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## THE ECONOMIC POSITION

February 1st, 1951.
Statistics for the last quarter of 1950 show continuing improvements in the balance of payments position of the United Kingdom and continuing advances in industrial productivity. The United Kingdom's gold and dollar reserves increased by a further $\$ 544 \mathrm{Mn}$., bringing them to a total of $\$ 3,300 \mathrm{Mn}$. Although this increase was largely offset in the United Kingdom's capital account by a further growth in sterling balanceswhich may have increased by about $£ 200-$ $£ 250 \mathrm{Mn}$. (equivalent to $\$ 550-\$ 700 \mathrm{Mn}$.) -some of the increase is directly attributable to the United Kingdom's own improved position which probably showed an overall positive balance of payments for the year of about $£ 200-£ 250 \mathrm{Mn}$. Our indices of industrial production for the fourth quarter were $5-6 \%$ above those for the corresponding quarter of 1949 and industrial production in 1950 as a whole was some $7 \%$ above that in the previous year.

In spite of these encouraging facts, the year 1951 has begun in widespread anxiety, which derives from three partly related causes-the continuing rises in the prices of imports, difficulties in getting adequate supplies of coal and imported raw materials, and the uncertain, but clearly serious, extent to which rearmament will cut into the present very full pattern of activity -
with more sinister possibilities in the background.
So far, these factors have been felt less seriously in industry than in private households where increased prices of clothing and household goods, shortage of coal and a reduced meat ration (the result of disagreement with Argentina over prices), together with the certain expectation of increased taxation to come, impress themselves. It is, however, impossible as yet to gauge what effect these facts may have upon wages. The wage rate index rose 3\% between September and December, and a growing crop of wage claims may now be imminent.

This is inflationary pressure from one direction, while from another is the potentially even stronger pressure from rearmament. Unemployment continues to be about $1 \frac{1}{2} \%$, and there are no spare resources to meet the new demands. Higher rates of output can be of immense assistance, but other demands will have, either haphazardly or by design, to be cut down. If the result is left to chance, exports are likely to be the worst sufferers, and, with the terms of trade at the same time still moving strongly against the United Kingdom, a return to an adverse balance of payments could result. To prevent these, a number of positive decisions are necessary; among them a firm and purposeful Budget in April is the most essential.

# THE ARMED ECONOMY 

By R. C. Tress

The British economy in 1951 will be dominated by the effects, direct and indirect, of our own and other countries' rearmament. The Budget appearing in April will be judged by its power in enabling us to meet the new demands on our resources which these developments entail without committing the economy to serious increases in prices or to the no less harmful alternative of suppressed inflation. Quantitative assessments of the impact on the national economy of the defence estimates announced so far have already been made by other members of the Editorial Committee of this Service ${ }^{\star}$, and there is no need either to repeat them or to compete with them. It is more important at this stage to stress certain essential conclusions which hold whatever minor variations in the figures one may prefer.

1. The first of such conclusions is that we must abstain from the tempting assumption that the increased strain on our resources presented by rearmament can be met by higher productivity, either alone or helped out by the diversion next year to home uses of some portion of the goods which, this year, have given us a positive balance of payments. This is a delusion. Whatever minor arguments there may be about particular possibilities and assumptions, there is no reasonable calculation of the whole sum of demands and supplies next year which does not leave a substantial shortfall to be met after taking all reasonable credit for these two items. First, defence plans must include, not only the training of more men and the accumulation of war material, but also strategic exports and an increase in imports for purposes of stockpiling. These will absorb a substantial fraction of any trade balance there is to spare. Secondly, we have to reckon next year with an adverse movement in the terms of trade. Thirdly, any increase in productivity which does occur quite unavoidably brings with it some increase in the consumption demands of those whose extra efforts or improved skill (whether or not assisted by, e.g., better machinery) have been responsible for the higher output. Fourthly, it is unreasonable to assume that with this kind of relative improvement in real incomes going on for some groups of wage-earners, there will not be interested side glances from others which no government exhortations will prevent from being translated into new wage-demands.
[^0]To meet all these extra demands on the national output without cutting down somewhere would require an increase in industrial production well nigh double the increase which took place in 1950. Even allowing for some special (voluntary) recruitment of women, etc., to the labour force, this is a quite unrealistic objective; for the year 1950, it must be remembered, was a year particularly free from any major disturbance or dislocation. The prospect for 1951 is that output will increase at less, not more, than last year's speed. In the first place, evidence is already accumulating of the disturbance to the growth of productivity which the switch to increased armaments will involve. The heaviest impact is upon the engineering, vehicle and aircraft industries, which have been responsible for the most spectacular contributions to the increase in productivity in this country in recent years. Secondly, output may be lost through a fuel and power crisis or by shortages in imported raw materials. In 1947, the date of the last fuel crisis, industrial production increased by little more than four-fifths of the average annual rate of the last four years, despite the fact that more workers passed from the Forces into industry in that year than in any year subsequent. Thirdly, if this is a period of pressure on labour to increase output or to accept reduced standards of living, industrial disputes may easily develop which disorganise the flow of production. There will be forces working to create difficulties, and "the empty economy" can be very easily disrupted. $\dagger$
2. The existence of such uncertainty means that we may suddenly find ourselves in a less favourable situation than we expected and obliged hastily to revise our calculations. This should be an important factor affecting the decisions now being taken. Economic planning in the last five or six years has been reasonably successful in those periods when what was needed was a firm adherence to established lines of policy or, at most, slow adaptation. It has, on the other hand, shown some conspicuous failures on the occasions when big changes have been called for. The reason is, of course, simple. Appreciation of a situation, the taking of decisions, the translation of decisions into action, and the appearance of material results-each of these takes time ; the whole may take six months or more. But given substantial changes, six months is long enough

[^1]for serious inflationary pressures to develop, and we should plan accordingly.
3. The danger of over-estimating the supplies which may be available to the British economy in 1951 is not the only possibility to guard against. There is also the fact that the demands upon the economy may prove to be greater than have so far been generally envisaged. The risk is especially great in two cases: our requirements for defence and our balance of overseas payments.

These two subjects are examined more closely in the second and third sections of this article respectively. In considering them, it is important to keep in mind the alternative time-tables implicit in the idea of "cold war." "Cold war" has been defined as the policy of the U.S.S.R. with respect to the Western countries of " making mischief by all methods short of war directly involving the Soviet Union in open hostilities." $\star$ Saving some change of heart, this policy will be pursued as long as it pays dividends, and Western rearmament policy is aimed at establishing a balance of power where, in fact, " cold war " no longer pays. If we are allowed peacefully to develop this resistance it will have two stages : first, a period of rearmament in which there is built up, as quickly as possible, an adequate stock of trained men, materials and stores; and then an indefinite period, which may also be costly in real resources, in which these stocks are kept " ticking over" in quantity and technical efficiency, and, no doubt, showing some expansion. But we have to face the possibility that, at any time, this programme may be interrupted by the war becoming " hot" and full-scale hostilities breaking out.

## II

What is to be the eventual size of the defence effort demanded of Great Britain in 1951 ?

Obviously Britain's immediate object, along with her allies, is to achieve an effective parity with the Soviet Union and associates as rapidly as possible. There can be no question of their ability to do this, given the determination. As the following table shows, the potential strength of the Western Powers far exceeds that of the U.S.S.R., even allowing for the higher "minimum " standards of consumption in most of the former. The Soviet Union has superior strength only because of her greater mobilisation of manpower and her accumulated stocks.

The uncertainty regarding the rate of Western mobilisation, however, lies in the interpretation to be put upon the phrase "as rapidly as possible." At one time, it was held to limit the defence

[^2]INCOMES AND POPULATIONS OF COUNTRIES WITH NATIONAL INCOMES EXCEEDING $\$ 10,000 \mathrm{Mn}$., 1949

|  | National <br> Income (U.S. <br> \$ Th. Mn.) | Population (Mn.) | Income per head per annum (U.S. \$) |
| :---: | :---: | :---: | :---: |
| United Kingdom... | 39 | 50 | 773 |
| France ... ... | 20 | 41 | 482 |
| W. Germany | 15 | 48 | 320 |
| Italy ... | 11 | 46 | 235 |
| U.S.A. | 217 | 149 | 1,453 |
| Canada | 12 | 14 | 870 |
| India | 20 | 346 | 57 |
| China | 12 | 463 | 27 |
| U.S.S.R. | 60 | 193 | 308 |

Source: United Nations Statistical Papers, Series E, No. 1:
National and Per Capita Incomes of Seventy Countries in 1949 expressed in United States Dollars.
efforts of European countries to what could be safely fitted in without harm to the earlier and more peaceable pursuits of a balanced trading account and a high level of capital construction, personal consumption and social services. So narrow a restriction has clearly broken down in the last few months, and the countries of the West are left with the task of establishing some rate, between that minimum and the maximum of an all-out war effort, dependent upon how urgently the need to achieve parity is assessed by their political and military experts.

We cannot anticipate their conclusions, even for the United Kingdom. But the very rate at which sights have been raised and the pace quickened in the past twelve months is a warning that the end may not yet have been reached. In February, 1950, the future rate of defence expenditure was put at $£ 780 \mathrm{Mn}$. ; in July it was raised to $£ 880 \mathrm{Mn}$. ; in September a new level was set of $£ 1,000 \mathrm{Mn}$. ; this February has seen it raised yet again to $£ 1,300 \mathrm{Mn}$., with promises of $£ 1,800 \mathrm{Mn}$. or more (at present-day prices) by $1953 / 54$. ${ }^{\star}$ It is true that this last programme, besides being more detailed than the others, requires and will be accompanied by "special measures" which previously it was declared policy to avoid. To that extent it may be in a different category from previous announcements and possessed of greater finality. On the other hand, " special measures" can be applied with greater or less intensity to produce widely differing results. Does the new programme represent the maximum of which the country is immediately

[^3]capable? It may be more helpful at this stage to glance at the problem from the opposite end, that of supply.

In an article in this Bulletin two years ago,* whose substance still holds, it was estimated that the sustained war effort of which the United Kingdom, in extremity, was then capable was of the rough order of $34 \%$ of the national income, exclusive of the Marshall Aid we were then receiving. Allowing for the now higher rate of production, but otherwise making the same assumptions, the figure for 1951/52 might be up to $38 \%$. This would mean devoting to defence $30 \%$ more of our resources than at the present moment, the sacrifices being made, as to $3 \%$, by economies (net) in the non-defence activities of public authorities; as to $10 \%$, by cutting down personal consumption to the levels of 1942-43 ; and as to $17 \%$, by running down domestic capital by $4 \%$ per annum in contrast to the positive $13 \%$ which is the present rate of accumulation. The suspension of capital investment is of the greatest importance: " Economically, modern wars, for all the austerities they impose, are in substantial measure a substitution of war-making for capital formation." If, in 1951, we were able to persist in the whole of the 1950 level of capital creation and squeezed only government expenditure and personal consumption, our maximum effort would amount to little more than $20 \%$ of the national income. If we reduced net capital creation to zero, this proportion could be raised to one-third. But to maintain an effort much in excess of one-third of the national income-roughly equivalent to some 6 million men in the armed forces or on munitions production-we should have to run down capital either at home or abroad or both.

But how quickly could we, if necessary, reach peak performance ?

In several respects, quite apart from the facts that we are not at war and are not under enemy air attack, we are in a better position to expand our war production now than we were in 1940. In the post-war period deliveries of metalworking machine tools have been at only half the war-time peak rate and more than one-quarter each year have been exported, but, though special tools may be needed, our stock of general purpose tools is presumably a good deal larger now than it was eleven years ago. Factory space is greater, and it is being added to now at fully the highest rate achieved during the war. The National Insurance Act has brought about changes which confuse the manpower figures,

[^4]but it would seem that there were some 850,000 more men and women in what may be called the " munitions industries " $\dagger$ towards the end of 1950 than there were in mid-1939 and 400,000 more than in mid-1940. The present labour force of $4,365,000$ in these industries (equivalent to approximately $3,900,000$ on the old basis of enumeration) is well over a million fewer than at the peak of our war effort, but that was a specifically war-time achievement, dependent upon such features as the compulsory recruitment of women and the special attraction of industries providing " reserved occupations."

THE MOBILISATION OF MANPOWWER, 1939-43 (Thousands)


In contrast with these large figures of the size of the munitions industries is the present small number of persons in them who are actually engaged on Government work-at the moment probably not more than 300,000 , compared with more than $1,000,000$ in mid-1939, more than $2,000,000$ in mid-1940, and almost $3,000,000$ in mid-1941. On these very broad calculations, therefore, there would seem to be ample scope for rapid expansion if it were deemed necessary.

This is, to some degree, an over-hasty conclusion. Within this broad grouping of industries there are a variety of occupations and lines of activity transfer from which to munitions production may not be very easy. Direction of labour, as the Government have recognised, may be necessary to get the munitions work done. Secondly, even with the limited arms programme lately announced, there are particular shortages of capacity and equipment to be overcome : two new tank factories and several new production lines for jet engines are having to be built; despite the over-all statistics, we are told that our plans for expanding capacity "depend entirely " upon the early provision of machine tools, " many of which can only be got from abroad." Thirdly, as the following table shows, our stocks of raw materials are in many instances

[^5]at present below the lowest level reached at any time between 1940 and 1945.


These last observations show that there would be problems in trying to expand more rapidly than is provided in the Government's most recent plans. They do not imply, however, that these plans must necessarily be the maximum practicable rate of expansion. Obviously, with a larger programme, there would be big problems of organisation to tackle ; but there will be such problems in any case. At the outset, designs must be settled, capacity surveyed, programmes drawn up and contracts placed. Then, no doubt, will follow the unexpected obstacles, bottle-necks in the flow of production and, as a consequence, an output which is in various ways unbalanced. But the Service Departments and Ministry of Supply have much more accumulated experience of dealing with these difficulties now than they had twelve years ago ; so also have business managements.

Moreover, shortages and technical delays are only one of the causes of the slow rate of growth in

INDICES OF GROWTH IN MANPOWER AND PRODUCTION IN THE MUNITIONS INDUSTRIES $1943=100$

|  | 1939 | 1940 | 1941 | 1942 | 1943 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Manpower on Government work in Munitions Inds. (at mid-year) | 23 | 52 | 74 | 94 | 100 |
| Munitions output, total... | $\ldots$ | 37 | 54 | 84 | 100 |
| Tanks | $\ldots$ | 19 | 65 | 115 | 100 |
| Anti-tank guns - 303 Rifles | $\ldots$ | 12 | 21 | 115 73 | $\begin{aligned} & 100 \\ & 100 \end{aligned}$ |
| - 303 Rifles <br> Aircraft (Structure | ... | 9 | 9 | $65$ | 100 |
| weight) | $\cdots$ | 32 | 47 | 72 | 100 |

Sources: The Impact of the War on Civilian Consumption, p. 11; Statistics relating to the War Effort of the United Kingdom
the output of arms; much more important for the determination of policy is the technical length, independent of delays, of the production process. In a grave emergency, supplies can be speeded up a little, and for a short while, by concentrating on finishing goods already in the pipe-line-at the expense of the earlier stages of production and output later. For the most part, however, the time period must be taken as given. How soon a large quantity of weapons can be forthcoming, therefore, will depend first and foremost upon how soon production of that quantity is started.

## III

Whatever the ultimate size of the defence effort which may be settled upon, a substantial part of the resources for it, as was argued in the first section of this article, will have to be diverted from other objects. It is tempting to raid exports for this purpose, and unless the inflationary pressure generated by these new demands is fully offset at other points, then, as in every post-war year in which inflation has not been adequately withstood, exports are likely to suffer heavily. Strategic purposes apart, the United Kingdom is not obliged to run an active balance of payments. But it can be said quite categorically that, whatever the precise development and however the "cold war" shapes, it would be against the United Kingdom's interests wilfully to sacrifice equilibrium in her balance of payments at this stage.

Our ability to forgo exports to the extent of running a passive balance of payments in the circumstances of actual war depends upon the willingness of other countries to send us imports without demanding goods in exchange. This they may do because we have gold and dollar securities which form acceptable transfers, because our post-war prospects are good enough to justify the temporary accumulation of sterling debts, or because they are willing to make us gifts. Clearly, the first of these three possibilities is now no longer open to us; our reserves of gold, dollars and saleable securities at the present time are less than they were in 1939, when import prices were only half their present level. Regarding the second: we are, of course, piling up sterling debts already, and though there may be nothing alarming in the extent to which this process has gone so far, there is quite clearly a point at which further accumulation of sterling calls for acts of special generosity on the part of our creditors.

We come then to the third category, that of gifts. Ten years, a large part of which has been filled with Lend-Lease and Marshall Aid, may
perhaps have encouraged us to assume this kind of generosity too easily. We should note, in the first place, the fact that, even after 1941, the date at which Lend-Lease was initiated, it was still necessary to maintain some exports to the United States as well as to other countries, in order to procure imports in the forms and at the speed which we desired. And we might also remember the difficulties which we have had to face in the last six years by having given up exporting during the war without any advance arrangements for re-establishing our viability.*

But even more important at present is the fact that help of this kind calls for some special merit on our side, and it may be well to ask ourselves in what that special merit must consist. Clearly, a beleaguered population, unable to support itself because its facilities had been destroyed or because raw material imports could not be shipped, would have some moral claim upon its allies for assistance. But that circumstance apart, any claim must rest upon the magnitude of a country's war effort in relation to its capacities and the efforts of its allies. When levels of consumption among the civilian population have been reduced to the point where little more can be squeezed out while, technically, more men or materials could still be put into a war effort, it is obviously good sense for allies to take over some of the responsibility for supporting the civilian population and feeding the productive machine with materials, in order that an additional output of war goods may be obtained. There is also an arguable case for assistance when one country is devoting a larger proportion of its resources to a common defence effort than is the case with its allies. But none of these represents the present position of the United Kingdom. Consumption is not down to the near-subsistence levels of, say, 1943. More relevant at the present time, given the new defence Budget in the United States, is the fact that soon we may no longer be devoting a greater proportion of our national income to defence than our largest ally. It is our interest to hold on to our exports as a reserve of war potential.

This conclusion is further strengthened by the thought that if our defence policy succeeds and parity of forces is achieved without hostilities breaking out, we may find ourselves devoting a large volume of resources to defence purposes for quite a long time. The " hump " of rearmament itself will be over, and taking a more longrun view, we shall be needing our exports. But we cannot hope to keep our markets if we play fast and loose with them. With great difficulty,

[^6]but nevertheless in very favourable conditions, we have built our exports up to a volume which in 1950 was $75 \%$ greater than in 1938. We must at least continue to quote delivery dates as early as our competitors.

There is, taking a long-run view, moreover, a further consideration which is deserving of some study. In contrast to 1939, we should have the United States as an active ally immediately on any outbreak of war. At the same time, the industry of this country now lies subject to the danger of greatly increased aerial attack. We can and ought, therefore, to review the disposition of war industries on an Atlantic rather than on an insular scale. Prima facie, it is arguable that the position of Great Britain in any future war appears likely to approximate less to an arsenal than to some forward area of a battle-front, and its major occupations, therefore, besides maintaining the local population, may be the assembling and repair of war goods, rather than their production. If this is so, then the long-term distribution of resources will be for war production itself-and in particular that requiring new war plants-to be carried on in the United States and Canada and for the United Kingdom to import supplies for our own forces. In return, while peace lasted, we should export those things, like refrigerators and washing machines, production of which could be abandoned in actual war, to the saving of raw materials and of shipping space.

If we are to keep our overseas payments on current account in balance in 1951, however, there will be little scope for reducing exports. First, the volume of imports will need to be higher than in 1950, when imports were kept down to approximately the same volume as in 1949 partly by running down accumulated stocks. Decumulation of stocks is to be avoided in 1951 and a higher national output will require an increased supply of imported raw materials. Secondly, higher prices will have to be paid. The full effect of the recent rises in commodity prices have not yet worked themselves out and there may be further increases. Taking these two points together, our total payments for imports in 1951 could quite easily be some $£ 650 \mathrm{Mn}$. greater than in 1950. Such a bill will have to be met either from greater invisible earnings or from exports. Invisible receipts will undoubtedly be greater ; a large proportion of the rise in sterling area raw material prices will be reflected in increased profits for British investors and merchants; shipping utilisation and shipping freight rates are both increasing. On the other hand, the overseas costs of British shipping companies are also rising and Government overseas expenditure,
particularly on military account, will undoubtedly increase. Altogether, it would be unsafe to count on more than $£ 100 \mathrm{Mn}$. extra income from "invisibles." This would leave $£ 550 \mathrm{Mn}$. to be got for a balance to be struck.

