addition en matière de droit constitutionnel égyptien.

Enfin le Dr. Raphaël Naggar, témoignait d'un remarquable souci de documentation et d'une excellente préparation juridique, a traité pour la première fois en Egypte la question de droit fiscal, très complexe et délicate du remboursement des apports dans les Sociétés concessionnaires d'un service public.

\* \* \*

L'analyse de votre activité durant l'année 1944 a mis en lumière deux faits dont nous avons le droit de nous réjouir : c'est, d'une part, la fidélité de nos collaborateurs habituels, et d'autre part, l'apport de plus en plus substantiel d'une pléiade de jeunes économistes et juristes égyptiens. Nous y décelons des raisons de confiance dans l'avenir.

En outre le nombre de nos adhérents a passé de 351 à fin 1943 à 385 en 1944 tandis que le fonds de notre bibliothèque s'est enrichi de 275 nouveaux ouvrages.

\* \* \*

Nous avons tout lieu d'espérer que l'essor donné à l'activité scientifique de notre Société par l'auguste visite dont elle fut honorée pendant l'année sous examen, se maintiendra et s'accroîtra même pendant l'année en cours où nous envisageons l'expansion de notre revue et le développement d'un programme de travail plus vaste qu'auparavant.

DR. KAMEL MOHRKY

## RAPPORT DU TRÉSORIER

Messieurs,

J'ai l'honneur de vous rendre compte des opérations du 36<sup>ème</sup> exercice social de notre Société, clos le 31 décembre 1944 :

## RECETTES

Les recettes se sont élevées à L.E. 1.003,990 mills, se décomposant comme suit :

	L.E. M.	L.E. M.
(a) Don spécial de S.M. le Roi	60,—	
(b) Subvention du Gouvernement	399,—	
(c) Cotisations Membres Donateurs	680,—	
(d) Cotisations Membres Titulaires	439,—	
(e) Abonnements à la Revue	24,000	
(f) Vente Revue	31,315	
(g) Ventes objets usagés	3,300	
(h) Intérêts de banque	5,715	

TOTAL DES RECETTES

1.003,990

contre L.E. 1.475,255 en 1943, en augmentation de L.E. 428,675.

## DÉPENSES

Les dépenses ci-après détaillées se sont élevées à L.E. 1.605,541 :

	L.E. M.	L.E. M.
(a) Frais de poste, imprimés et menus frais	150,509	
(b) Dépenses d'entretien	97,308	
(c) Éclairage et eau	32,008	
(d) Téléphone et assurance	43,641	
(e) Impôts et timbres fiscaux	61,471	
(f) Loyer terrain	2,005	
(g) Personnel	1.078,700	
(h) Collaborateurs Revue	49,809	
(i) Bibliothèque	90,090	

1.605,541

contre L.E. 1.534,714 mills, soit une augmentation de L.E. 70,827 mills, du fait de la majoration des indemnités de vie chère et de quelques travaux de réfection dans notre installation de drainage.

Il y a donc un déficit de ... que je vous propose de couvrir par prélèvement sur la Réserve Générale.

1.611

Le déficit de l'exercice 1943 avait été couvert, vous vous en souvenez, par les contributions spontanées des membres suivants :

	L.E.M.
S.E. HELMY ISSA PACRA .....	10,—
Mr. BACOS LEMMAN .....	10,—
CRÉDIT FONCIER EGYPTIEN .....	25,—
BANQUE BELGE .....	14,459
	<hr/> 59,459

La donation spéciale de Sa Majesté nous permet de clôturer les comptes de l'exercice 1944 avec un déficit insignifiant (L.E. 1,011 milles.).

Le budget qui vous est soumis pour l'année 1945 est en équilibre grâce à une augmentation de recettes de L.E. 100, assurée par les contributions de nouveaux membres donateurs qui ont répondu à l'appel de notre Président.

Je vous demande de vouloir bien approuver les comptes que je viens de vous soumettre.

*Le Trésorier,*  
I. VAN DAMME.



BILAN AU 31 DÉCEMBRE 1944

## PASSIF

## ACTIF

	L. E.	M.		L. E.	M.
Caisse		3 889	Réserve Générale	220	600
Banque Ottomane	800	920	Réserve pour achat livres	629	908
Banque Belge	2	831	Cautionsnements (encaissements)	38	650
Cautionsnements	5	—			
Immeuble Social	1	—			
Mobilier	1	—			
IMBait 1944	1	611			
	808	251		889	257

*Le Trésorier,*  
L. VAN DAMME.

## RAPPORT DES CENSEURS

Messieurs,

Conformément au mandat qui nous a été confié par votre Assemblée Générale, nous avons examiné les comptes de la Société pour l'exercice 1944, et nous sommes d'avis que le Compte de Recettes et Dépenses ci-annexé représente les opérations de la Société pour l'année 1944 et que le Bilan, ci-annexé aussi, reflète la situation réelle de la Société au 31 décembre 1944, selon les registres, documents et renseignements à nous fournis.

Nous avons l'honneur de vous proposer d'approuver les comptes tels qu'ils vous sont soumis.

*Le Caire, le 23 mars 1945.*

*Les Censeurs.*

ISCANDAR DOGI

PROF. SELIM A. HADDAD



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