In 1950, we had a favourable balance of $£ 250 \mathrm{Mn}$., so that, on the above figures, an extra $£ 300 \mathrm{Mn}$. would be needed by way of export receipts. And since export prices are risingthough less than import prices-an increase of this order would allow a slight fall in export volume, under $5 \%$, from the levels of the last few months of 1950.*

This conclusion, it must be emphasized, is far from pessimistic: the future terms of trade are uncertain, and it would be wise planning policy to hedge against them. But even as the figures stand, there is little room for manoeuvre. Technical considerations will necessarily mean some substitution of armaments for exports in 1951 in our munitions industries, though deliveries will be affected less than work in the early stages. Clearly, the loss should be made good from other industries wherever overseas demand is strong enough. But the engineering exports themselves should not be lightly sacrificed. Exports of machinery and vehicles accounted for over $20 \%$ of our dollar earnings from exports in 1950. Secondly, $70 \%$ of the machinery exported and $84 \%$ of the vehicles went to allied territories. Of course, this does not imply that every item is the top-most priority, but it does mean that, as between home uses for the products of these industries and exports, where they compete, the priority of the home market is not to be taken for granted.

## IV

The economic issues raised by the heightening attention to Britain's defences can be summarized under three heads : first, the magnitude of the problem ; secondly, the distribution of the cost ; thirdly, the methods to be followed.

1. To get the magnitude of the problem right is of first importance, because that will determine the quality both of the sacrifices to be demanded elsewhere and of the methods required to secure them. Various points have been discussed above. If two may be reiterated, they are, on the one hand, the possibility of the requirements being still further expanded in spite of the most recent revisions, and, on the other hand, the lengthy time-lag between the taking of decisions and the appearance of results. If big changes are likely to be needed six months hence, the time to begin making them is not later than now.
2. Given that exports must be maintained as

[^7]far as technical factors will permit, the distribution of the cost of rearmament must fall on some or all of personal consumption, government current expenditure and home investment. There are intensely political elements involved in the reaching of decisions on these matters, but two points should be made as relevant to any discussion. First, one of the reasons why there has been so much difficulty in holding down government expenditure in the last few years is that there has been no clear principle of rejection for the rank and file of civil servants to apply. Now, however, we are entering upon a period when an understandable principle is emerging : does this expenditure further national defence ? Secondly, this same criterion can also be applied to capital investment. This is obviously not the time to cut down investment which would aid rearmament or strengthen our war potential. But one quarter of present investment ( $5 \%$ of the national income) is social, not industrial. Moreover, of the industrial part, some which is taking place in what were concentrated industries in the last war could be dropped now ; while even within the basic field, there are items-such as the expansion of electrical generating capacity to serve residential districts or the improvement of passenger travel services-which are not, from a strategic point of view, of the highest priority. Indeed, even with the munitions industries themselves, there is no case for extravagant expansion; quite apart from any long-term strategic objections to siting new developments in this country, we must beware of using up resources for the purpose of creating munitions capacity which will not come into operation until it is too late to be of use.
3. Discussion of the methods of carrying out policy should not be treated as a dispute between the price mechanism and controls. Controls at crucial points will be essential ; the price system is an adjusting mechanism, which works best when the adjustments required are fairly small and there is plenty of time to make them. But getting adjustments made is not the only function of the price system ; it also creates a climate for economic operations. The case for a rigorous budget and a tightening of credit policy-the two main methods of affecting the price system at large-is not that they will forthwith release just those resources which are most urgently required for the rearmament programme, but that they, and only they, can bodily remove from the labour and raw materials markets and from the profit-making interests of entrepreneurs that competition of other demands with which a rearmament programme will otherwise have continuously to contend.

# PERSONAL CONSUMPTION SINCE THE WAR 

By W. B. Reddaway

In the post-war period personal consumption has been subject to a multitude of "abnormal " factors, and the strength of these factors has varied greatly from one year to another; one need only mention as examples rationing, shop shortages, diversions to export, import restrictions, the disinflation policy of budget surpluses, price control, food subsidies and tobacco taxes, war gratuities, the back-log of demand from the war, the provision of free medical services, the development of national insurance and family allowances. In many cases several of these factors influence the same type of consumption, often in opposite directions ; apart from anything else, the "financial" factors which affect the amount of money which consumers have available are superimposed on the "physical" ones, such as rationing or shortages.

Under such circumstances it is clearly very difficult to assess the influence of the individual factors separately, and any attempt to explain the reasons why consumption has behaved in certain ways must be very cautious. Nevertheless, it seems right to review the actual course of consumption, because this is of interest in its own right : we want to know what consumers have been getting, as an essential part of our evaluation of the country's progress, even if we cannot fully explain why they bought that particular quantity and assortment of things. And the statistics do in fact throw some interesting light on consumer behaviour, even though any generalisations might not apply under other circumstances.

The main source of the data used in our analysis is the consumer expenditure figures published in the National Income White Paper (Cmd. 7933) and continued for the first three quarters of 1950 in the Monthly Digest of Statistics ; tentative estimates for 1950 have been prepared from the latter and the retail trade returns. We use both the actual expenditure statistics for each year and the figures adjusted to 1948 prices.

## The Volume of Consumption

Perhaps the most striking feature of the statistics is the remarkable stability of the total expenditure by consumers when the effect of price changes is eliminated, despite all the manifold changes which have taken place in the economy. If we express the figures per head of population the changes are even smaller, and the 1950 estimate does not differ appreciably from that for 1938 .


Source: Cmd. 7933 and Monthly Digest of Statistics.
The rise of $9 \%$ in the volume of consumers' expenditure from 1946 to 1950 may seem very small, in view of the large increase in the country's output during that period. The use made of the increase in the real national income was discussed in a previous article in this Bulletin, ${ }^{\star}$ but the following points should perhaps be made here :-
(a) The figures relate to the things which consumers bought ; consequently the introduction of the National Health Service in 1948 lowered the figure, even though the total " consumption" of medical, dental, etc., goods and services was increased. If all medical, etc., goods and services were omitted from both years, the rise between 1946 and 1950 might be increased from $9 \%$ to about $10 \%$.
(b) The statistics make no allowance for the gain to consumers through the much wider freedom of choice, both within the various categories of goods and between one category and another; the allowance for improving quality (notably in regard to services) is often inadequate.
(c) The goods and services bought in each year are valued at the market prices of 1948, including indirect taxes. When approaching the problem from the consumers' angle this is the natural thing to do, but it means that great importance is attached to the fall in the consumption of drink and tobacco, even though the amount of productive resources (or imports) released thereby was quite small.

## Expanding and Declining Categories

The remarkable stability in the figures for the total volume of purchases from 1946 to 1950 must not be taken as implying an absence of important changes in individual categories. The following list shows those which have moved very differently from the aggregate between 1946

[^8]and 1950, either through an expansion of over $20 \%$, or by decreasing or remaining stationary.
"Rapidly Expanding"
CATEGORIES
Increases of $40 \%$ or more
Durable Household Goods Clothing
Increases of about 25-30\%
Non-durable Household
Goods
Reading Matter
Domestic Service
Miscellaneous Goods*
" Depressed " Categories
Large decreases
Tobacco(-18\%)
Decreases of about 5\% Alcoholic Drink Entertainment Miscellaneous Services*
Little change
Private Motoring Travel
$\star$ Note.-Purchases of medical goods and services were reduced by the provision of free supplies under the National Health Service.

The categories on the " rapidly expanding" list call for little comment. Apart from reading matter they are all ones in which consumption had been greatly reduced during the war and was still at a low level in 1946 ; as we see below, the 1950 figures are not very far from the 1938 level, except for domestic service. It is perhaps more interesting to note that in spite of its drastic war-time contraction private motoring does not feature on this list, but rather on the other ; the information on this category is very deficient, but even with the de-rationing of petrol in 1950 the volume of expenditure has probably done little more than regain the level achieved in 1946 after the restoration of " basic."

The declining categories are of greater interest. The first three-tobacco, drink and entertainment-have all suffered from the disappearance of excessive aggregate demand, which in 1946 led consumers to spend their money on these things when they would have preferred others if they could have got them. The fall in tobacco purchases is, however, in a class by itself so far as size is concerned, and it seems clear that one reason for its exceptional position is the steep rise in the duty imposed by Dr. Dalton in April, 1947. The idea that tobacco consumption is insensitive to price-or at least that any temporary fall would soon be wiped out by the secular rising trend-is so widespread that it is perhaps worth quoting the post-war figures in full :-

TABLE 2
CONSUMERS' EXPENDITURE ON TOBACCO

| Year | (a) At Current Prices | (b) At 1948 Prices |
| :---: | :---: | :---: |
| 1946 | £ Mn, | £ Mn. |
| 1947 … | 604 691 | 910 798 |
| 1948 1949 | 773 | 798 |
| 1949 (est.)... | 764 | 751 |
| 1950 (est.)... | 770 | 750 |

Tobacco is such a large item in the average family's expenditure that it has a substantial effect on the balance of their budget. Thus it is
of some interest to note that although expenditure on tobacco rose in money terms, yet the percentage increase was only about the same as for total expenditure; tobacco has represented about $9 \%$ of the total in each year since the war.

The other three "depressed" categories are all subject to special considerations. The decline in miscellaneous services is wholly accounted for by the introduction of the Health Service; private motoring has been dominated by administrative controls (e.g., diversion of cars to export) ; whilst the failure of travel to rise is essentially due to the fall in its railway component, which partly reflects the abnormal travelling by troops in 1946. To some extent, however, the "travel" results resemble those of our first trio, in reflecting the improved supplies of other things which consumers want to buy; and the same might be said of " miscellaneous services," since it is the reduction in the betting component (including football pools) which has offset the increases recorded for other items.

The three principal categories which do not appear in the lists either as "rapidly expanding" or "depressed" are food, rent, and fuel and light, all of which have shown increases somewhere near the average. Food is so much larger than any other category that some discussion of it is needed. On the White Paper definition the volume of food purchases rose between 1946 and 1950 by nearly one-sixth, but this movement ought to be considered in conjunction with the fall in the item " income in kind of the Armed Forces "; if the food part of this were included, the rise might be reduced to about one-eighth. This over-all figure, however, covers a wide variety of different movements for different sub-categories of food. Of the ones used for national income purposes, the three showing the steepest increases are fruit, oils and fats, and sugar, preserves and confectionery, all of which had been much curtailed during the war; by contrast bread consumption has fallen with the improved supply of other foods. As a generalisation, the more elaborately processed foods have risen relatively to the simpler ones (e.g., manufactures of sugar have risen relatively to domestic), thereby raising the "volume" of purchases.

## Consumption Patterns, 1950 and 1938

By 1950 the extent to which physical controls and shortages were diverting purchases from one main category to another was relatively small; consumers might not be able to spend their money on exactly those items which they would have chosen to buy in the light of the ruling
prices, but only a small amount of money was diverted to a completely different category (e.g., entertainment instead of food). Moreover, very few people indeed were forced into saving any appreciable part of their income which they would have preferred to spend on consumption, through inability to find enough of the things which they were prepared to buy.

It is interesting, therefore, to compare the pattern of consumption which prevailed in 1950 under these relatively free conditions with that which existed in 1938, more especially as the level of total consumption per head, measured at 1948 prices, was virtually the same in both years. Many forces have of course operated to change the pattern, such as the more nearly equal distribution of (net) incomes, the large changes in relative prices, changes in habits induced by the war, and such controls as remained effective: we need not be surprised if we find substantial alterations in the picture.

One point needs to be cleared up before we start, since there are two different things which might be examined. We might consider whether the consumers were still allocating their money in the same proportions between different categories, and so buying less of those things which have risen most in price ; or we might see whether they were still buying the same quantities, by using a bigger proportion of their money income for categories with the steepest price rise. Each of these questions is worth investigating, and Table 3 is designed to throw light on both. It shows what percentage of the total purchases each category represented in 1938 and 1950, on each of two bases :-
(a) By taking the money actually spent in the two years.
(b) By valuing the things bought in each year at 1948 prices.
Since the total volume of purchases per head was the same in the two years any item which records a bigger percentage for 1950 than for 1938 on the second basis must be showing a higher consumption per head; for convenience therefore, the categories have been arranged in three groups according as this percentage has risen or fallen by 0.5 (or more), or remained fairly constant.

The dominating impression created by this table is the remarkable similarity of the patterns, despite all the factors which might have produced changes. Moreover, in a rather odd way, which is discussed further below, this is true whether we consider the question in money terms or in real terms. The average difference between the 1938 and 1950 percentages, taken over the whole 18

TABLE 3
ANALYSIS OF CONSUMER PURCHASES

| Category (as usod for National Income purposes) | Percentages of Total Purchases Represented by Each Category |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | (a) At Current Prices |  | (b) At 1948 Prices |  |
|  | 1938 | 1950 | 1938 | 1950 |
| Expanding Categories : |  |  |  |  |
| Food | $30 \cdot 3$ | 29-6 | 27-0 | 28.0 |
| Fuol and Light | $4 \cdot 6$ | 4-2 | $3 \cdot 5$ | $4 \cdot 2$ |
| Reading matter* | 1-5 | 1.5 | 1-0 | 1.6 |
| Travel ... | $3 \cdot 8$ | 3-8 | $2 \cdot 7$ | 3-9 |
| Entertainment Misc. Servicos** | $1 \cdot 5$ | $2 \cdot 0$ | $1 \cdot 4$ | $2 \cdot 1$ |
| Misc. Servicos* | $8 \cdot 4$ | $7 \cdot 5$ | $6 \cdot 9$ | $7 \cdot 5$ |
| "Stable" Categories: |  |  |  |  |
| Tobacco ... | $4 \cdot 1$ | 8-7 | $8 \cdot 6$ | 8.8 |
| Rent, Rates, eto. | $11 \cdot 4$ | 7-1 | $6 \cdot 9$ | 7-3 |
| Goods* <br> Communication | $1 \cdot 3$ | $1 \cdot 2$ | $1 \cdot 1$ | 1.2 |
|  |  | 12 | 1 | $1 \cdot 2$ |
| Services | 0.7 | $0 \cdot 7$ | $0 \cdot 5$ | $0 \cdot 7$ |
| Miso. Goods* ... | 4-1 | 4-9 | $5 \cdot 1$ | 4-8 |
| Forces' Income in |  |  |  |  |
| kind ... ... | $0 \cdot 4$ | $0 \cdot 4$ | $0 \cdot 3$ | $0 \cdot 4$ |
| Adjustment item* ... | $-0.2$ | $0 \cdot 4$ | $0 \cdot 1$ | $0 \cdot 6$ |
| Contracting Categories : |  |  |  |  |
| Alcoholic Drink ... | 6-6 | $8 \cdot 1$ | $10 \cdot 2$ | 8-9 |
| Durable Houschold Goods | $5 \cdot 4$ | $6 \cdot 0$ | $6 \cdot 9$ | $6 \cdot 1$ |
| Clothing | $10 \cdot 4$ | 11-3 | 11.7 | 11.2 |
| Private Motoring* | 3-0 | 1.7 | 2-9 | 1.5 |
| Domestio Service* ... | $2 \cdot 8$ | $1 \cdot 1$ | $3 \cdot 3$ | 1-2 |

Note :-
These percentages are cstimates based on data in Cmd. 7933 and the Monthly Digest, as described above. The 1950 figures for categories marked with a * are liable to greater error, because separate particulars are not given for them in the Monthly Digest ; but it is unlikely that these errors would affect the general conclusion.
items, is only just over 1 unit on the former basis, and under 0.7 units on the latter; when we remember that any shift in the proportions is counted twice over-once as an increase and once as a decrease-these figures are indeed small.

The above test shows the pattern of consumers' purchases as rather more stable in real terms than in money terms. The reason for this is basically to be found in two categories: tobacco and rent, rates, etc. In both of these the volume of purchases per head of population (and hence the percentage on the second basis) showed little change between the two years. But in tobacco prices rose by much more than the average, so that it represented $8.7 \%$ of the money total instead of $4 \cdot 1 \%$; whilst rents were held down by control, so that this category took only $7 \cdot 1 \%$ of the consumers' expenditure, instead of $11.4 \%$. It is perhaps worth noting that these two categories together took much the same proportion in each year.

The movements recorded for alcoholic drink are of some interest, especially when set against those for tobacco. The price rise has been well above the average, though not as steep as for
tobacco ; at the same time the average strength of the beer has been reduced, and the White Paper measures the "volume" of beer consumption by its alcohol content, not by its gallonage. The combined effect of these (and all other) factors has been to raise the percentage of the consumers' outlay devoted to drink from $6.6 \%$ to $8 \cdot 1 \%$ in money terms, but to reduce it from $10 \cdot 2 \%$ to $8.9 \%$ when the measurement is made at 1948 prices. In effect the average consumer has almost exactly compromised between devoting the same percentage of his money to drink, and buying the same quantity of alcohol; whereas with tobacco he made the money criterion give way to the maintenance of the quantity.

Two categories show outstanding declines, whichever basis is used: private motoring and domestic service. The statistics are in both cases rather shaky, but the declines can readily be explained on grounds of export diversion and the more equal distribution of purchasing power respectively. Changes in social habits and the big rise in wage-rates might be said to have reinforced the decline for domestic service, but the former is largely a reflection of the new distribution of incomes.

The only other changes which invite comment are the rises recorded in " real" terms for travel and entertainment. These represent the continuation of pre-war trends, which may have been accentuated by more and longer journeys to work and by the improved position of the poorer classes. The smallness of the price rise for travel, notably on buses, may also have stimulated purchases.

## Price and Volume Movements

Finally, it is of some interest to examine those categories in which the price movement between 1938 and 1950 was very different from the average, if only to see how it is that the pattern of consumption appeared so stable whichever basis was used for the test. The categories involved are as follows :-

Abnormally Steep Price Rise Abnormally Small Price Rise
Alcoholic Drink
Tobacco
Durable Household Goods
Clothing
Domestic Service
Rent, Rates, etc.
Fuel and Light
Reading Matter
Travel
Miscellaneous Goods
Communication Services
With the single exception of tobacco, all the categories on these two lists showed the " expected " inverse movement in the volume of consumption per head-a fall for the first column, and a rise for the second; this necessarily implied a corresponding movement in the percentage share of that category, measured at 1948 prices. Except for domestic service, however, these volume movements were always too small to outweigh the effect of the price factor on the category's share of the money total ; in other words, if the percentage on the volume basis rose, that on the value basis fell (or at worst remained constant), so that the change which was bound to appear somewhere was shared. Furthermore, in most of the quantitatively important cases-drink, household durables, clothing, fuel and light, and miscellaneous services-the disturbance was shared about equally, and so could be called fairly small on either basis. Consumers had, in effect, compromised between the "money" principle and the "goods" principle in the way described above.

One further reason why the pattern appears so stable on both bases should also be mentioned. Food, which is far the largest category, does not appear on either of the above lists because its price rise has been only a little less than the average. The volume of purchases per head in this category showed relatively little change between 1938 and 1950, so that the percentage on the basis of 1948 prices changed relatively little-from 27.0 to 28.0 . Moreover, as the volume rose whilst the price rise was below average, the percentage by value was also fairly stable, falling only from $30 \cdot 3 \%$ to $29 \cdot 6 \%$. In this very important case, therefore, the consumers' behaviour was again a compromise between the two principles, without there being much of a difference to split.

## INDEX OF INDUSTRIAL PRODUCTION (Excluding Finished Munitions)

Average weekly rate of production in $1946=100$

| Period | Rate of Production per working week |  | Rate per working day (adjusted for holidays) |  |  |  |  |  |  |  | $\begin{aligned} & \text { I } \\ & 0 \\ & 0 \\ & \text { b } \\ & \text { 出 } \end{aligned}$ |  |  | Building, Building Materials \& Furniture |  | 免 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | A | B |  |  | A |  |  |  |  |  |  |  |  | B | A |  |  |  |  | B |
| Weight ... | 1000 | 1009 | $\ldots$ | $\ldots$ |  | 71 | 48 | 87 | 26 | 29 | 107 | 109 | 111 | 55 | 169 | 178 | 134 | 47 | 36 |  |
| Av. 1035* | 98 | 97 | ... | $\ldots$ | 142 | (123) | 76 | 47 | 108 | 76 | (84) | 94 | 69 | (153) | (138) | 87 | (127) | (90) |  |
| Av. 1946 | 100 109 | 100 108 | 104 113 118 |  |  | 100 107 |  | 100 99 |  | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |  |  |
| Av. 1947 Av. 1948 | 109 121 | 1108 | 113 125 | 112 122 | 105 122 | 107 | 101 113 | 99 103 | 119 133 | 123 | 107 109 | 100 | 100 | 117 | 110 | 103 | 106 | 115 | $\ldots$ |
| Av. 1949 | 129 | 126 | 134 | 131 | 129 | 116 | 118 | 102 | 164 | 161 | 109 | 101 | 117 | 137 145 | 121 133 | 111 | 108 134 158 | 138 140 | $\ldots$ |
| $\begin{gathered} \text { Av. } 1950 \\ 1946 \end{gathered}$ | 137 | 135 | 142 | 140 | 140 | 120 | 125 | 98 | 193 | 171 | 118 | 110 | 136 | 151 | 140 | 122 | 158 | 110 | $\ldots$ |
| 1 st Qr. . | 92 | 93 | 93 | 93 | 97 | 93 | 98 | 95 | 73 | 90 | 90 | 99 | 99 | 77 | 82 | 103 | 93 | 91 |  |
| 2nd Qr. ... | 97 | 98 | 101 | 102 | 99 | 99 | 102 | 101 | 97 | 98 | 98 | 100 | 100 | 91 | 94 | 97 | 95 | 98 | $\ldots$ |
| 3RD Qr. ... | 99 | 99 | 108 | 108 | ${ }^{98}$ | 101 | -96 | 988 | 101 | 97 | 100 | 97 | 98 | 110 | 108 | 91 | 97 | 100 | $\ldots$ |
| $\begin{aligned} & \text { 4TH Qr. } \\ & 1947 \end{aligned}$ | 111 | 110 | 114 | 113 | 106 | 107 | 105 | 106 | 128 | 115 | 113 | 104 | 103 | 122 | 115 | 107 | 115 | 112 | ... |
| 1 st Qr. . | 97 | 97 | 98 | 97 | 91 | 95 | 93 | 95 | 92 | 107 | 96 | 92 | 89 | 91 | 88 | 109 | 100 | 101 |  |
| 2ND Qr. .. | 110 | 109 | 115 | 113 | 107 | 110 | 105 | 103 | 134 | 120 | 110 | 102 | 102 | 120 | 113 | 99 | 113 | 115 | $\ldots$ |
| 3rd Qr. ... | 108 | 107 | 117 | 115 | 106 | 110 | 99 | 95 | 122 | 118 | 105 | 102 | 99 | 124 | 116 | 92 | 104 | 114 | $\ldots$ |
| $\begin{aligned} & 4 \mathrm{TH} \mathrm{Qr} . \\ & 1948 \end{aligned}$ | 120 | 118 | 123 | 121 | 117 | 113 | 109 | 102 | 128 | 147 | 119 | 103 | 112 | 134 | 122 | 111 | 106 | 120 | $\ldots$ |
| 1 st Qr. | 119 | 117 | 122 | 120 | 120 | 111 | 115 | 95 | 130 | 144 | 116 | 96 | 115 | 131 | 116 | 113 | 106 | 142 | $\ldots$ |
| 2nd Qr. . | 122 | 119 | 124 | 121 | 123 | 107 | 115 | 110 | 137 | 154 | 110 | 101 | 116 | 139 | 121 | 108 | 108 | 142 | $\ldots$ |
| 3rd Qr. ... | 115 | 113 | 125 | 129 | 117 | 100 | 106 | 101 | 126 | 143 | 99 | 100 | 114 | 137 | 121 | 101 | 105 | 128 | ... |
| $\begin{aligned} & \text { 4тн Qr. } \\ & 1949 \end{aligned}$ | 127 | 124 | 131 | 127 | 127 | 109 | 117 | 108 | 140 | 164 | 112 | 106 | 124 | 143 | 127 | 119 | 113 | 140 | ... |
| JAN. | 124 | 122 | 125 | 123 | 127 | 110 | 119 |  | 162 | 158 | 107 | 97 | 124 | 133 | 120 | 122 | 123 | 140 | 23 i |
| FEB. | 131 | 128 | 131 | 128 | 133 | 118 | 125 | 102 | 162 | 170 | 112 | 98 | 130 | 142 | 127 | 125 | 130 | 151 | 22 |
| MAR. | 132 | 128 | 132 | 128 | 132 | 117 | 125 |  | 164 | 167 | 111 | 101 | 131 | 144 | 128 | 125 | 133 | 147 | 25 |
| APR. | 123 | 121 | 132 | 130 | 121 | 105 | 116 |  | 149 | 160 | 104 | 105 | 122 | 137 | 125 | 111 | 128 | 131 | 234 |
| MAY | 134 | 131 | 134 | 131 | 134 | 116 | 123 | 104 | 172 | 175 | 114 | 115 | 127 | 149 | 136 | 115 | 138 | 139 | 24 |
| JUNE | 128 | 125 | 135 | 132 | 124 | 110 | 117 |  | 164 | 164 | 107 | 112 | 122 | 145 | 132 | 109 | 131 | 135 | 24 |
| JULY | 120 | 117 | 133 | 130 | 116 | 107 | 100 |  | 129 | 153 | 98 | 111 | 112 | 142 | 132 | 100 | 128 | 123 | 231 |
| AUG. | 118 | 116 | 133 | 131 | 121 | 103 | 107 | 100 | 154 | 138 | 99 | 107 | 113 | 137 | 128 | 99 | 134 | 120 | 25 |
| SEPT. | 132 | 130 | 134 | 132 | 133 | 126 | 124 |  | 174 | 159 | 113 | 110 | 128 | 156 | 144 | 113 | 138 | 135 | 24 |
| OCT. | 137 | 134 | 137 | 134 | 139 | 130 | 123 |  | 186 | 160 | 120 | 111 | 134 | 156 | 145 | 120 | 141 | 156 | ${ }^{23}{ }^{\text {d }}$ |
| NOV. | 140 130 | 138 | 140 | 138 138 | 143 | 134 | 125 | 101 | 187 | 171 | 123 | 110 | 134 | 154 | 144 | 130 | 151 | 157 | 24 |
| $\begin{aligned} & \text { DEC. } \\ & 1950 \end{aligned}$ | 130 | 127 | 141 | 138 | 128 | 117 | 115 |  | 164 | 164 | 113 | 105 | 125 | 141 | 129 | 126 | 137 | 144 | $24\}$ |
| JAN. | 134 | 131 | 135 | 133 | 139 | 117 | 122 |  | 187 | 165 | 113 | 102 | 130 | 145 | 134 | 129 | 153 | 150 | 24 |
| FEB. | 139 | 137 | 139 | 137 | 145 | 134 | 126 | 94 | 206 | 174 | 120 | 99 | 135 | 149 | 138 | 131 | 162 | 160 | 22 |
| MAR. | 143 | 140 | 143 | 140 139 | 146 | 135 | 130 |  | 205 | 184 | 120 | 109 | 138 | 153 | 140 | 129 | 164 | 159 | 25 |
| APR. | 132 | 130 | 142 | 139 | 132 | 119 | 121 |  | 188 | 165 | 108 | 104 | 132 | 145 | 135 | 118 | 157 | 147 | 22 t |
| MAY | 136 | 135 | 142 | 141 | 141 | 121 | 125 | 103 | 206 | 169 | 114 | 115 | 133 | 148 | 137 | 122 | 163 | 152 | 25 |
| JUNE | 141 | 138 | 142 | 140 | 140 | 118 | 128 |  | 192 | 188 | 120 | 117 | 138 | 155 | 143 | 114 | 163 | 157 | 24 |
| JULY | 130 | 128 | 144 | 142 | 126 | 106 | 118 |  | 202 | 164 | 111 | 109 | 124 | 147 | 135 | 110 | 150 | 144 | 23 |
| AUG. | 122 | 120 | 137 | 135 | 129 | 95 | 106 | 93 | 151 | 144 | 103 | 108 | 126 | 140 | 131 | 101 | 145 | 141 | 25 |
| SEPT. | 141 | 139 | 143 | 141 | 142 | 126 | 130 |  | 184 | 176 | 125 | 111 | 144 | 160 | 148 | 120 | 163 | 157 | 231 |
| OCT, | 146 | 144 | 146 | 144 | 151 | 133 | 134 |  | 215 | 178 | 129 | 118 | 146 | 163 | 151 | 126 | 160 | 162 | 24 |
| NOV. | 148 | 145 | 148 | 145 | 153 | 122 | 135 | 102 | 214 | 179 | 133 | 117 | 146 | 161 | 150 | 134 | 163 | 162 | 24 |
| DEC. | 135 | 132 | 146 | 144 | 132 |  |  |  | 170 |  |  | 110 | 138 | 144 | 133 | 133 |  |  | 23t |

Figures in later months are subject to rovision. For further details seo "Tho Measurement of Production Movements " (Carter, Reddaway, and Stone) : Cambridge Univorsity Press, 1948, 12/6. In general, the Index is based on the quantity of goods delivered by an industry ( $A$ ' series) ; the ' B ' indioes use additional series reflecting the changes in work in progross in house and ship building.

- The 1935 figures (and espocially those in brackets) aro subjoct to larger error than the rost of the index. On the same basis, the total for the average of $1935-8$ is probably about 108.
$\dagger$ Quarterly figures sot against the middle months of the quarters. No shipbuilding 'A' series is published.
$\ddagger$ Weokdays, counting Saturdays as half. These "normal working days" include public holidays, as follows: 1949-Good Friday and Easter Monday in April, Whit Monday in Juno, Bank Holiday in August, Christmas holiday in December; 1950-Good Friday and Eastor Monday in April, Whit Monday in May, Bank Holiday in August, Christmas holiday in Decomber.

With preliminary figures for December available, estimates can now be made of average indices for 1950.

The general development in 1950 has been similar to that in 1949 ; both the total indices and most group indices show an increase for 1950 over 1949 practically the same as the increase for

1949 over 1948. The total indices have risen by 8 points (A) and 9 points (B), (the difference is insignificant). This rise is $7 \%$, and with a $1 \frac{1}{2} \%$ increase in the labour force gives a "productivity" rise of about $5 \frac{1}{2} \%$.

Among the groups which show a change in their trend, textiles have risen by 11 points over

1949 compared with a 1948-9 increase of 7 points. Other Metal-using Trades and Sundry Trades show marked rises after a period of stagnation. The Food, Drink and Tobacco group rose little, and Building and Building Materials rose less than for 1948-9. The Shipbuilding index shows a slight fall, as last year the increase in construction was more than balanced by the decline in repair work.

The upward trend of production was thus maintained in 1950, and once again this took the broad form of the maintenance of production per working day throughout the first eight months at the peak level of the previous year, followed by a jump in the autumn to new heights. The jump may perhaps have been less than in the previous year. In 1949 the level of the working day index (B) in the fourth quarter was 8 points above the level for the first half of the year ; in 1950 the rise was 6 points. The prospect for

1951 is uncertain: the present shortages of materials and fuel, and the conversion to armament production, may well prevent last autumn's level being maintained through the spring, and sickness may also have a marked effect in the first quarter. In the long run total production including munitions may continue to expand, but finished munitions are excluded from the LCES Index and for this field the future is very uncertain.

The minor revisions which will be noted in the Shipbuilding index (B) are due to an alteration of method. The construction element in it is now based on a weighted moving average of commencements, launchings and completions, each indicator being used to "represent" work done in a certain number of quarters before or after the quarter to which it refers. Full details are available on request.
A. A. ADAMS.

## BUILDING AND CIVIL ENGINEERING

OUTPUT OF THE BUILDING AND CIVIL ENGINEERING INDUSTRIES. ( $£ \mathrm{Mn}$. )
Sources : Professor IAN BOWEN ; Ministry of Works.

|  | 1946 | 1947 | 1948 | 1949 | 3rd 1949 4th | 1st Qr. | 1950 2nd Qr. | $\begin{aligned} & \text { 3rd } \\ & \text { Qr. } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |
|  | $25 \cdot 5$ | $8 \cdot 3$ | $2 \cdot 4$ | - | - | - | - | - |
| I. HOUSING WORK : <br> 1. Temporary house erection <br> 2. Construction of permanent houses and flats; housing site preparation <br> 3. Other housing work ( $\ddagger \ddagger$ ) <br> 4. Other work ( $\ddagger \S$ ) ... |  |  |  |  |  |  |  |  |
|  | $148 \cdot 5$ | 202.4 | 221.9$197 \cdot 0$ | $\begin{aligned} & 218 \cdot 7 \\ & 380 \cdot 3 \end{aligned}$ | $55 \cdot 3 \quad 58 \cdot 2$ | $55 \cdot 2$ | $60 \cdot 6$ | $61 \cdot 2$ |
|  | 173.0 | $167 \cdot 5$ |  |  | $\left.\begin{array}{l} 48 \cdot 7(\ddagger) \\ 49 \cdot 1(\ddagger) \end{array}\right\}$ |  |  |  |
|  | 67.0( $\mid 1$ ) | $101 \cdot 8$ | 125.7 $\}$ |  |  | $97 \cdot 3$ | $88 \cdot 1$ | $89 \cdot 6$ |
| II. INDUSTRIAL AND COMMER CIAL WORK : ( $\dagger$ ) <br> 5. Factories and industrial premises <br> 6. Storage, warehouses and depots <br> 7. Shops and commercial premises |  |  |  |  |  |  |  |  |
|  | $46 \cdot 2$ | 80.5 | $93 \cdot 2$ | 87.68.5 | $22 \cdot 4 \quad 24 \cdot 6$ | $22 \cdot 9$ | $27 \cdot 4$ | $30 \cdot 6$ |
|  | $3 \cdot 9$ | $\begin{array}{r} 6.7 \\ 25.9 \end{array}$ | 7.4 |  | $\begin{array}{rr}22.4 & 24 \cdot 6 \\ 2.4 & 2.5\end{array}$ | $22 \cdot 9$ 2.4 | 27.4 2.8 |  |
|  | $15 \cdot 0$ |  | $31 \cdot 8$ | $39 \cdot 0$ | $9 \cdot 7 \quad 9$ | $8 \cdot 0$ | $9 \cdot 4$ | $7 \cdot 8$ |
| III. OTHER WORK : ( $\dagger$ ) <br> 8. Public utilities <br> 9. Agricultural work <br> 10. Hospitals, schools, universities <br> 11. Coal-mining and opencast <br> 12. Output of firms without operative employees |  |  |  |  |  |  |  |  |
|  | $20 \cdot 2$ | $23 \cdot 1$ | $33 \cdot 7$ | $39 \cdot 3$ | $10 \cdot 2 \quad 10 \cdot 6$ | $10 \cdot 3$ | 11.5 | $12 \cdot 7$ |
|  | $7 \cdot 6$ | $9 \cdot 6$ | $17 \cdot 7$ | $10 \cdot 1$ | $\begin{array}{rr}10.8 & 2.9\end{array}$ | 2.4 | $3 \cdot 4$ | 12.7 3.7 |
|  | $11 \cdot 1$ $13 \cdot 0$ | 16.313.0 | $28 \cdot 4$ | $34 \cdot 8$ | $\begin{array}{ll}9 \cdot 2 & 9 \cdot 8\end{array}$ | 9.7 | $\begin{array}{r} 3.4 \\ 10.8 \end{array}$ | $\begin{array}{r} 12 \cdot 4 \\ 5 \cdot 5 \end{array}$ |
|  |  |  | $18 \cdot 1$ | $21 \cdot 1$ | $5 \cdot 9$ | $4 \cdot 8$ | $\begin{array}{r} 10.8 \\ 5.6 \end{array}$ |  |
|  | $15 \cdot 0$ | $20 \cdot 1$ | $22 \cdot 9$ | $24 \cdot 7$ | $6 \cdot 36$ | $5 \cdot 7$ | $6 \cdot 9$ | $7 \cdot 5$ |
| TOTAL OUTPUT BLDG. \& C. ENG. INDUSTRIES | $546 \cdot 0$ | $675 \cdot 2$ | $800 \cdot 2$ | 864-1 | $222.0 \quad 221.2$ | $218 \cdot 7$ | 226.5 | $233 \cdot 9$ |
| ${ }^{(*)}$ This item covers repair and maintenance of houses (including conversion and adaptation) and war damage repairs to houses, <br> ( $\dagger$ ) Items $5-11$ exclude work carried out under annual maintenance licences and local authority licences and work exempted from authorisation and licensing. The extent of the work so excluded has varied with changes in exemption limits; changes in certain of the limits occurred at 1 November, 1948, and at 1 February, 1950. The 1946 figures exclude war damage repairs. <br> $(\ddagger)$ From 1 August, 1949 work included under "Other housing work" relates to family dwelling units only. Before this date work on other living accommodation, such as hostels, barracks, etc., is included; after this date, such work appears under "Other work." <br> (§) This residual item includes all non-housing work carried out under annual maintenance licences and local authority licences and all non-housing work exempted from authorisation and licensing. This item is included here since, in the 4th Qr. of 1949, and subsequently, it cannot be separated from housing work. <br> (ii) Including £17 Mn. for war damage repair work other than repairs to houses. After 1946 war damage repairs are included in the appropriate type of work. |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

## WAGES

By A. L. Bowley

## Wage Rates

In the last four months of 1950 wage-rates increased in one-half of the 20 occupations in our index-number, and in January and February, 1951, building, cotton and dock labourers were added to this number.

The resulting increase in the aggregate wage of the working population is probably somewhat greater than the $3 \%$ ( 6 points) shown in the index, since in several cases the lowest wages have been raised to a minimum of nearly $£ 5$, while the higher rates are unaffected. Since the index relates to the standard rate of adults, and may not be proportional to the average of all employed, and since only a minority of employees are affected by the institution of a minimum rate, the effect on the index is certainly small and has been difficult to estimate.


Since 1939 equal money increases have in many cases been granted to all occupations within an industry, thus raising the proportion that unskilled rates bear to skilled rates and checking the inducement to acquire skill. . The emphasis on the lowest wages in recent agreements would appear at first sight to accentuate this check, but in fact such relatively small numbers are affected that this effect is probably slight. A contrary tendency is shown in the engineering and shipbuilding industries, where, after several flat increases, the rates of skilled workers were raised by 11s, and unskilled by only 8s. in November.

The principal increases that affect our index were in engineering, coal-mining and agriculture.

Several applications for increases are still to be decided. Those already arranged for cotton ( $10 \%$ on earnings), building ( $\frac{1}{2}$ d. per hour) and dock labourers' minimum (11s. weekly) will raise the index by about $1 \%$ ( 2 points). The changed entries in the Table for February will probably be: bricklayers, 175 ; bricklayers' labourers, 200 ; dock labourers, about 160 ; cotton, about 235 .

|  | Wage-rate Index Numbers End of Month |  |  | Retail Prices Index Mid-Month |
| :---: | :---: | :---: | :---: | :---: |
|  | Bulletin <br> General $\begin{gathered}\text { Excluding } \\ \text { Coal }\end{gathered}$ |  | Ministry of Labour |  |
| $\begin{gathered} 1947 \\ \text { June } \end{gathered}$ | 100 | 100 | 100 | 100 |
| 1948 |  |  |  |  |
| October ... | $109 \cdot 5$ | 108-6 | 107 | 108.4 |
| 1949 |  |  |  |  |
| January ... | $109 \cdot 6$ | 108-6 | 108 | 109-0 |
| February | $109 \cdot 8$ | $108 \cdot 9$ | 108 | 109-2 |
| March ... | $110 \cdot 5$ | $109 \cdot 6$ | 108 | 108.9 |
| October... | 111.7 | $110 \cdot 5$ | 109 | 112-3 |
| 1950 |  |  |  |  |
| January | $112 \cdot 0$ | 110.8 | 110 | 112.9 |
| February | $112 \cdot 3$ | 111.1 | 110 | 113-2 |
| March .. | $112 \cdot 3$ | 111.1 | 110 | $113 \cdot 5$ |
| April | $112 \cdot 3$ | 111.1 | 110 | 113.9 |
| May ... | $112 \cdot 3$ | 111.1 | 110 | $111+2$ |
| June ... | $112 \cdot 3$ | $111 \cdot 1$ | 110 | 113.6 |
| July … | $112 \cdot 3$ | 111.2 | 110 | 113.6 |
| August ... | $112 \cdot 3$ | 111.2 | 110 | 113-2 |
| September | $112 \cdot 3$ | 111.2 | 110 | 113-9 |
| October ... | 112.7* | 111.2 | 111 | $115 \cdot 1$ |
| November | 115.7 | 114.8 | 113 | $115 \cdot 6$ 116.2 |
| December | $115 \cdot 9$ | $115 \cdot 1$ | 114 | 116.2 |

*Provisional from October, 1950.

## HOME FINANCE

By F. W. Parsh

The abnormal rise in bank deposits, upon which we commented in our November Bulletin, came to at least a temporary halt in November. Net clearing bank deposits, after rising sharply from $£ 5,848 \mathrm{Mn}$. in September to $£ 5,996 \mathrm{Mn}$. in October, have since shown little more than the normal seasonal increase, and the Lloyds Bank seasonally adjusted index of net deposits, which had risen from 258 in May to 268 in October, rose only to 269 in November and remained unchanged at that figure in December.

Of the rise of $£ 238 \mathrm{Mn}$. during the quarter in the net assets of the clearing banks, $£ 48 \mathrm{Mn}$. was due to the seasonal rise in cash reserves, $£ 43 \mathrm{Mn}$. to the further expansion in advances and $£ 27 \mathrm{Mn}$. to increased investments. The rise in the Government's direct or indirect short-term borrowings from the clearing banks was therefore about $£ 120 \mathrm{Mn}$., or about $£ 40 \mathrm{Mn}$. more than during the same quarter of 1949.

Since December, 1949, net deposits have risen by about $£ 130 \mathrm{Mn}$. This is only slightly larger than the rise of over $£ 120 \mathrm{Mn}$. in advances, and net Government borrowings from the banks over the year have therefore been small. In 1949, however, there were substantial net repayments of Government debt to the banks, which enabled them to expand advances in that year by $£ 145 \mathrm{Mn}$. at the cost of an expansion of only $£ 60 \mathrm{Mn}$. in their net deposits.

Only part of the increase in the Government's debt to the banks during the quarter can be TABLE 1.
ORDINARY REVENUE AND EXPENDITURE. Weekly Average, $£ \mathrm{Mn}$.

|  |  | Ordinary Revenue Total | Expenditure |  | Surplus (+) or Deficit (-) |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Supply Services | Total |  |
| $\begin{aligned} & 1945 / 6 \\ & 1946 / 7 \\ & 1947 / 8 \\ & 1948 / 9 \\ & 1949 / 50 \end{aligned}$ |  |  | $62 \cdot 9$ | 95-7 | $104 \cdot 9$ | -42.0 |
|  |  | $64 \cdot 0$ | $63 \cdot 9$ | 74.9 | -10.9 |
|  |  | $73 \cdot 5$ | $50 \cdot 7$ | $60 \cdot 9$ | +12.6 |
|  |  | $76 \cdot 9$ | $50 \cdot 5$ | 60.5 | +16.4 |
|  |  | $75 \cdot 2$ | $54 \cdot 4$ | $64 \cdot 3$ | +10.9 |
| 1848/8 | Apr.-June | $61 \cdot 1$ | 38.5 | 47-2 | $+13.9$ |
|  | July-Sept. | $63 \cdot 2$ | $46 \cdot 2$ | $57 \cdot 1$ | +6.1 |
|  | Oct.-Dec. | 61.1 | 51.8 | $60 \cdot 2$ | +0.9 |
|  | Jan.-Mar. | $122 \cdot 6$ | $65 \cdot 1$ | $77 \cdot 4$ | +45.2 |
| 1949/50 | Apr.-June | 58.2 | $49 \cdot 1$ | $58 \cdot 0$ | $+0.2$ |
|  | July-Sept. | $62 \cdot 4$ | $52 \cdot 3$ | $63 \cdot 3$ | $-0.9$ |
|  | Oct.-Dec. | 61.7 | $53 \cdot 4$ | $62 \cdot 7$ | -1.0 |
|  | Jan.-Mar. | $119 \cdot 6$ | $62 \cdot 6$ | $73 \cdot 5$ | +46.1 |
| 1950/1 |  |  | 46.7 | 55.8 |  |
|  | July-Sept. | $61 \cdot 9$ | $48 \cdot 4$ | 59.2 | +3.7 |
|  | Oct.-Dec. | $60 \cdot 2$ | $51 \cdot 8$ | $61 \cdot 1$ | -0.9 |
|  | Oct. 1-28 <br> Oct. 29- | $58 \cdot 8$ | $46 \cdot 9$ | $61 \cdot 2$ | $-2.4$ |
|  | Dec. ${ }^{\text {Dec. }} \mathbf{3}$ 2 ${ }^{\text {a }}$ | $\begin{aligned} & 66 \cdot 9 \\ & 53 \cdot 5 \end{aligned}$ | $\begin{aligned} & 48 \cdot 2 \\ & 61 \cdot 1 \end{aligned}$ | $58 \cdot 7$ $64 \cdot 0$ | $\begin{array}{r} +8.2 \\ -10.5 \end{array}$ |

ascribed to the usual seasonal causes. Thanks to the continuation of the unexpectedly low level of supply expenditure, the Treasury's " above the line " deficit for the quarter was only $£ 12 \mathrm{Mn}$.

TABLE 2
EXTRA-BUDGETARY PAYMENTS, 1950. £Mn.

|  | Oct. (28 days) | Nov. (35 days) | Dec. (29 days) | $\begin{gathered} \text { Total } \\ (92 \text { days }) \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: |
| Net E.P.T. Refunds | $1 \cdot 0$ | 0.8 | 0.5 | $2 \cdot 3$ |
| Post-war Credits ... | $1 \cdot 3$ | 1.5 | $1 \cdot 1$ | $3 \cdot 9$ |
| Net War Damage Payments : |  |  |  |  |
| W.D.C. | $9 \cdot 0$ | $9 \cdot 0$ | $6 \cdot 0$ | $24 \cdot 0$ |
| Bd. of Trade . | $1 \cdot 0$ |  | $0 \cdot 5$ | 1.5 |
| Housing, etc. ... | $16 \cdot 8$ | 18.4 | $32 \cdot 5$ | $67 \cdot 7$ |
| Cotton Buying ... | $6 \cdot 0$ | 11.5 | $5 \cdot 0$ | $22 \cdot 5$ |
| Coal Nationalisation | $-2 \cdot 3$ | $1 \cdot 0$ | $1 \cdot 0$ | -0.3 |
| $\begin{array}{cc}\text { Overseas } \\ \text { ment } & \ldots\end{array} \ldots$ | $1 \cdot 7$ | $1 \cdot 4$ | $0 \cdot 6$ | $2 \cdot 5$ |
| Exchange Equalisation Account | $300 \cdot 0$ | 75.0 | -75.0 | $300 \cdot 0$ |
| $\begin{array}{lcr}\text { Civil } & \text { Contingencies } \\ \text { Other } & \ldots & \ldots\end{array}$ | $\overline{4 \cdot 3}$ | $75 \cdot 0$ 1.4 | $\begin{array}{r} -75 \cdot 0 \\ -4 \cdot 4 \end{array}$ | $\overline{1 \cdot 3}$ |
| Total | $338 \cdot 8$ | $120 \cdot 0$ | $-33 \cdot 4$ | $425 \cdot 4$ |

To this must be added extra-budgetary payments (apart from the further $£ 300 \mathrm{Mn}$. of tap bills issued to the Exchange Equalisation Account) of $£ 127 \mathrm{Mn}$., and $£ 38 \mathrm{Mn}$. for various minor repayments of long-term debt, making $£ 177 \mathrm{Mn}$. to be found in all.

Of this $£ 77 \mathrm{Mn}$. was covered by net receipts from sales of Tax Reserve Certificates, which continued at well above their 1949 rate, leaving $£ 100 \mathrm{Mn}$. to be covered by other borrowing.

TABLE 3
GOVERNMENT BORROWING, 1950. £Mn.

|  | Oct. (28 days) | Nov. (35 days) | Dec: (29 days) | $\begin{aligned} & \text { Total } \\ & \text { (92 days) } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: |
| Nat. Savings Certs. | $-1.2$ | $-4 \cdot 3$ | $-3 \cdot 3$ | $-8.8$ |
| $2 \frac{1}{2} \%$ Def. Bonds ... | -0.6 | -1.2 | $-0.6$ | $-2 \cdot 4$ |
| 3\% Funding Loan... |  | $+250 \cdot 0$ | - | $+250 \cdot 0$ |
| Other Debt: <br> Internal | $+10 \cdot 4$ |  | $-267 \cdot 3$ | $-258 \cdot 9$ |
| External .. | + 0.0 .8 | -5.0 | - -5.5 | -258.3 -11.3 |
| Repayments | $-4.8$ | $-5 \cdot 1$ | $-5 \cdot 9$ | $-15 \cdot 8$ |
| Total Long. and Medium-term borrowing | $+3 \cdot 0$ | $+232 \cdot 4$ | $-282 \cdot 6$ | $-47 \cdot 2$ |
| Tax Reserve Certs. T.D.R.s | +11.5 +80.0 | +36.4 +60.0 | $+28 \cdot 9$ | +76.8 +20.0 |
| Treas, Bills: Tender | +40.0 | +60.0 | $+30 \cdot 0$ | +130.0 |
| W. \& M. Tap ... | $+195 \cdot 4$ | $-84.8$ | $-47 \cdot 8$ | +62.8 |
| Govt. Depts. <br> Bank of England | $+20 \cdot 3$ | $-102 \cdot 2$ | $+15 \cdot 1$ | $-66.8$ |
| Total Short-term borrowing | $+347 \cdot 2$ | $-150 \cdot 6$ | $+26 \cdot 2$ | $+222 \cdot 8$ |
| Total borrowing | $+350 \cdot 2$ | $+81.8$ | $-256.4$ | $+175 \cdot 6$ |

As the increase in tender bills plus Treasury Deposit Receipts totalled $£ 150 \mathrm{Mn}$., it would appear that $£ 50 \mathrm{Mn}$. of short-term borrowing was required for other purposes, presumably to help to pay for the Exchange Equalisation Account's purchases of gold.

Of the $£ 194 \mathrm{Mn}$. of gold bought during the quarter, $£ 52 \mathrm{Mn}$. was covered by receipts under E.R.P., and perhaps another $£ 50 \mathrm{Mn}$. or so by that fraction of the $£ 250 \mathrm{Mn} .3 \%$ Funding Loan which was taken up by non-official buyers. If a further $£ 50 \mathrm{Mn}$. was financed by issues of tender bills and T.D.R.s, this would leave rather under $£ 50 \mathrm{Mn}$. to be financed by sales
of tap Treasury bills to holders of increased foreign-owned sterling balances in London.

If we accept the estimates made last quarter and this, that the Government have expanded their borrowings from the banks during the past half-year by something like $£ 170 \mathrm{Mn}$. to pay for imported gold, thereby causing an abnormal rise in bank deposits, the firmness of the capital markets, which brought our index of fixed interest securities from 97 in July to 99 in January, and of industrials from 133 to 143 , is easily explained. But for an influx of gold to be allowed to expand bank deposits and raise security prices sounds more like 1913 than 1951.

## A NEW SHARE PRICE INDEX

Our index of the prices of industrial shares, shown in column (1) of the Finance table (p. 30), which was devised in 1930, has for some time been in need of revision to take account of such matters as nationalisation and new business developments. But there are now several share price indices available to the public, all telling broadly the same story, and it seemed to us doubtful whether the labour of revision would yield much return. We appreciate that the London and Cambridge index has been much used in the past 20 years and is particularly valued by those who like long runs of figures. But we doubt whether much meaning can be attached to comparisons of the absolute levels of a share price index between dates many years apart and, in any case, revision of the present index would lessen the comparability of current and past figures.

As from the beginning of 1951, therefore, we are no longer publishing the old London and Cambridge index, or the index of monthly variations hitherto shown in column (2). In place of the present price index, we are publishing

Moody's Equity Share Index, which is made available to us by kind permission of Moody's Services Ltd. This index is not (like most others) based on market leaders or "blue chips" ; it is based on a sample of 60 companies stratified into four size groups and seven " occupational" groups, in such a way that the number of companies in each group is roughly proportional to the 1948 Stock Exchange valuation of all equity shares in that group. The share prices thus chosen are combined by means of a geometric mean, without further weighting.

The effect of this stratification is to give (as compared with other indices) a proper weight to medium and small companies. Moody's index can be regarded as showing the movements of value of a " representative" investment portfolio, without any bias towards market leaders.

The new index is linked to the old by equalising the averages for 1950, and the corresponding monthly figures for that year are shown in the tables. The monthly figures are averages of indices calculated for each Friday. [C.F.C.]

## INTERNATIONAL FINANCE

By G. S. Dorrance

The outstanding development in the last quarter of 1950 was the increase of more than $\$ 500 \mathrm{Mn}$. in the United Kingdom's gold and dollar reserves. This was brought about primarily by the sterling area's net gold and dollar surplus of almost $\$ 400 \mathrm{Mn}$. Between October 1st and December 31st, this net income was almost equal to that for the first nine months of the year.

The United Kingdom's trade accounts continued to show some small improvement during the quarter. For 1950 as a whole it is likely that our balance of visible transactions will prove to have been very small. This means that the estimated rise of $£ 400 \mathrm{Mn}$. in the cost of our

TABLE 1
STERLING AREA GOLD AND DOLLAR NET RECEIPTS 8 U.S. Mn.

|  | Net Receipts excluding next 3 Cols. | Drawings on U.S. and Canadian Credits | Drawings on International Monetary Fund | Receipts under E.R.P. | Change in Gold and Dollar Holdings |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1846... | -908 | 1,123 | - | - | $+215$ |
| 1947... | $-4,131$ | 3,273 | 240 | - | -618 |
| 1948... | $-1,710^{*}$ | 352 | 128 | 682 | -293 |
| 1949- |  |  |  |  |  |
| 1st Half ... | -962 | 60 | 32 | 665 | -205 |
| 2nd Half... | - 570 | 56 | 20 | 530 | +38 |
| $1950-$ |  |  |  |  |  |
| 1st Qr. | $+40$ | 27 | - | 229 | $+297$ |
| 2nd Qr. | $+180$ | 18 | - | 240 | +438 |
| 3rd Qr. ... | +187 | - | - | 147 | +334 |
| 4th Qr. ... | +398 | - | - | 146 | + 544 |

Source : Monthly Digest of Statistics.
${ }^{*}$ Includes $+£ 80 \mathrm{Mn}$. ( $\$ 325 \mathrm{Mn}$.) gold loan from South Afrioa.

TABLE 2
UNITED KINGDOM'S BALANCE OF TRADE* (£ Mn.)


Source: Accounts Relating to Trade and Navigation of the United Kingdom.

* F.o.b. import estimates $14 \%$ less than c.i.f. in 1948; 131 $\%$ in 1949, $12 \% \%$ in 1st Half $1950,12 \%$ in 3rd and 4th Qrs. 1950.
imports less the extra $£ 100 \mathrm{Mn}$. export proceeds resulting from price increases was made good by the rise in the volume of exports. The big increase which it is estimated has led to an overall surplus on current account of approximately $\$ 200-250 \mathrm{Mn}$. has therefore come in the invisible items.

TABLE $3^{*}$
AVERAGE VALUES OF COMMODITY TRADE

|  | Board of Trade |  |  | Commodities in Sample Survey of Imports |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Av. Value Indexes |  |  |  |  | H | $\begin{gathered} \overline{\$} \\ 0 \\ 4 \end{gathered}$ |
|  | $\begin{aligned} & \text { S } \\ & \text { 只 } \\ & \text { M } \\ & \text { H } \end{aligned}$ | 5 0 0 on |  |  |  |  |  |
| 1947 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1948 1st Qr. | 106 | 106 | 100 |  |  |  |  |
| 2nd Qr. | 109 | 115 | 106 |  |  |  |  |
| 3 rdQr . | 111 | 111 | 100 |  |  |  |  |
| 4th Qr. | 111 | 112 | 101 |  |  |  |  |
| 1949 lst Qr. | 112 | 114 | 102 | 120 | 133 | 122 | 125 |
| 2nd Qr. | 112 | 113 | 101 | 118 | 134 | 125 | 126 |
| 3 rd Qr. | 113 | 107 | 95 | 112 | 121 | 116 | 116 |
|  |  |  | Deval | uation |  |  |  |
| 4th Qr. | 112 | 115 | 103 | 130 | 146 | 119 | 128 |
| $1950 \text { lst Qr. }$ | 115 | 122 | 107 | 141 | 158 | 126 | 138 |
| 2ndQr. | 119 | 132 | 113 | 146 | 181 | 131 | 147 |
| 3 rd Qr. | 121 | 135 | 114 | 149 | 188 | 126 | 148 |

[^9]The Board of Trade import price index rose by $23 \%$ during the year and the export price index rose by $11 \%$, leading to a worsening in our terms of trade by $12 \%$. The major source of the rise in import prices is shown in Table 3. This indicates that the movement earlier in the year was primarily due to the increased cost of raw material imports from the sterling area, the prices of which are dependent chiefly on United States demand. All the available evidence indicates that this trend is still continuing. It is this movement along with the increased pressures on domestic resources arising out of the defence programme which will give rise to
the balance of payments problems which we must face in the current year.

These factors are so important that it seems useful to attempt to translate them roughly into quantitative terms. It is impossible to make a " prediction" because the outcome depends partly on policy decisions as well as on very uncertain developments.

Table 4 contains a hypothetical calculation of our balance of payments on current account for 1951. It should be emphasised, however, that the most important underlying assumptions on which this table has been constructed are not necessarily the most probable, but have been selected to show the quantitative influence of certain factors. They are :-

TABLE 4.
UNITED KINGDOM BALANCE OF PAYMENTS ON CURRENT ACCOUNT

|  | $\begin{gathered} 1949^{1} \\ \text { Actual } \end{gathered}$ | $1950$ <br> Estimate | $\begin{gathered} 1951 \\ \text { Hypo- } \\ \text { thetical } \end{gathered}$ |
| :---: | :---: | :---: | :---: |
| Imports Exports and Re -exports | $\begin{array}{r} -1,965 \\ +1,818 \end{array}$ | $\begin{aligned} & -2,250^{2} \\ & +2,200^{2} \end{aligned}$ | $\begin{array}{r} -2,900^{5} \\ +2,450^{6} \end{array}$ |
| Balance of Visible Trade . | $-147$ | $-50$ | -450 |
| Net Shipping Receipts ... | $+88$ | $+125^{3}$ | $+150{ }^{7}$ |
| Receipts of Interest, Profits, etc. | 167 | $+225^{3}$ | +275 |
| Net Travel Receipts | -29 | $-25^{3}$ |  |
| Government Military Expenditure | $-110$ | $-100^{3}$ | $-150^{9}$ |
| Other Government Expenditure (net) | -30 | -50 ${ }^{3}$ | -150 -50 |
| Payments of interest, profits, etc. <br> Other (net) | -30 -105 +128 |  | $-125$ <br> $+300^{10}$ |
| Balance of Invisible Items.. | $+109$ | $+300$ | $+40$ |
| Current Account Balance | -38 | $+250{ }^{4}$ | $-50$ |

${ }^{1}$ From Cmd. 8065
${ }^{2}$ Ibid, and an analysis of the figures in the Trade and Navi. gation Accounts.
${ }^{3}$ From Cmd. 8065, for first six months, with an estimate to
allow for developments in the last half of the year.
${ }_{5}^{4}$ From statement by Chancellor of the Exchequer, January 10.
${ }^{5}$ Estimated 1951 Imports $£ 2,350 \mathrm{Mn}$.
Increases due to price rises
Increases due to demands resulting from higher production and stockpiling

250
Estimated 1950 Exports $\overline{£ 3,000} \mathrm{Mn}$.
Increases due to price rises

## $£ 2,200 \mathrm{Mn}$.

$£ 2,450 \mathrm{Mn}$.
${ }^{7}$ Estimated 1950 Receipts increased slightly to allow for higher freight rates and increased utilization less an allowance for increased overseas expenses.
${ }^{8}$ Estimated 1950 Receipts
Increases due to higher profits earned from the production of sterling area primary commodities
$£ 225 \mathrm{Mn}$.
$£ 275 \mathrm{Mn}$.
${ }^{9}$ An extra $£ 50 \mathrm{Mn}$. over 1950 allowed for deterioration in the international situation.
${ }^{10}$ Estimated 1950 Receipts
$£ 225 \mathrm{Mn}$. Increases largely due to higher oil company receipts; merchants' profits etc. from sale of sterling area primary commodities

75
$£ 300 \mathrm{Mn}$
(1) a firm policy with regard to exports which will succeed in offsetting any inevitable declines caused by rearmament with increases elsewhere, so that they will equal their 1950 volume ; *
(2) a continuation of the current level of prices in the important markets (which are higher than those paid in 1950) for primary products and a relatively small increase during 1951 in the prices of manufactured goods ;
(3) the practicability of satisfying our import requirements (including some strategic stockpiling) in volume terms;

* For the reasons which should underlie such a policy see 'The Armed Economy', pp. 2-7.
(4) an absence of drastic increases in the costs of production of British companies operating overseas, so that the higher prices received for their primary production will produce expanded profits.
On this basis it appears probable that we should have a balance of payments deficit on visible account of some $£ 450 \mathrm{Mn}$. in 1951 compared with the probable small deficit during 1950. This deficit would be approximately offset by a surplus on invisible account so that the net result would be a position of near equilibrium in the overall balance of payments in 1951. Thus, the 1950 surplus would be eaten up by the demands of the armed economy and the adverse movement in our terms of trade.


## THE SECOND HALF OF 1950 IN THE U.S.A.*

fanuary 10th, 1951

The first half of 1950 was characterised by a peacetime boom which had not yet reached its climax ; in the second half, the high tide of effective demand was carried even higher by the anticipation of a tremendous military programme which, at the year's end, was only beginning to get under way. The inflationary potential inherent in the situation has been widely appreci-ated-and acted upon ; consequently gross expenditure has been large and prices have been rising.

The outbreak of hostilities in Korea caused a wave of " scare buying " by consumers and businesses alike, with a resultant jump in prices. The fact that inventories were sufficient to satisfy the " panic demand," coupled with temporary military successes and credit restrictions on the purchase of consumer durables, caused a slackening of the rate of the price ascent in the early autumn. However, the military reverses since early November touched off a greatly expanded military programme which is bringing the American economy to a semi-war footing-and the brink of a serious inflation.

## Production and Employment

The expansion in output caused unemployment to drop from 3.4 Mn . in June to 2.2 Mn . in November ; in the same interval, industrial employment increased from 52.4 Mn . to 53.7 Mn . It would not be far wrong to say that in the fourth quarter there was "full employment." In the next few months, there will probably be some "spots of unemployment" arising from lack of materials, but apart from this and the customary

[^10]By M. W. Reder, Stanford University.
easing of the labour market in January, the year 1951 will be one of labour shortage.

The indices of Industrial Production (cols. 811, p. 20) indicate an overall increase of about $8 \%$ between June and November, the rise being sharpest in Durable Manufactures. (No one considers the slight drop in output occurring in November to be of any significance). The only output declines to be expected in the new year are in those consumer durables which use appreciable amounts of scarce raw materials-e.g., automobiles, television sets, refrigerators, washing machines, etc. The shortage of raw materials needed for making these and similar items is only beginning to affect their output and has not, except for isolated cases, been felt by the consumer.

The Expenditure Table shows quite clearly the violent increase in consumption, especially of durables, in the third quarter of the year. This demand reflects the buying wave caused by the Korean episode ; the buyers (as nearly as one can tell) were motivated partly by fear of shortages, partly by fear of higher prices and partly by sheer contagion. In the fourth quarter, it seems likely that the rate of expenditure on durables (particularly automobiles) fell off somewhat, due to tightened credit regulations and the slackening of anticipatory buying. Price rises, especially in foods, "explain" about half of the increase in non-durable expenditure, with considerably increased clothing purchases at slightly higher prices accounting for much of the remainder.

The sharp reversal of inventory investment from the second to the third quarter is attributable entirely to movements in the business (non-farm) sector; agricultural inventories continued to be
liquidated at the same (seasonally adjusted) rate as in the second quarter. The jump in consumer expenditure caused a decline in business inventories in the mid-summer months (notably July); manufacturers' stocks of raw materials and goods in process rose as output expanded, but their stocks of finished goods fell. The fall was, for the most part, made good by the end of Septem-ber-and non-farm inventories have increased steadily ever since-but the recovery was not sufficient, within the space of the third quarter, to offset the continued liquidation of farm inventories.

Expenditures on Producers' Durables increased markedly from the second to the third quarter. Here too, fear of shortages and rising prices were strong inducements to "invest now," but these were aided and abetted by rising sales and profits. Industrial and commercial building increased by about $15 \%$ between the June and September quarters, with the former rising somewhat more than the latter. However, investment in equipment rose considerably more than expenditure on plant. The increased demand for equipment came primarily from the manufacturing industries, but orders for transportation equipment, both rail and motor, have also spurted forward. Estimates for the fourth quarter of 1950 and the first quarter of the new year indicate that the demand has not been satisfied and that
this type of investment will proceed as rapidly as materials, facilities and man-power permit. If present plans are carried out (and these plans tend to under- rather than over-state actual expenditures) 1951 will set a new record for this type of expenditure.

In the third quarter, construction rose even higher than in the second; housing again led the way. In July, mild restrictions were imposed on Government guaranteed mortgages, but with relatively little visible effect. But in October, much more stringent restrictions were imposed on mortgage financing (see below), and the consequent difficulty of financing the purchase of new houses is expected to curtail residential construction considerably in the new year. Housing starts were less in November, 1950 than in November 1949 and it is fairly clear that the new credit regulations are beginning to " pinch." However, past commitments to finance and houses already begun will maintain residential building at a high (although descending) level for at least one or two months longer.

Net disinvestment in foreign assets continued and accelerated in the third quarter. In good part, this reflects the sizeable jump in merchandise imports, coffee and sugar being the principal increases. October figures show still further rises; in part this trend reflects rising prices, but it also mirrors a tendency for firms to stockpile

COMPONENTS OF OUTPUT, EXPENDITURE AND INCOME ( $\$ 000 \mathrm{Mn}$.)

|  | Annual Totals |  |  | Quarterly Estimates, Seasonally Adjusted |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1947 | 1948 | 1949 | $\frac{1948}{\text { IV }}$ | 1949 |  |  |  | 1950 |  |  |
|  |  |  |  |  | I | II | III | IV | I | II | III |
| Personal Consumption : |  |  |  |  |  |  |  |  |  |  |  |
| Durable Goods ... ... | 21.4 | $22 \cdot 9$ | $23 \cdot 8$ | $22 \cdot 9$ | 22.4 | $23 \cdot 0$ |  |  |  |  |  |
| Non-Durables Services | $95 \cdot 1$ | $100 \cdot 9$ | 98.5 | $100 \cdot 9$ | $99 \cdot 4$ | $99 \cdot 2$ | $97 \cdot 6$ | 97.9 | $97 \cdot 4$ | $26 \cdot 7$ $99 \cdot 3$ | 33.5 104.9 |
| Services . | $49 \cdot 1$ | $53 \cdot 7$ | $56 \cdot 4$ | $53 \cdot 7$ | $55 \cdot 6$ | $56 \cdot 2$ | $56 \cdot 6$ | $57 \cdot 4$ | $58 \cdot 1$ | $59 \cdot 2$ | $104 \cdot 9$ |
| Total | $165 \cdot 6$ | 177.4* | 178.8* | 177.4* | 177.4 | 178.4 | 179.0* | $180 \cdot 6$ | $182 \cdot 4$ | $185 \cdot 2$ | $198 \cdot 4$ |
| Domestic Investment (Gross) : <br> New Construction <br> Producers' Durables <br> Net Growth in Inventory | 13.9 | $17 \cdot 7$ | $17 \cdot 3$ | $17 \cdot 8$ | 17-2 | 16.8 | 16.9 | $18 \cdot 2$ |  |  |  |
|  | $17 \cdot 1$ | $19 \cdot 9$ | 19.5 | $20 \cdot 9$ | $20 \cdot 1$ | 19.8 | $19 \cdot 4$ | $18 \cdot 2$ 18.7 | 19.9 19.9 | $21 \cdot 3$ $22 \cdot 3$ | $22 \cdot 8$ 27.1 |
|  |  | $5 \cdot 5$ | -3.7 | $8 \cdot 0$ | 0.3 | 19.8 -5.3 | $19 \cdot 4$ $-4 \cdot 3$ | 18.7 -5.7 | $19 \cdot 9$ 2.0 | $22 \cdot 3$ $3 \cdot 4$ | 27.1 -1.5 |
| Total | $30 \cdot 2$ | $43 \cdot 1$ | $33 \cdot 0$ * | 46-8* | $37 \cdot 5$ | $31 \cdot 3$ | $32 \cdot 1$ | $31 \cdot 2$ | 41.7* | 46.9* | $48 \cdot 4$ |
| Foreign Investment (Net) Government Purchases of Goods and Services ... | $8 \cdot 9$ | 1.9 | 0.4 | $1 \cdot 0$ | $1 \cdot 0$ | 1-3 | $0 \cdot 1$ | $-0.7$ | $-1.7$ | $-2 \cdot 0$ | $-3 \cdot 3$ |
|  | $28 \cdot 6$ | $36 \cdot 6$ | $43 \cdot 3$ | $40 \cdot 3$ | $42 \cdot 9$ | $44 \cdot 3$ | $43 \cdot 2$ | $42 \cdot 8$ | $41 \cdot 0$ | $40 \cdot 2$ | $40 \cdot 8$ |
| Gross National Product | $233 \cdot 3$ | $259 \cdot 1$ | $255 \cdot 6$ | $266 \cdot 8$ | $258 \cdot 8$ | $255 \cdot 2$ | $254 \cdot 4$ | $253 \cdot 8$ | $263 \cdot 4$ | $270 \cdot 3$ | 284-3 |
| Consumers' Disposable IncomeConsumers' Saving a.... | 169.5 |  |  |  |  |  |  |  |  |  |  |
|  | 169.5 3.9 | 188.4 10.9 | 187.4 8.6 | $\begin{array}{r} 193.5 \\ 14.8 \end{array}$ | $\begin{array}{r} 189.9 \\ 12.5 \end{array}$ | $\begin{array}{r} 188 \cdot 2 \\ 9.8 \end{array}$ | $185 \cdot 1$ $6 \cdot 2$ | $\begin{array}{r} 186 \cdot 8 \\ 6 \cdot 2 \end{array}$ | $\begin{array}{r} 197.5 \\ 15 \cdot 0 \end{array}$ | $\begin{array}{r} 195 \cdot 6 \\ 10.4 \end{array}$ | $\begin{array}{r} 204 \cdot 7 \\ 6.4 \end{array}$ |
| Corporate Net Saving ex-Inventory Adjustment | 6-1 | 11.4 | 11.4 | 14.5 | $10 \cdot 0$ | $12 \cdot 6$ |  |  |  |  |  |
| Treasury Cash Surplus | 14.8 | 17.4 | $18 \cdot 8$ | $18 \cdot 1$ | $18 \cdot 1$ | 18.7 | 13.6 18.9 | 9.5 19.3 | $8 \cdot 1$ 19.7 | $11 \cdot 7$ $20 \cdot 5$ | $8 \cdot 0 \dagger$ $21 \cdot 3$ |
|  | $5 \cdot 7$ | $8 \cdot 0$ | $-1.3$ | (a) | (a) | (a) | (a) | (a) | (a) | (a) | 21.3 $(a)$ |


| Months or <br> Monthly <br> Averagea | LABOUR FORCE． |  |  | $\begin{gathered} \hline \text { PERSONAL } \\ \text { INCOME } \\ \hline \end{gathered}$ |  |  |  | INDUSTRIAL PRODUCTION． |  |  |  |  | BUILDING． |  |  |  |  | STOCES． |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  | Fed．Res．Bd．Index Nos． Seasonally Adjusted． |  |  |  |  | Contracts，Value， seasonally adjusted |  |  |  |  | E药品 | ：，sopusojoqia |  |
|  |  |  |  |  |  | $\begin{aligned} & \text { N } \\ & \stackrel{3}{0} \end{aligned}$ |  |  |  | 岂 臭 |  |  |  | \＆ $\frac{4}{0}$ ₹ |  |  |  |  |  |
|  | Mn． | Mn． | Mn ． | \＄000 Mn |  |  | \＄Mn． | 8 | \％of 1935／9． |  |  |  | 000＇s | $\%$ of 1935／9 |  |  | 8 Mn ． | $\begin{gathered} \% \text { of } \\ 1939 \\ \hline \end{gathered}$ | 8000 Mn ． |  |  |
|  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 0 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 1023 Av ． |  |  |  |  |  | 800 | 25．1＊ | 88 | 103 | 72 | 98 | 302 | 146 | 198 | 121 | 720 |  |  |  |  |
| 1920 Av． |  |  |  | 85 | 97 | 940 | 28．6＊ | 110 | 132 | 93 | 107 | 382 | 204 | 213 | 200 | 830 |  |  |  |  |
| 1032 Av ． |  |  |  | 49 60 | 46 | 400 | 17－1＊ | 58 | 41 | 70 | 67 | 95 | 49 | 32 | 56 | 270 |  |  |  |  |
| $\begin{aligned} & 1935 \mathrm{Av} . \\ & 1936 \mathrm{Av} . \end{aligned}$ |  |  |  | 60 | 53 63 | 590 700 | $22 \cdot 2 *$ 24.4 | 87 103 | 90 108 | 80 100 | 86 99 | 271 306 | 64 96 | 51 | 70 99 | 260 390 |  |  |  |  |
| 1937 Av ． |  |  |  | 74 | 66 | 740 | 26.8 ＊ | 113 | 122 | 106 | 112 | 306 326 | 96 103 | 91 100 | 99 104 | 390 440 |  |  |  |  |
| 1938 Av． |  |  |  | 68 | 62 | 640 | 24－4＊ | 89 | 78 | 95 | 97 | 167 | 112 | 110 | 113 | 420 |  |  |  |  |
| 1930 Av ． |  |  |  | 73 | 66 | 660 | 27.0 ＊ | 109 | 109 | 109 | 106 | 239 | 125 | 147 | 114 | 510 | 100 | $10 \cdot 0$ | 3－0 | $5 \cdot 3 *$ |
| 1940 Av ． | 0．5＊ | 37－4＊ | 7－3＊ | 78 | 71 | 700 | $28.5 *$ | 125 | 139 | 115 | 117 | 310 | 141 | 176 | 125 | 570 | 116 | 11.3 | $3 \cdot 3$ | $5 \cdot 5 *$ |
| 1941 Av ． | $8.6 *$ $8.6{ }^{\circ}$ | $40.4 *$ 43.5 | $5 \cdot 0 *$ 2.4 | 95 122 | 86 109 | 930 1280 | 33－6＊ | 162 | 201 | 142 | 125 | 315 | 213 | 218 | 210 | 860 | 168 | $13 \cdot 6$ | 3－8 | 6－0＊＊ |
| 1942 Av ． 1943 Av ． | $8.6{ }^{*}$ $8.3^{*}$ | 43．5＊ | 2．4＊＊ | 122 | 109 134 | 1280 1610 | 36.7 43.1 | 199 239 | 279 360 | 158 | 129 | 19 | 289 | 201 | 331 | 1110 | 207 | $17 \cdot 0$ | $4 \cdot 4$ | 7－4＊ |
| 1943 Av ， 1944 Av ． | $8.1 *$ | 43．7＊＊ | $0 \cdot 8$＊ | 149 165 | 134 149 | 1610 1690 | $43 \cdot 1$ 46.1 | 239 235 | 360 353 | 176 171 | 132 140 | 0 | 118 71 | 98 39 | 130 86 | 640 | 201 208 | $17 \cdot 6$ 17.3 | 3.5 3.7 | $6.4 *$ |
| 1945 Av ． | $8 \cdot 1 *$ | 43．5＊ | 1－2＊ | 170 | 154 | 1730 | $44 \cdot 4$ | 203 | 274 | 166 | 137 | 6 | 118 | 64 | 144 | 380 | 198 | 16.4 | $3 \cdot 7$ | 6.5 |
| 1946 Av ． | $8 \cdot 3$ | $46 \cdot 9$ | $2 \cdot 3$ | 178 | 159 | 2000 | $43 \cdot 7$ | 170 | 192 | 165 | 134 | 179 | 267 | 360 | 227 | 830 | 211 | $20 \cdot 47$ | 4.8 | 7.6 |
| 1947 Av． | $8 \cdot 3$ | 49.8 | $2 \cdot 1$ | 191a | 1715 | 2540 | 49.3 | 187 | 220 | 172 | 149 | 297 | 275 | 350 | 140 | $1160{ }^{+}$ | 247 | 26.4 | $6 \cdot 9$ | 12.6 S |
| 1948 Av ． | 8.0 | 51.4 | $2 \cdot 1$ | 210 | 187 | 2587 | $53 \cdot 2$ | 192 | 225 | 177 | 155 | 326 | 331 | 395 | 300 | 1486 | 252 | 31.8 | $8 \cdot 3$ | 13.9 |
| $\begin{gathered} 1949 \mathrm{Av} . \\ 1947 \end{gathered}$ | 8.0 | 50.7 | $3 \cdot 4$ | 206 | 188 | 2309 | 54－9＊ | 176 | 202 | 168 | 135 | 426 | 369 | 474 | 319 | 1610 |  | $32 \cdot 6$ | 9－2 | 14.3 |
| JULY | $10 \cdot 1$ | 50.0 | $2 \cdot 6$ | 189 | 169 | 2660 | 49.0 | 176 | 207 | 163 | 140 | 280 | 271 | 333 | 239 | 1260 | 231 | 26.8 | $6 \cdot 7$ | 11.4 |
| AUG． | $9 \cdot 0$ | $50 \cdot 6$ | $2 \cdot 1$ | 188 | 169 | 2510 | $49 \cdot 2$ | 182 | 210 | 169 | 150 | 262 | 290 | 368 | 251 | 1360 | 231 | 27.0 | 7－1 | 11.8 |
| 8EPT． | $8 \cdot 7$ | $50 \cdot 2$ | 1－9 | 203 | 183 | 3050 | 50.4 | 187 | 217 | 172 | 153 | 308 | 320 | 412 | 274 | 1420 | 260 | $27 \cdot 1$ | 7－2 | 12－2 |
| OCT． | $8 \cdot 6$ | $50 \cdot 6$ | 1.7 | 196 | 175 | 3760 | 51.1 | 191 | 223 | 176 | 155 | 316 | 329 | 417 | 276 | 1500 | 255 | $27 \cdot 4$ | $7 \cdot 3$ | $13 \cdot 1$ |
| NOV． | 8.0 | $50 \cdot 6$ | $1 \cdot 6$ | 198 | 177 | 3100 | 51.3 | 192 | 224 | 179 | 155 | 305 | 337 | 400 | 305 | 1430 | 268 | 27.6 | 7.5 | 13.5 |
| $\begin{aligned} & \text { DEC. } \\ & 1948 \end{aligned}$ | $7 \cdot 0$ | 51.0 | 1.6 | 202 | 179 | 2910 | $52 \cdot 7$ | $19 \%$ | 230 | 173 | 156 | 367 | 344 | 395 | 319 | 1320 | 252 | 28.0 | 7.5 | 12.6 |
| JAN． | 7－1 | $50 \cdot 1$ | $2 \cdot 1$ | 206 | 181 | 2550 | 62－1 | 193 | 229 | 178 | 154 | 305 | 334 | 373 | 313 | 1160 | 251 | 28.5 | 7.9 | 14.2 |
| FEB． | 6.8 | $50 \cdot 4$ | $2 \cdot 6$ | 201 | 182 | 1830 | 51.8 | 1.4 | 226 | 180 | 155 | 275 | 327 | 373 | 302 | 1010 | 251 | 28.8 | 7.9 | 14.0 |
| MAR． | 6.9 | 50.5 | $2 \cdot 4$ | 203 | 184 | 1890 | $52 \cdot 1$ | 11 | 229 | 177 | 142 | 350 | 316 | 363 | 292 | 1170 | 257 | $29 \cdot 1$ | $7 \cdot 9$ | 13.6 |
| APR． | 7.5 | 50.9 | $2 \cdot 2$ | 207 | 184 | 2010 | 51.8 | 188 | 217 | 177 | 147 | 308 | 315 | 377 | 283 | 1310 | 252 | 29.2 | 7.8 | 14.2 |
| MAY | 7.9 | 50.8 | 1.8 | 208 | 185 | 2080 | 51.9 | 192 | 221 | 178 | 162 | 225 | 328 | 404 | 290 | 1460 | 244 | 29.4 | 7.9 | 14.0 |
| JUNE | 9.4 | 51－9 | $2 \cdot 2$ | 211 | 187 | 2390 | 52.9 | 192 | 222 | 179 | 159 | 312 | 350 | 434 | 310 | 1620 | 265 | 29.7 | $8 \cdot 0$ | 13.6 |
| JULY | 9－2 | $52 \cdot 4$ | 2．2 | 212 | 189 | 2680 | 53.0 | 186 | 219 | 169 | 153 | 357 | 357 | 458 | 308 | 1720 | 246 | $30 \cdot 2$ | 8.0 | 13.5 |
| AUG． | 8.4 | 52.8 | 1.9 | 214 | 191 | 2720 | 54.1 | 191 | 223 | 177 | 159 | 349 | 350 | 434 | 310 | 1800 | 251 | 30.4 | 8.2 | 14.0 |
| SEPT． | $8 \cdot 7$ | 51．6 | 1.9 | 213 | 191 | 3130 | $54 \cdot 2$ | 192 | 224 | 178 | 156 | 301 | 336 | 404 | 304 | 1780 | 265 | 30.7 | $8 \cdot 3$ | 14.7 |
| OCT． | 8.6 8.0 | 51.5 51.9 | 1.6 | 214 | 191 | 3710 | $54 \cdot 6$ | 195 | 231 | 179 | 158 | 384 | 320 | 385 | 290 | 1700 | $\begin{array}{r}249 \\ 254 \\ \hline\end{array}$ | 30.8 | 8.4 | 15－3 |
| NOV． | 8.0 7.4 | $51 \cdot 9$ $52 \cdot 1$ | 1.8 1.9 | 213 214 | 191 191 | 3310 2740 | $54 \cdot 6$ 55.0 | 195 192 | 229 231 | 178 173 | 161 156 | 364 378 | 329 313 | 377 355 | 305 294 | 1650 1450 | $\frac{254}{8 \mathrm{Mn}}$ | 31.2 31.7 | 8.5 8.3 | $15 \cdot 7$ $13 \cdot 9$ |
| $1949$ | 7.4 | 52.1 50.7 | 1.9 2.7 | 214 211 | 191 | 2740 2380 | $55 \cdot 0$ 54.5 | 192 | 231 | 173 | 156 | 378 326 | 313 303 | 355 326 | 294 | 1450 | \＄MmL | 31.7 32.1 | 8.3 8.5 | 13.9 13.5 |
| FEB． | 7.0 | 50.2 | $3 \cdot 2$ | 207 | 189 | 1780 | $54 \cdot 5$ $54 \cdot 1$ | 191 189 | 227 226 | 173 | 149 | 326 325 | 303 294 | 326 301 | 291 | 1270 | 169 16.5 | $32 \cdot 1$ $32 \cdot 1$ | 8.6 8.6 | 13.8 13.8 |
| MAR． | $7 \cdot 4$ | $50 \cdot 3$ | $3 \cdot 2$ | 207 | 188 | 1970 | 53.6 | 184 | 223 | 168 | 136 | 402 | 305 | 316 | 288 | 1250 | 18.0 | 31.8 | $8 \cdot 4$ | 14.5 |
| APR． | 7.8 | $50 \cdot 0$ | $3 \cdot 0$ | 207 | 189 | 1850 | 53.811 | 179 | 212 | 162 | 148 | 436 | 308 | 345 | 290 | 1370 | 16.0 | $34 \cdot 0$ | $9 \cdot 3$ | 14.5 |
| MAY | $9 \cdot 0$ | $49 \cdot 7$ | $3 \cdot 3$ | 208 | 189 | 1944 | $54 \cdot 1$ | 174 | 201 | 161 | 145 | 395 | 315 | 390 | 281 | 18700 | $15 \cdot 7$ | $33 \cdot 6$ | $9 \cdot 2$ | 14.1 |
| JUNE | 9.7 | $49 \cdot 9$ | 3.8 | 206 | 187 | 2053 | $54 \cdot 5$ | 169 | 194 | 161 | 133 | 494 | 339 | 431 | 296 | 2040 | 16.3 | $33 \cdot 3$ | $9 \cdot 0$ | $14 \cdot 2$ |
| JULY | 9．6 | $50 \cdot 0$ | $4 \cdot 1$ | 204 | 187 | 2177 | $54 \cdot 6$ | 161 | 185 | 154 | 123 | 483 | 364 | 490 | 306 | 2120 | 15．5 | $32 \cdot 4$ | 9－1 | 13.9 |
| AUG． | $8 \cdot 5$ | 51.4 | $3 \cdot 7$ | 204 | 187 | 2417 | 54.7 | 170 | 192 | 165 | 129 | 557 | 398 | 559 | 324 | 2190 | 17．5d | 29．7d | $9 \cdot 1$ | 13.9 |
| SEPT． | $8 \cdot 1$ | 51.3 | $3 \cdot 4$ | 203 | 188 | 2608 | $55 \cdot 7$ | 174 | 199 | 172 | 119 | 534 | 428 | 622 | 338 | 2210 | 18－2 | 29－3 | $9 \cdot 2$ | 14.4 |
| OCT． | 7.7 | $51 \cdot 3$ | 3.6 | 202 | 186 | 3139 | $55 \cdot 3$ | 166 | 175 | 177 | 112 | 488 | 458 | 659 | 365 | 2180 | 17－2 | 28.9 | $9 \cdot 1$ | 14．5 |
| NOV． | 7.9 | 51.6 | $3 \cdot 4$ | 206 | 188 | 3050 | $54 \cdot 4$ | 173 | 181 | 177 | 141 | 382 | 461 | 627 | 385 | 2040 | $16 \cdot 9$ | $28 \cdot 7$ | $9 \cdot 1$ | 14.3 |
| $\begin{aligned} & \text { DEC. } \\ & 1950 \end{aligned}$ | 6.8 | 51.8 | $3 \cdot 5$ | 208 | 191 | 2326 | 56.0 | 179 | 203 | 176 | 132 | 291 | 456 | 625 | 378 | 1850 | 16.0 | $28 \cdot 9$ | $9 \cdot 0$ | 13.7 |
| JAN． | 6.2 | $50 \cdot 7$ | $4 \cdot 5$ | 215 | 195 | 2254 | 56.3 | 183 | 209 | 179 | 130 | 488 | 421 | 600 | 337 | 1710 | 17.0 | 29.0 | $9 \cdot 0$ | 14.0 |
| FEB． | 6．2 | 50.7 | $4 \cdot 7$ | 215 | 199 | 1614 | 56.4 | 180 | 207 | 180 | 118 | 385 | 458 | 637 | 375 | 1620 | 16.9 | 29－0 | $9 \cdot 0$ | 13．8 |
| MAR． | 6.7 | $50 \cdot 9$ | $4 \cdot 1$ | 219 | 204 | 1674 | 56.5 | 187 | 211 | 181 | 144 | 470 | 479 | 681 | 386 385 | 1750 | 18－8 | 29－0 | 8.3 | $14 \cdot 3$ 14.1 |
| APR． | $7 \cdot 2$ | 51.5 | $3 \cdot 5$ | 214 | 199 | 1594 | 56.9 | 190 | 222 | 180 | 140 | 455 | 494 | 730 | 385 | 1990 | 17－2 | 29－3 | $9 \cdot 4$ | 14－1 |
| MAY | $8 \cdot 1$ | $51-7$ | $3 \cdot 1$ | 215 | 198 | 1809 | $57 \cdot 5$ | 195 | 231 | 181 | 145 | 576 | 477 | 742 | 353 | 2280 | 19－1 | 29.6 <br> 9.9 | $9 \cdot 5$ 9.5 | $14 \cdot 4$ 14.7 |
| JUNE | $9 \cdot 0$ | $52 \cdot 4$ | $3 \cdot 4$ | 217 | 201 | 1859 | $58 \cdot 9$ | 199 | 237 | 184 | 151 | 721 | 506 | 796 | 369 | 2540 | 20.7 | 29.9 | $9 \cdot 5$ | $14 \cdot 7$ |
| JULY | $8 \cdot 4$ | $52 \cdot 8$ | 3．2 | 221 | 203 | 2356 | 59－2 | 196 | 235 | 181 | 144 | 595 | 566 | 904 | 407 | 2680 | 22.0 | 29．7 | $9 \cdot 3$ | 14－1 |
| AUG． | $8 \cdot 2$ | $54 \cdot 2$ | 2.5 | 225 | 207 | 2551 | $60 \cdot 3$ | 209 | 247 | 195 | 159 | 683 | 581 | 887 |  | 2790 | 27.1 | 29－7 | $9 \cdot 6$ | 15－1 |
| SEPT． | 7.8 | $53 \cdot 4$ | $2 \cdot 3$ | 229 | 211 | 2913 | 60.7 | 212 | 252 | 194 | 164 | 617 | 559 | 813 | 440 | 2810 | －33．6 | $30 \cdot 6$ | $9 \cdot 9$ | 15．8 |
| OCT， | 8.5 7.6 | 53－3 | 1.9 | 231 | 212 | $3580 *$ | 62．0＊ | $215 *$ | $260{ }^{*}$ | 195＊＊ | 166＊＊ | 651 | 529 | 728 | 426＊ | 2730 | $24 \cdot 5$ | 31－5 | $10 \cdot 2$ | 16.5 |
| NOV． DEC． | 7.6 6.2 | $53 \cdot 7$ | $2 \cdot 2$ $2 \cdot 2$ | 232 |  |  |  | 214＊ | $256 *$ | 195＊ | 164＊ |  |  |  |  |  |  |  |  |  |
| ＊Provisional † Subsequently new serles about $10 \%$ higher than before <br> II Subsequently new series about $2 \%$ higher than before． <br> （a）＂$\quad$（c $\quad$＂ $1-2 \%$ lower than before <br> （c）＂＂＂10－20\％higher than before． |  |  |  |  |  |  |  |  |  | $\ddagger$ Subsequently new series about $15 \%$ higher than before（b）$\quad "$（d）（d）＂＂ |  |  |  |  |  |  |  |  |  |  |
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SOURCE．－Survey of Current Business．
DATES．－Cols，1－3，mid－month；cols．18－20，end of month．
SEE ALSO FURTHER NOTES ON PAGE 100 OF BULLETIN FOR AUGUST， 1947.


DATE8.-Cols. 25, 38.9, end of month; cols. 27-9, monthly average; cols. 30-1, mid-month; 32, 34, 36, average of Wednesdays; col. 35, daily average
raw materials whenever possible. There was also a small decline in third quarter exports, primarily due to a summer decline in cotton shipments. The net result of these events was that the export surplus almost disappeared. Government grants and loans under E.R.P. and other civilian auspices continued to decline in the third quarter (although remaining an important item in the Balance of Payments), while the aid forthcoming under the Mutual Defence Assistance Programme had not yet reached a volume sufficient to offset this fall. But Defence Aid expenditures were below appropriations, and the decline in gross aid expenditure is purely temporary.

Government purchases lagged far behind appropriations throughout the latter half of 1950. Since July 1st $\$ 33,000 \mathrm{Mn}$. has been appropriated for defence, foreign military aid, stockpiling and atomic energy, but actual military expenditure was only at an annual rate of $\$ 15,000 \mathrm{Mn}$. in the third quarter and in December was still below an annual rate of $\$ 25,000 \mathrm{Mn}$. It should be noted however, that part of the impact of defence orders would be first recorded as an increase in raw and semi-finished business inventories, crossing to the government account only upon completion. Unfortunately, it is impossible to estimate the quantitative significance of this fact. Overall federal expenditure increased in the third quarter and even more in the fourth; while through the third quarter, at least, State and Local expenditure also continued to rise.

As might be expected, the increase in business activity caused Disposable Income to rise considerably (about $5 \%$ ) in the third quarter. Wages and Salaries rose by $5 \%$, about half of which was the result of increased employment with the remainder the result in equal measure of higher hourly earnings and a longer work week. Proprietors' and rental incomes increased by about $10 \%$ during the third quarter, the principal gainers being farmers and entrepreneurs in trade and manufacturing. Corporate dividends soared from the second quarter to the third, increasing by almost $20 \%$ (the highest quarterly gain on record). In part this jump reflected the high rate of earnings ; however, it has been surmised that tax considerations played a role in the timing of the payments. ${ }^{\star}$ Transfer payments fell markedly in the third quarter because of the virtual cessation of National Service Life Insurance dividends and

[^11]declining unemployment compensation. It seems likely that most of the third quarter trends in income payments continued into the fourth quarter ; however, higher personal income tax rates tended to damp down any tendency for Disposable Income to increase further.

The burst of consumption expenditure in the third quarter more than offset the increase in Disposable Income with the result that Consumer Saving fell markedly, the Savings Ratio falling to its lowest level ( $3 \cdot 1 \%$ ) since the first quarter of 1948. It is probable that both the rate, and ratio to income, of consumer saving rose in the fourth quarter. Corporate Saving also fell despite an increase in book-keeping profits after taxes. The fall was partly due to the increase in dividend payments, but primarily apparently to the fact that profits, apart from gains on inventory, fell from the second to the third quarter.

## Wages and Prices

Average hourly earnings in Manufacturing climbed about 3\% between June and October. This gain partly reflects increased overtime and incentive pay, but it also reflects some negotiated pay increases, notably in heavy industry. These increases have been, and are, spreading throughout the economy and have no doubt raised the level of hourly earnings appreciably beyond the November figure. A new and important development in the wage area is the rapid spread of automatic cost-of-living adjustment clauses in collective agreements. These clauses obviously add fuel to any inflationary fire as they cause wages and income payments to rise automatically with the level of consumer prices. The effect of these clauses is not confined to the firms and unions bound by them; unions without such contract provisions feel obliged to demand increases for their members (and employers to grant them) whenever cost of living adjustments are made to (say) General Motors employees to the accompaniment of considerable publicity. Already a number of important firms have granted wage increases, despite the fact that their agreements with the unions had a considerable time to run.

It seems very unlikely that the Wage Stabilisation Board will be able to "outlaw " cost-ofliving adjustments. Indeed, it may well be that the Board will be unable to proscribe even automatic per annum wage increases which have recently grown in importance. The union leaders (and members) feel that they traded present wage or other gains for promised future wage increases, and that it would be unfair to deprive them of what they have " paid for."

The key to the wage problem is the cost of living-especially as that elusive entity is mirrored in the Bureau of Labor Statistics' Index of Consumer Prices. The behaviour of the index, however, gives scant encouragement to the consumer. From 15th June to 15 th November, this index rose by $3.2 \%$ and it has risen appreciably since the latter date. From July to October, clothing prices and house-furnishings led the rush, the former rising $4.5 \%$ and the latter, $7.9 \%$; since then, however, foods have taken over the van with meat prices acting as spearhead. Rents and other items of non-durable expenditure have also climbed, but more slowly than those mentioned. But what is past is a mere prologue, for retail prices are far behind raw material and wholesale prices.

The " All Commodities" index stood, at the year's end, about $12 \%$ higher than in June; farm prices rose about $15 \%$ during the same period. However, farm and food prices as a whole rose by more than $20 \%$ as compared with an increase of about $13-14 \%$ in industrial prices. Wholesale textile prices rose substantially in the third quarter (over $20 \%$ ), as did the prices of their raw materials. However, wholesale apparel prices have lagged behind this movement and retail prices (despite the increases noted above) have fallen still further behind. Chemical prices also climbed about $20 \%$ in the June-November interval, with house-furnishings doing almost as well. But Metals and Metal Products climbed by only about $5 \%$ in this interval, with sharp rises in non-ferrous metals and plumbing and heating equipment being balanced by virtual constancy in the published prices of steel products. However, the new wage agreement with the United Steel Workers (concluded on 30th November) heralded a general rise in listed steel prices of $5 \%$ to $6 \%$. The only encouragement for the buyers emanated from the prices of building materials; the index of these prices reached its peak in September and has since moved " sideways," declines in lumber prices being offset by increases in the prices of other materials.

## Money and Finance

One reflection of the lag between appropriation and expenditure is the fact that in the third quarter the Federal government showed an overall surplus at an annual (seasonally adjusted) rate of $\$ 13,000 \mathrm{Mn}$. ; in the second quarter the corresponding annual rate of surplus was $\$ 6,200 \mathrm{Mn}$. This surplus resulted from rising tax receipts and a decline in disbursements (especially those on account of National Service Life Insurance Dividends). Higher rates of tax were imposed
on personal and corporate incomes, effective in October. In December, an Excess Profits Tax was levied on corporate earnings.

The behaviour of the banking system was, on the whole, inflationary; Demand Deposits of the weekly reporting member banks climbed from $\$ 47,800 \mathrm{Mn}$. at the end of June, to $\$ 51,770 \mathrm{Mn}$. at the year's end ; their Commercial, Industrial and Agricultural loans rose from $\$ 13,911 \mathrm{Mn}$. to $\$ 17,801 \mathrm{Mn}$. in the same period. Consumer credit rose from $\$ 17,700 \mathrm{Mn}$. to $\$ 19,400 \mathrm{Mn}$. in the period between June and October. However, on 8th September, the Board of Governors of the Federal System exercised its newly regained "wartime" power (Regulation W) to regulate the terms of instalment credit. On 13th October, the Board issued far more severe regulations which greatly increased the down payments and shortened the maturity dates on instalment loans. These credit restrictions have nipped the bloom from the retail market for durables, but have not affected output appreciably as dealers have been willing and able to accumulate inventories when necessary. However, they have probably obtained for the buyer considerably better terms than he could otherwise have obtained. One indication of this is the intensive selling campaigns of retailers of durables (especially automobiles) following the application of credit restrictions. At the year's end (and in the new year), however, renewed fears of shortages once again started a wave of durable purchases-despite the credit restrictions.

Mortgage loans expanded greatly during the year. In the first half of $1950, \$ 6,600 \mathrm{Mn}$. of new loans (on 1 to 4 family dwellings) were made with a net increase of $\$ 2,919 \mathrm{Mn}$. in this type of debt. In the third quarter, the growth rate of this kind of indebtedness probably increased. On 12th October, the Board of Governors applied Regulation X which materially raised minimum downpayments and shortened maximum maturities; the effect of this regulation is yet to be felt fully, but it seems fairly evident that it will serve as an impediment to home builders and has considerably reduced contractors' plans for new (essentially speculative) construction.

The Board of Governors tried " moral suasion" throughout the second half to induce member banks to restrict credit expansion. The effort was by no means successful and at the year's close they raised reserve requirements. The Board has frequently objected to the policy of being compelled to maintain the market for government bonds at present yields, but has thus far been successfully over-ruled by the Treasury. In consequence, Federal Reserve credit out-
standing rose by $\$ 3,100 \mathrm{Mn}$. from the end of June to the end of December.

Yields on middle and long term government and gilt-edge corporate bonds rose slightly between June and November, but not nearly enough to stem the apparently wide-spread desire to get out of cash and claims thereto. This desire is manifested in the fact that for several months (up to November) sales of government savings bonds (Series " E ") have been less than redemptions, especially in the larger denominations. Another fact pointing in the same direction is the stock-market boom which had lifted the index of stock prices, by the year's end, about $20 \%$ above their mid July levels. (Institutional investors, who traditionally eschew equities for bonds, mortgages, etc., are entering the stock market with increasing vigour).

## Prospects for 1951

Briefly, the prospects are good for sellers and bad for buyers. In the early 1940's there was a general fear that 1929 was just over the horizon ; this made possible a vast accumulation of voluntary savings (especially in liquid form). Now, there is a feeling that it is 1941 again and everyone is trying not to pass up the opportunities overlooked a decade ago.

The Federal Budget is expected to run about $\$ 70,000 \mathrm{Mn}$. in the fiscal year 1952 . The President has called for tax increases sufficient to balance the budget, but it is questionable that a tax bill of anything like the implied size would
be accepted by Congress. At present there is an amazing, if superficial, unanimity among politicians ${ }^{\star}$ that direct controls are desirable and effective instruments for controlling inflation. Few congressmen, even of the most " free enterprise" convictions, publicly oppose wage-price controls. However, it is widely recognised that the price-control legislation passed last summer contained a great many "loopholes" for the adroit businessman to crawl through. Furthermore, the restrictions imposed on the control of farm and food prices (e.g. they may not be set below " parity" levels) seriously hamper, when they do not entirely prevent, control of these prices, which greatly affect the Index of Consumer Prices and hence wages. Consequently the Administration is asking for remedial amendments ; the vote on them will test the love of Congress for direct controls.

There has been considerable fumbling by the " price controllers"; this is due in good part, to lack of staff (which is now being recruited) and is of no long-run significance. What is disturbing, however, is the widespread doubt that the controls will be effective and the disbelief in (or unawareness of) any alternative anti-inflationary policy. " General Inflation" may already have won its first great victory ; it has half-convinced us that it is invincible.

[^12]
# WORLD COMMODITY SURVEY 

By C. F. Carter

Throughout the last quarter the prices of primary commodities have continued their relentless advance. The rise is a mixed blessing to producers; their great trading prosperity may create patterns of internal prices and costs which will be difficult to adjust when the boom comes to an end. In some instances, a dangerous stimulus has been given to the production of substitute materials, and this change also will be difficult to reverse, even when surpluses start to appear. The price rise is a graver danger to the consumers of commodities, for it gives a powerful leverage to internal wage inflation, and, by encouraging hoarding and disturbing the steady flow of raw materials, it is liable to reduce productivity.

We are, in fact, in the course of one of the steepest rises in world primary commodity prices of the past century. The Statist index of wholesale prices (which is, in effect, a somewhat damped version of an index of prices of commodities in international trade) had by December, 1950 , increased $20 \%$ on its June level, and $42 \%$ on its pre-devaluation level of August, 1949and it was still going up. During the course of the two world wars the increases were $122 \%$ over the August, 1914, level at November, 1918, and $64 \%$ over the September, 1939, level at August, 1945. The great inflation of 1920 only carried the index $36 \%$ above its level at Armistice Day. The only other movements of comparable vigour have been the jump of $22 \%$ from 1852 to 1853 , and of $29 \%$ from mid-1946 to mid-1947.

Yet it would, as usual, be foolish to generalize. The commodities sharing in the price rise can be divided into three groups. Firstly, there are those whose production is substantially below recent or "normal" levels of consumption, and which look like being in short supply for a considerable period. Secondly, there are those whose production is not far short of normal consumption-or perhaps exceeds it-but which are temporarily in short supply because of military stockpiling or other precautionary advance purchases. Thirdly, there are commodities whose price is responding to shortperiod influences, which might be expected to " disappear within the next year. The term "normal" consumption is of course a vague one ; it refers to the pattern of consumption which seemed to be emerging at the prices ruling before June, 1950.

The chief representative of the first group is wool, which seems to be singled out by fate to
exhibit the price system at its worst. As was pointed out in our November, 1950, Survey, the supply of wool is very slow to respond to the stimulus of high prices. This is not only because it takes time to breed sheep; the capacity of the wool-growing lands to carry more sheep is in many cases limited, and the present boom has not erased the memories of past disastersincluding not only the low prices of the 1930's, but more recent events such as the great Australian droughts. In developed countries, the lonely vocations of the shepherd and the hill sheep farmer have long been unpopular, and (although it may be possible to add to the sheep population on mixed farms) a really large marginal movement from other types of farming into sheep rearing is not very likely.

At most, therefore, we can look forward to a slow increase, say of 2 to $4 \%$ each year, in wool production-and even this is liable to be disturbed by the weather. But consumption has been running at $10 \%$ and more above production, and has become adjusted to that level over a period of years in which there were heavy stocks to be used up. In the current year, it is still possible to run working stocks a little lower: but in essence the wool market is faced with a necessity of cutting consumption by more than $10 \%$. The immediate impact of this situation is to increase the demand for wool; not only manufacturers, but also final consumers, rush to buy wool and woollen goods because they are expected to become dear and scarce. There is, however, some evidence that in the first three or four months after the Korean outbreak some buyers of raw wool were holding off in the hope of a price fall-so that even more congestion can be expected later in the season, as buyers struggle to replenish stocks which have fallen inconveniently low.

Upon this shortage is superimposed the military demand. It is reported that the U.S. Army Quartermaster is engaged in buying 100 $\mathrm{Mn} . \mathrm{lb}$. of raw wool and wool in fabrics, and that the stockpiling demand (additional to this) is of the order of 350 Mn . lb . (clean basis). The U.S. Munitions Board has announced that wool is at the head of the priority list for stockpiling. Thus the U.S. Government programme alone may be of the order of $25 \%$ of the annual world production of apparel wool. Of course, such an amount cannot possibly be abstracted from a single year's production; but other countries also have their military and stockpiling needs, and

## WORLD COMMODITY SURVEY

| Commodity | Season | Unit | Pro-war base | WORLD YRODUCTION |  |  | WORLD CONSUMPTION |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | $-\underset{\text { season }}{\text { Last }}$ | Last season \% of pro-war | Current season $\%$ of pro-war | Last soason | Last season \% of pro-war | Current <br> season \% of <br> pre-war |
| Wheat... | Begins spring | Mn. bush. of 60 lb . | $\begin{aligned} & \text { Average } \\ & 1935-9 \end{aligned}$ | 6,270 | 104 | 106 | n.a. | - | - |
| Fats and Oils ... | Calendar year | 000 tons | Averago 1934-8 | $\begin{gathered} (22,500) \\ \text { (oil equiv.) } \end{gathered}$ | (105) | n.a. | n.a. | - | - |
| Sugar ... | Begins Sept. | 000 tons | 1937-8 | $\begin{gathered} 31,362 \\ \text { (raw value) } \end{gathered}$ | 108 | 119 | n.a. | - | - |
| Tea ... | Calendar year | Mn. lb. | $\begin{gathered} \text { Average } \\ \text { 1936-8 } \end{gathered}$ | (905) (exports). | (102) | n.a. | n.a. | - | - |
| Coffee ... | $\begin{gathered} \text { Begins } \\ \text { July } \\ \text { (marketing) } \end{gathered}$ | Mn. bags of 132 lb . | $\begin{aligned} & \text { Av. 1935/6 } \\ & \text { to 1939/40 } \end{aligned}$ | $\begin{gathered} 29 \cdot 1 \\ \text { (exportable) } \end{gathered}$ | 83 | 83 | n.a. | - | - |
| Cocoa ... | Begins October | 000 tons | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \end{aligned}$ | 743 | 103 | 104 | n.a. | - | - |
| Cotton... | Begins August | Mn . bales ( 478 lb . net) (k) | $\begin{aligned} & \text { Av. 1935/6 } \\ & \text { to } 1939 / 40 \end{aligned}$ | $31 \cdot 3$ | 99 | 86 | $29 \cdot 3$ | 105 | 114 |
| Wool (apparel) | Begins July | Mn. lb. (greasy) | $\begin{aligned} & \text { Av. 1934/5 } \\ & \text { to } 1938 / 9 \end{aligned}$ | 3,124 | 104 | 105 | $(3,530)$ | (114) | n.a. |
| Jute ... | Begins July | 000 tons | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \end{aligned}$ | 1,400 | 83 | (100) | n.a. | - | - |
| Sisal ... | Calendar year | 000 tons | Average 1934-8 | (275) (1) | (115) | n.a. | п.a. | - | - |
| Rubber(m) | Calendar year | 000 tons | $\begin{gathered} \text { Averago } \\ 1936-9 \end{gathered}$ | $\begin{gathered} \text { 2,370 incl. } 1,840 \\ \text { natural } \end{gathered}$ | 238 | n.a. | $\begin{aligned} & 2,250 \text { incl. } 1,680 \\ & \text { natural } \end{aligned}$ | 214 | n.a. |
| Copper... | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1937-8 \end{gathered}$ | 2,450 (primary) | 115 | n.a. | 2,620 | n.a. | n.a. |
| Lead ... | Calendar year | 000 tons | 1938 | 1,660 | 100 | n.a. | 1,610 | n.a. | n.a. |
| Tin | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1936-8 \end{gathered}$ | 164 (tin in concontrates) (e) | 89 | n.a. | 149 (e) | 90 | n.a. |
| Zinc ... | Calondar year | 000 tons | $\begin{gathered} \text { Averago } \\ 1934-8 \end{gathered}$ | 1,890 | 142 | n.a. | 1,830 | n.n. | n.a. |

It will be appreciated that many figures included above are rough estimates only. This applies especially to those in brackets. All tons are long tons of $2,240 \mathrm{lb}$. n.a. $=$ not available. (a) in hands of principal exportors. (b) apparent supplies, excluding consumption of British wheat on farms. (c) \% of average 1936-9. (d) incomplete. (e) excluding U.S.S.R. Stocks exclude U.S. strategic stock pile. (f) Price ratios aro in terms of the currency in which quoted; the corresponding sterling ratios are added,

## WORLD COMMODITY SURVEY

|  | WORLD STOCKS |  | U.K. CONSUMPTION |  | PRICES |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date | Amount | $\begin{gathered} \% \text { of } \\ \text { pre-war } \end{gathered}$ | Last season | $\begin{aligned} & \text { \% of } \\ & \text { pre-war } \end{aligned}$ | Date | Representative Price | $\begin{gathered} \% \text { of } \\ \text { pre-war (f) } \end{gathered}$ |
| July, 1950 | 783 (a) | n.a. | 225 (b) | 103 | $\begin{gathered} \text { Jan. 2-16, } \\ 1951 \end{gathered}$ | Chicago Mar. futures $\$ 2.46$ per bush. | $\begin{gathered} 256 \\ 448 \text { (f) } \end{gathered}$ |
| - | n.a. | - | - | - | Oct. 1950 | U.S. Dept. of Labor index (Year $1926=100$ ) $\quad 160 \cdot 3$ | $\begin{aligned} & 270 \text { (c) } \\ & 477 \text { (f) } \end{aligned}$ |
| - | n.a. | - | 2,048 (raw value, oalendar year 1948) | 89 | $\begin{aligned} & \text { end Jan. } \\ & 1951 \end{aligned}$ | Cuban Raws, f.a.s., $\$ 4.90$ per 100 lb . | $\begin{gathered} 338 \\ 600(f) \end{gathered}$ |
| - | n.a. | - | (418) (j) | (95) | Dec. 18/19, 1950 | Caloutta average for export leaf. New season, $2 / 11 \mathrm{lb}$. | (302) |
| - | n.a. | - | $0 \cdot 79$ | (203) | $\underset{1951}{\text { Jan. 2-16, }}$ | New York spot, Brazilian Santos, No. 2 (nom.) $56 \cdot 6 \mathrm{c}$. per lb. | $\begin{gathered} (630) \\ (1065)(\mathrm{f}) \end{gathered}$ |
| - | n.a. | - | 128 (i) | n.я. | $\begin{gathered} \text { Jan. 2-16, } \\ 1951 \end{gathered}$ | Accra, c.i.f. New York $36 \cdot 6 \mathrm{c}$. per lb. (nominal) | $\begin{gathered} (600) \\ (1050)(\mathrm{f}) \end{gathered}$ |
| $\begin{gathered} \text { Aug, } 1, \\ 1950 \end{gathered}$ | 16.5 | 90 | $2 \cdot 1$ | 79 | $\underset{1950}{\text { Jan. 2-16, }}$ | New York spot, middling将" $44 \cdot 8 \mathrm{c}$. per lb. | $\begin{gathered} 420 \\ 710(\mathrm{f}) \end{gathered}$ |
| $\begin{gathered} \text { June } 30, \\ 1950 \end{gathered}$ | $1,880$ ( n$)$ n.\&. | n.a. | 107 (imports) 8 | 126 65 | Jan. 1951 Jan. 1951 | Dominions wool, average clean delivered cost out of London Sales <br> 64 's-280d. $/ \mathrm{lb}$. <br> 48's-177d./lb. <br> First Marks, c.i.f. London <br> Pakistan £131 per ton | $\begin{gathered} 1050 \\ 1330 \\ 715 \end{gathered}$ |
| - | n.e. | - | 72 incl. Abaca | 102 | Jan. 1951 | No. 1, e.i.f. Antwerp, $£ 210$ per ton | 1255 (g) |
| $\begin{aligned} & \text { Nov. } 30, \\ & 1950 \end{aligned}$ | 805 incl. 745 natural | 119 | 215 incl. 213 nat. | 194 | $\begin{gathered} \text { Jan. 1-16, } \\ 1951 \end{gathered}$ | London R.S.S. spot 58 d . per lb. | 695 |
| Dec. 31, 1950 | 169 refined (d) | (48) (h) | 322 | 115 | $\begin{aligned} & \text { Jan. } 16 \text {, } \\ & 1951 \end{aligned}$ | U.S. eleotro, New York $24 \cdot 5 \mathrm{c}$. per lb . | $\begin{gathered} 208 \\ 365 \text { (f) } \end{gathered}$ |
| - | n.a. |  | 162 (refined) | 50 | $\begin{gathered} \text { Jan. 16, } \\ 1951 \end{gathered}$ | New York 17c. per lb. | $\begin{gathered} 358 \\ 633 \text { (f) } \end{gathered}$ |
| $\begin{gathered} \text { Aug. } 31, \\ 1950 \end{gathered}$ | 117.3 (e) | (198) | $22 \cdot 7$ | 103 | $\begin{gathered} \text { Jan. } 2-16, \\ 1951 \end{gathered}$ | London, Standard, Cash. $£ 1,186$ per ton | 558 |
| - | n.a. | - | 243 | 116 | Jan. 16, 1951 | U.S. Prime Western (East St. Louis) $17 \cdot 5 \mathrm{c}$. per lb. | $\begin{gathered} 380 \\ 671(f) \end{gathered}$ |

marked (f), where necessary. (g) \% of early 1939. (h) \% of 1937. (i) Ministry of Food estimate of cocoa bean consumption, excluding beans transferred to oilseed stocks. (j) Civilian consumption. (k) U.S. in running bales. (1) Total production of excluded. ( n ) Revised figure of trade and Govt. stocks, excluding "working stocks." (m) U.S.S.R.-produced synthetic rubber
it would be wise to assume that the necessary reduction in civilian consumption will be at least $20 \%$, and will last several years.

The shortage of textiles is general, and the possibility of using other fibres is therefore very limited. The production of the direct synthetic substitutes for wool is trivial. Some more use can be made of rags and waste, and substitution of lower for higher grades of wool is clearly occurring-hence the steeper price increase for the lower grades. But these adjustments will not solve the problem. Prices of raw wool have doubled and tripled in the past year, and in January, 1951, were ten to fifteen times the pre-war average. No one knows whether these enormous increases will, when the wave of anticipatory buying is past, be effective in checking civilian consumption by $20 \%$. But is it really necessary for the price of a vital raw material to behave in this extraordinary manner ?

In the short run there seems to be no alternative. There is no substantial advantage to a single country in rationing the sale of woollen goods to its consumers; the "stockpile" represented by a large civilian wardrobe is valuable. The only reasonable alternative to a period of very high prices is the establishment of an international allocation scheme, coupled with export controls in the producing countries to ensure that supplies released do not flow to countries outside the scheme. It would then rest with each country to decide whether to share out its allocation among its consumers by high prices, by "shortages," or by rationing. But there is little ground for hope that allocations could be agreed among a large number of countries without the stimulus of a major war.

Other commodities suffering from a longterm shortage are the hard fibres-sisal has exceeded twelve times its pre-war price-and jute, though the statistical outlook in this case is very obscure. Owing mainly to unfavourable weather in Brazil, coffee production has again fallen slightly, but there is some prospect of recovery in the current year.

Rubber and non-ferrous metals belong to the second group of commodities whose short supply is mainly due to stockpiling. Natural rubber production, which averaged about 125,000 tons per month through 1949 and the first quarter of 1950, rose from April onwards to 180,000 tons per month in the autumn. The extra supplies have largely come from Indonesia-from about 35,000 tons per month in 1949, production in that territory has risen so that it attained 77,000 tons in October, 1950. Estate production has remained at an even level, but the Indonesian
smallholder is now bringing forward more than twice the amount of rubber he produced in 1949.

It may not be possible to maintain these increases, but it looks as though, under the stimulus of present prices, natural rubber production in 1951 might come quite near to 2 Mn . tons. The 1941 peak was $1,600,000$ tons. The "pre-Korean" rate of consumption of natural and synthetic rubber combined was slightly over 2 Mn . tons. The rate of production of synthetic rubber (mainly GR-S, and all in the U.S. or Canada, since no figures of Russian production are known) started to climb in the spring ; it is believed that in 1951 it will attain something like 950,000 tons per annum, as against 440,000 tons in 1949. This will enable the U.S. and other governments to attain a much higher rate of stockpiling. But the question which must overhang the rubber market-and which may, before the year is out, bring substantially lower prices-is the future of natural rubber if stockpiling comes to an end. Natural and synthetic production combined will greatly exceed any likely level of consumption; and yet the experience of this period of shortage, with prices multiplying fivefold (and doubling even before the Korean outbreak) is likely to weigh heavily against any policy of contracting synthetic production.

As far as can be judged, there was no shortage of non-ferrous metals at the prices and levels of activity of the first half of 1950 . Zinc production and consumption were roughly in balance: there were small surpluses of copper and lead, while tin production was apparently exceeding consumption by a large margin. But in each case the expected military or stockpiling requirements of the U.S. alone exceed the theoretical "available balance" by a large amount-and the expectation of continued shortages has of course intensified the present stringency. Tin in particular, however, must be regarded as vulnerable to any slackening of stockpiling.

There are, of course, few commodities free from the influence of precautionary purchases; but cotton and wheat may be taken as examples of commodities whose increased prices are largely due to special temporary factors. The production of cotton in the 1950/51 season is now estimated as 27.2 Mn . bales, 4.1 Mn . less than in the previous season; and this drop is of course mainly due to the effectiveness of U.S. acreage controls, which are the delayed result of the rise in U.S. stocks in previous seasons. Recent consumption is at a level of about 32 Mn . bales per year, some 2.7 Mn . more than in the previous season. This consumption level may not be
maintained-shortages of particular types of cotton will develop, and the wave of precautionary buying may pass: but in any case the greater part of the cotton which the world will require for its normal needs this season could be squeezed out of stocks. The future of cotton prices, therefore, depends on the expectations for production in 1951/52. If a really large crop seems reasonably assured-say 32 Mn . bales or more-so that stocks can be restored to a fair working level, there seems to be no reason why cotton prices should not subside. It is much too early to be confident of such a result, but the relaxation of U.S. export quotas suggests a moderate optimism.

The strength of the wheat market appears at first sight anomalous, for the estimated world production in $1950 / 51$ of $6,405 \mathrm{Mn}$. bushels is 135 Mn . more than in the previous season, and is practically equal to the large 1948 crop. But the details by country tell a different story. Most of the reported increase in the world crop is in Asia; the European crop (excluding the U.S.S.R.) is estimated to be 25 Mn . bushels higher than in 1949, but North America shows a fall of 40 Mn . bushels as compared with 1949, which was itself 190 Mn . bushels below 1948. In Europe, Spain and the U.K. had good crops, but drought in the Balkans affected yields. The U.S. crop is 135 Mn . bushels less than in 1949, and 300 Mn . less than 1948, but Canada had, on paper, a bumper crop of 460 Mn . bushels, 100 Mn . more than the previous year. However, this crop was severely affected in its quality by bad weather-and the same appears to be true in Australia, while the expected out-turn in the Argentine is lower. Thus the quantities of wheat of millable quality on offer will not be as high as the size of the total crop suggests, and there seems to be little chance of prices being below the maximum under the International Wheat Agreement. Indeed, the situation will begin to look black if there is a crop failure in any major exporting country in 1951.

Sugar prices remained consistently high until January, when there was a decline from $\$ 5.60$ to $\$ 5 \cdot 00$. The $1950 / 51$ crop is now estimated at 34.8 Mn . tons, 3.4 Mn . more than the previous season, and about the same amount per head as
before the war. Yet, despite this promise of more ample supplies, this market too has been affected by precautionary purchases, and has shown itself very sensitive to bad news from Korea.

This discussion covers only a sample of the commoner primary commodities, and some of the most serious shortages are in minor but essential materials. The prospects of relieving the pressure by international action are uncertain. The Washington proposals of January, 1951 appear to amount to little more than a co-ordinated system of international commodity groups, and these groups are likely to succeed only if the common defence aims of the participants override the separate interests of producers and consumers. Hitherto, states have tended to urge action to control the prices of commodities that they do not produce; now they will be expected to realise their common interest in limiting prices of commodities which are their own major earners of foreign exchange.

But is the common defence interest powerful enough to achieve this change of outlook ? There is room yet for plenty of quarrelling about the rate of stockpiling, the relative needs of countries, and the places at which stocks should be accumulated. Is it reasonable, for instance, for the U.S. to intensify an existing long-term shortage of wool (which is increased by the fall in U.S. production) by giving high priority to purchases for its stockpile ? There must here be a balancing of present against future dangers, and it will not be easy to get agreement. Again, will the commodity groups be able to enforce their decisions in enough countries, or will there be a large profit to be made by being a " rebel" ?

These doubts are expressed, not to show reason why international action should not be taken, but to indicate that the problem of regulating primary commodities in short supply is just as intractable as that of regulating surpluses.
It seems that we must look forward to a considerable period of very high prices, with the possibility of violent changes as stockpiling policy alters. As the case of rubber illustrates, such a period is likely to distort the pattern of production and to promise great difficulty if international relations become more peaceful.

FINANCE



PRODUCTION \& RAILWAY TRAFFIC



FINANCE

| $\begin{aligned} & 76,76,78: \\ & \text { Av. for } \\ & \text { period; } 76, \\ & \text { 79: Totals; } \\ & 77: \text { Av. } \\ & \text { Rates } \end{aligned}$ | Yield on Govt．Securities |  |  | $\begin{aligned} & \text { 吉吉 } \\ & 5 \\ & 5 \\ & 0 \\ & 0 \\ & 0 \\ & 0 \\ & 0 \end{aligned}$ | \％ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{gathered} \text { 冒 } \\ \text { 若 } \\ \text { \% } \\ \% \end{gathered}$ |  |  |  |  |
|  |  |  |  |  |  |  |
|  | 74 | $\begin{gathered} 75 \\ 3.03 \end{gathered}$ | 76 | 77 | 78 | 70 |
| ${ }_{1936} 1936$ | 2.46 2.45 |  | 60 | 84 | $7 \cdot 6$ | － 6 |
| 1037 | 2.02 | 3． 32 | 53 | 108 | （0．9） | － 17 $-\quad 30$ |
| 1038 | 2.73 | 3．27 | 55 | 100 | $(8.8)$ $(8.8)$ | a $-\quad 39$ -140 |
| 1930 | $3 \cdot 30$ | 3.66 | 98 | 93 | （8．5） | － 140 <br> $-\quad 781$ |
| 1040 | 2．78 | $3 \cdot 26$ | 474 | 92 | 10.9 | －2489 |
| 1941 | $2 \cdot 47$ | 2.98 | 011 | 92 | 10.0 | －2794 |
| 1948 | $2 \cdot 32$ | 2.89 | 603 | 93 | 10.0 | －2896 |
| 1043 | 2.45 | $3 \cdot 03$ | 722 | 97 | 10.6 | －2827 |
| 1044 | 2．37 | 3.02 | 710 | 101 | 11.0 | －2910 |
| 1045 1046 | 2． 2.44 | 2.09 2.55 | 651 | 109 | 11.2 | －2261 |
| 1946 1947 | 2.09 2.18 | 2.55 2.67 | 547 124 | 133 | 12.4 15.5 | $\begin{array}{r}-2261 \\ -862 \\ \hline\end{array}$ |
| 1947 1988 | $2 \cdot 18$ $2 \cdot 02$ | $\frac{2 \cdot 67}{2.79}$ | 124 36 | $\frac{168}{183}$ | $\frac{15.5}{14.6}$ | ＋ 117 +645 + |
| 1949 | 1.04 | 2.83 | 67 | 181 | 14.6 14.5 | $+\quad 545$ $+\quad 364$ |
| 1950 | 2.03 | $2 \cdot 99$ |  | 191 | 14.9 |  |
| $\begin{aligned} & 1048- \\ & \text { 4th } \mathrm{Gr} . \end{aligned}$ | 1.78 |  |  |  |  |  |
| 1040 th Qr ．． | 1.78 | 2.65 | $-1$ | 186 | $12 \cdot 6$ | 54 |
| 1st Qr． | 1.68 | 2.61 | 67 | 187 | 17.3 | ＋ 482 |
| 2 nd Qr ．．．． | 1．82 | 2． 60 | 16 | 189 | 13.8 | ＋ 47 |
| 3rd Qr．．．． | 2.38 2.00 | 3.04 | － 8 | 191 | 13.3 | $+\quad 57$ $-\quad 57$ |
| $\begin{aligned} & \text { 4th Q } \\ & 1050- \end{aligned}$ | $2 \cdot 00$ | 3.09 | － | 198 | 14.9 | － 22 |
| 1st Qr． | $2 \cdot 22$ | $3 \cdot 11$ | $\underline{29}$ |  | $17 \cdot 1$ | ＋ 562 |
| ${ }^{2 n d} \mathrm{Qr}$ ． | $2 \cdot 09$ | 2.98 | $-\frac{6}{15}$ |  | 13.4 |  |
| $3 \mathrm{rd} \mathrm{Qr}, \ldots$ | 1.98 | 3.00 | $-15$ |  | 16.0 | $\begin{array}{r}+\quad 6 \\ \hline\end{array}$ |
| 4 th Qr． | 1.80 | 2.89 |  |  | $15 \cdot 1$ | － 57 |

POPULATION \＆EMPLOYMENT

|  | U．K． |  | POPULATION，GREAT BRITAIN |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Total |  | Working |  | Employed |  |
|  |  |  | $\frac{\square}{c}$ | $\begin{aligned} & \text { ロ } \\ & \text { 兑 } \\ & \text { d } \end{aligned}$ | $\frac{\ddot{0}}{6}$ | $\begin{aligned} & \text { of } \\ & 0 \\ & 0 \\ & 0 \end{aligned}$ | $\begin{aligned} & \text { ge } \\ & 05 \\ & 0.5 \\ & 0.0 . \end{aligned}$ |  |
|  |  |  |  |  |  |  |  | $\stackrel{\square}{\square}$ |
|  |  |  |  |  |  |  |  |  |
|  |  | 91 | 92 | $\frac{\mathrm{Mn}}{93}$ | 94 | $\frac{\mathrm{Mn}}{98}$ | $\frac{\mathrm{Mn}}{96}$ | $\frac{\mathrm{Mn}}{87}$ |
| 1035 1936 | $15 \cdot 2$ $15-3$ | 12.0 12.3 | 21.9 22.0 | 23.7 23.8 |  | O | 8 | 0 |
| 1937 | 15.3 | 12.6 | ${ }_{22 \cdot 1}^{22 \cdot 0}$ | 23.8 23.9 |  | $\cdots$ | $\cdots$ | $\cdots$ |
| 1938 | 15.5 | 11.8 | 22.2 | 24.0 |  |  |  |  |
| 1930 | 15.3 | 12.2 | 22.3 | 24.1 | 14．66 | 5.00 | 17.92 | 6.82 |
| 1940 | 14.9 | 14.0 | 22.8 | 24．3 |  |  |  |  |
| 1941 | 14.6 | 13.0 | 22.0 | 24.3 | 15.22 | 0.11 | 17.37 | 7.40 |
| 1942 | 16.0 | 11.6 | 22.7 | 24.4 | 15.14 | 6.91 | 17.40 | 7.75 |
| 1943 | 16.6 17.8 | 12.0 | 22.8 | 24.5 | 15.03 | 7.25 | 17.12 | 7.75 |
| 1944 1945 | 17.8 16.3 | 11.7 11.5 | 23.0 23.0 | 24.7 24.8 | 14.90 14.88 | 7.11 0.77 | 16．68 | 7.4 <br> 0.8 <br> 0.82 |
| 1946 | 19.4 | 11.6 | ${ }_{23}{ }^{23} 1$ | 24.7 | 14.64 | 5.89 | 17.29 17.33 | 6.82 6.59 |
| 1947 | 20.8 | 12.1 | $23 \cdot 3$ | 24.9 | 14.63 | 5.74 | 18.56 | $7 \cdot 10$ |
| 1948 | 18.1 | 10.9 | 23.6 | $25 \cdot 1$ | \｛ 14.63 | 5.73 | 18.97 | 7.25 |
|  | $17 \cdot 0$ | 11.7 | 23.8 | 25.2 | $2 \begin{gathered}186.06 \\ 16.02\end{gathered}$ | 57.09 | $\frac{521.93}{22.15}$ | 88.11 8.25 |
| 1949 |  | 117 | 23.8 | 26.2 | 16.02 | $7 \cdot 17$ | 22.15 | 8.25 |
| 1st．Qr． | 17.4 | 14.8 |  |  | 16.05 | $7 \cdot 11$ | 22.01 | 8.22 |
| 2nd Qr． | 17.9 | 11.0 | 23.8 | 25.2 | 16.02 | 7.17 | 22.15 | 8.25 |
| ${ }^{3} \mathrm{rd}$ Qr． | 17.0 | 11.7 |  |  | 16.07 | 7.21 | 22.23 | 8.31 |
| $\begin{aligned} & \text { 4th } \\ & 1950 \end{aligned}$ | 15.8 | 11.7 | 23.2 | $25 \cdot 3$ | 16.07 | $7 \cdot 24$ | 22.22 | $8 \cdot 37$ |
| 1st Qr． | 16.7 | 13.8 |  |  |  | 7.23 | 22.24 |  |
| 2nd Qr. | 16.9 15.8 | 11.0 9.4 | 23.9 | $25 \cdot 3$ | 16.06 | 2．27 | 22.35 | $8 \cdot 41$ |
| 3rd Qr 4th Qr． | 15.8 14.9 | 9.4 11.4 |  |  | 16.13 | $7 \cdot 33$ | 22.45 | 8.50 |

PRODUCTION，CONSUMPTION，ETC．


INDUSTRIAL EARNINGS \＆HOURS

| Lest pay－ weok of monthe | Earnings per week |  |  | Hours per weok |  |  | Hourly Earning |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { g } \\ & \text { 3 } \\ & \text { d } \\ & 0 \\ & 0 \\ & z \end{aligned}$ |  | $\infty$ 05 0 0.5 0 0 0 0 | ₹ | 2 | g 8 8 8 | ヨ | 8 | 8 8 6 8 |
|  | s．d．per week |  |  | Hours |  |  | Index Nos． $\%$ of Oot．， 1938 |  |  |
|  | 98 $48 / 11$ | 99 $64 / 6$ | 100 | 101 47.8 | 102 | 103 | 104 | 105 | $106$ |
| 1935 Oot． | 48／11 $53 / 3$ | $64 / 6$ $69 /-$ | $31 / 3$ $32 / 6$ | 47.8 46.5 | 47.7 | 43.8 | 88 100 | 100 | $100$ |
| 1940 July | 69／2 | 89／－ | 38／11 | ．． | ．． | ．． |  | ． |  |
| 1941 July | 75／10 | 99／5 | 43／11 |  |  |  |  | ． |  |
| 1942 July | 85／2 | 111／5 | 64／2 |  |  |  |  |  |  |
| 1943 July | 93／7 | 121／3 | 62／2 | 50.0 | $52 \cdot 8$ | 65.9 | 163 | 188 | 181 |
| 1944 J | 95／7 | 123／8 | 63／9 | 49－2 | $52 \cdot 0$ |  | 170 | 164 | 189 |
|  | 96／8 | 124／4 | 64／3 | 48.6 | $51-2$ | 44.6 | 174 | 168 | 193 |
| 1945 | 93／9 | 119／3 | 63／2 | 47.0 47.4 | 49.4 | 43.1 43.3 | 174 | 167 169 | 196 195 |
|  | 96／1 | 121／4 | $63 / 2$ | $47 \cdot 4$ | 49．7 | $43 \cdot 3$ | 177 | 169 | 195 |
| 1946 | 92／7 | 114／1 | 59／10 | 45．8 | 47.4 | 42.3 | 177 | 168 | 189 |
|  | 101／－ | 120／9 | $65 / 3$ | 46－2 | 47－6 | $42 \cdot 6$ | 101 | 175 | 205 |
| 1947 | 103／6 | 123／5 | 67／4 | $45 \cdot 0$ | 46.3 | 41.5 | 201 | 184 | 217 |
|  | 108／2 | 128／1 | 69／7 | 45－2 | $46 \cdot 6$ | 41.5 | 209 | 190 | 224 |
| 1048 | 114／－ | 134／－ | 72／11 | 45－3 | $46 \cdot 5$ | 41.6 | 220 | 199 | 234 |
|  | 117／4 | 137／11 | 74／6 | $45 \cdot 3$ | 46．7 | 41.6 | 226 | 204 | 240 |
| 1949 Apr． | 119／4 | 139／11 | 77／2 | 45．3 | 46－6 | 41.8 | 231 | 207 | 247 |
|  | 121／9 | 142／8 | 78／9 | $45 \cdot 4$ | $46 \cdot 8$ | 41.7 | 235 | 210 | 252 |
| 1950 Apr． | 124／1 | 145／9 | 80／6 | 45－6 | $47 \cdot 0$ | $41 \cdot 9$ | 239 | 214 | 257 |

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## THE ECONOMIC POSITION

15th May, 1951.
Rising costs and prices have been the most marked feature of the early months of 1951, continuing the trends of last autumn. The sharpest increases have been in the prices of basic materials, for which the new Board of Trade price index rose some $40 \%$ in the six months, September, 1950, to March, 1951 ; in the same period, wholesale prices for food and tobacco rose only $2 \frac{1}{2} \%$. But prices of final products are now beginning to show the delayed effects of increases in costs ; the Interim Index of Retail Prices, which was stable throughout the first three quarters of 1950, rose $2 \%$ in the last quarter of 1950 and a further $2 \frac{1}{2} \%$ in the first quarter of 1951.

The primary source of these increases is the advance in world prices brought about, for the most part, by rearmament and stockpilingimport prices for March averaged $25 \%$ above those of last October. But the movement of internal wage costs grows in importance. Wage restraint as understood for the last two years has now broken down and the Index of Wage Rates, which remained unchanged for the first nine months of 1950 , rose $7 \%$ between September, 1950, and March, 1951.

There are, as yet, few signs of any slackening in these forces. It is unlikely that recent easements in certain world commodity prices-wool and rubber, for example-will lead to a general reversal of trend as long as strategic stockpiling continues. Further rises in wage rates are to be expected and may be on a substantial scale. In addition, the Budget, though it has done much to restrict the volume of private consumption and
investment demand out of current income, may prove inadequate to cope with the dis-saving and drawing down of reserves which rising prices and low interest rates encourage.

The chance of the economy preserving some relative stability, therefore, depends heavily upon the power of increased production to accommodate the growing demands of rearmament and worsening terms of trade. So far, there has been no default. A threatened coal crisis has been averted with only minor industrial losses; unemployment is still under $1 \frac{1}{2} \%$; production is not yet much below its normal course. With the value of our exports maintained at approximately the same rate as in the last quarter of last year, there is, as yet, no indication of serious difficulties in the United Kingdom's overall balance of payments despite rising import prices ; in the first quarter of this year another $\$ 438 \mathrm{Mn}$. was added to our gold and dollar reserves, bringing their total to $\$ 3,758 \mathrm{Mn}$.

The critical stage has yet to be reached, however, and internal developments are already giving cause for concern. Besides the inevitable disturbances to some types of production caused by rearmament conversion, a more widespread disruption is threatened from inadequate supplies not only of imported raw materials but, perhaps more potently, of coal and steel. It would be dangerous, moreover, to ignore the United Kingdom's overseas position. The terms of trade in March were $15 \%$ worse than in June, 1950, and a decline in the volume of our exports is very likely. This might lead to fresh drafts on our gold and dollar reserves at a time when our sterling liabilities are increasing.

## PROSPECTS FOR 1951

## A Symposium

Production Conditions

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The present defence programme has been summarized in the Economic Survey for 1951 (Cmd. 8195) as follows :

DEFENCE EXPENDITURE
(£ Mn., mainly at carly 1951 prices)

|  | 1950/1 | 1951/2 | $\begin{aligned} & \text { Average } \\ & 1952 / 3, \\ & 1953 / 4 \end{aligned}$ |
| :---: | :---: | :---: | :---: |
| Forces pay and allowances | 210 | 270 | 290 |
| Production, research, development, works- |  |  |  |
| Metal-using industries ... | 170 | 360 | 645 |
| Building and civil engineering | 82 | 145 | 165 |
| Other ... | 93 | 195 | 240 |
| Other expenditure | 275 | 330 | 360 |
|  | 830 | 1,300 | 1,700 |

Actual progress in rearmament will no doubt be subject to the same alterations, stresses and strains as beset the hastily planned expansions of 1940 and 1941 ; but it would be a mistake to draw too many parallels with these years. The problems of a "cold war " are very different from those of an all-out military effort, and it is not
easy to establish the right criteria and the right objectives in an essentially novel situation.

The present symposium deals with some of the main elements of the economic prospects for 1951, in the light of the Economic Survey. It deals first with production, and with the shortages of raw materials which threaten to limit or to reduce it ; then with the recent trends and the prospects for wages and prices. The section on the balance of payments reveals new dangers which now beset our international trading position. A review of the Budget attempts to estimate the adequacy of present fiscal policy for limiting inflation. A final section suggests some of the prospects for the ordinary consumer in 1951.

This is not, of course, an exhaustive list of the principal parts of the economic organism. No comments (for instance) are made on manpower, or on the investment programme, and for these the assumptions of the Survey have been adopted. The authors of the sections of the symposium have had some consultation together, but no attempt has been made to interlock their contributions at every point.

# PRODUCTION CONDITIONS 

## 1.-General Prospects

By C. F. Carter

For the past five years, industrial production in this country has followed a remarkably consistent pattern, showing each year its major gains in the autumn. In fact, the level reached each November has been a fair indicator of what could be expected in the following year.

The index figures as yet give no certain indication that the curve of production is flattening out, for the low figure for January can be ascribed to influenza and bad weather. The Economic Survey forecasts that the working population will rise
hardly at all during 1951 and 1952, and that production will be limited by raw material shortages; and it concludes that, given some improvement in the import supplies most seriously limited, production in 1951 will average about the level achieved in the last quarter of 1950. As a check on this estimate, we have made an approximate forecast of end-1951 production by industries. This forecast is based on the London and Cambridge Economic Service index, about which we have most detailed knowledge, but in the en-

| (Converted to <br> $1948=100$ ) | LCES 'B' index <br> (not corrected <br> for holidays) | Central Statistical <br> Office Interim <br> index, all industries |
| :---: | :---: | :---: |
|  |  |  |
| 1948 average | $\ldots$ | 100 |
| 1948 November | $\ldots$ | 108 |
| 1949 average | 107 | 100 |
| 1949 November | $\ldots$ | 117 |
| 1950 average | $\ldots$ | 114 |
| 1950 November | $\ldots$ | 125 |
| Change from previous |  | 107 |
| November: | $\ldots$ | -7 |
| 1950 January | $\ldots$ | -1 |
| February | $\ldots$ | 116 |
| March | $\ldots$ | -10 |
| 1951 January | $\ldots$ | -10 |
| February | $\ldots$ | -2 |
| March | $\ldots$ | -2 |
|  | (allowing for Easter) |  |

The small divergence between the two indices is not necessarily to be explained by the inclusion of finished munitions in the Interim Index; it is due to various causes, such as the use of different 'deflators' for engineering output measured by value. In fact, the Interim Index gained three points on the LCES index between 1946 and 1948, when munitions output must have been falling. The divergence between the indices may, however, increase in a period in which munitions output is increasing faster than industrial output as a whole. It may be estimated that at the peak of the three-year defence programme, as outlined in Table 1 of the Economic Survey, the 'gap ' between the two total indices might be increased by about 5 points (with $1948=100$ ).
gineering industries no attempt has been made to omit the product of resources newly transferred to munitions work, so that the change shown is roughly what we should expect for the interim index. It is assumed (an optimistic assumption) that steel supplies for the home market will be maintained by reducing exports (if necessary). An industry-by-industry approach may be unnecessarily depressing, because it does not allow for the transfer of resources (perhaps within the same firm) to the manufacture of goods not affected by material shortages, and for other forms of substitution. On the other hand, some allowance should be made for the spreading of disorganisation as shortages in one industry affect another.

The result of this approximate calculation is that the peak of production reached next autumn is not likely to be more than $4-5 \%$ above the level reached in November last year ; and on this basis, assuming the usual seasonal pattern, the average for 1951 (for the LCES ' B ' index)
would be $119-120 \%$ of 1948 , or $5-6$ points above the average of 1950 . The Survey, however, relates 1951 production to that of the last quarter of 1950, when (because of Christmas holidays) the same LCES index averaged just over 120 ; so that our calculations reach practically the same result as those of the official statisticians. But the latest news about the material shortages suggests that the calculation is on the optimistic side ; and the succeeding sections of this symposium discuss some of these shortages in more detail.

What are the implications of this slackening of the progress of industrial production for the whole real national product? It will not be possible until the next issue to continue the figures given in the Bulletin last August, and even then only a preliminary estimate for 1950 will be available. Nevertheless a rough estimate for 1951 can be made. This assumes that, owing to the unfavourable weather, the output of agriculture will relapse to the 1949 level. Transport is assumed to move less than in proportion to industrial output, distribution broadly with the volume of consumers' goods distributed. The result of this calculation is that the real gross product of the United Kingdom in 1951 may be about $114 \%$ of that in 1948, compared with $105 \%$ in 1949 and $110 \%$ in 1950. This conforms fairly closely to the Survey estimate of an increase of national output of just under 3\% between 1950 and 1951.

There is little point in engaging in crystalgazing about 1952; we do not know what material supplies will be available in that year, nor how the loss of production due to the change-over to arms manufacture may be distributed between this year and next. But there is no justification for confidence that 1951 is a year of 'teething troubles' which will be overcome in 1952. A great deal of armament work will only be coming off the drawing-board and on to the production line next year ; and the arms programme itself may well be changed in size and nature. It is difficult to believe, for instance, that there will not be heavy new demands on the building industry for civil defence.

## 2.-Coal and Steel Supplies

## By S. R. Dennison

On coal and steel, the Economic Survey commits itself only to tentative forecasts, following the now familiar pattern of stating certain needs in broad terms (' It is essential to build up stocks [of coal] during the summer to a safe level for next winter'; 'It is no less important to begin
to increase our exports '), and of announcing a determination to take steps to meet them (' Every effort will be made to maintain and increase manpower '; 'The National Coal Board will continue to press ahead as fast as possible with all measures to increase output '). In spite of the
cautious nature of the estimates, however, the general impression appears to be too optimistic, if only because of certain things which are left unsaid.

The coal situation in 1950 was precarious. With output at 216 Mn . tons ( 204 Mn . tons deep-mined and 12 Mn . tons opencast), home consumption at 201.7 Mn . tons and exports and bunkers at 17.5 Mn . tons, there was a gap of 3.2 Mn . tons, met by a reduction of stocks. Distributed stocks of deep-mined coal (given in the Monthly Digest of Statistics) fell from 14.7 Mn . tons at end-1949 to $12 \cdot 4 \mathrm{Mn}$. tons at the end of 1950.* Even this involved a reduction in exports, 'first in the summer and then more drastically towards the end of the year,' as well as of 'inessential inland consumption.' The Survey fails to show the significance of these facts, as it does of the arrangements to import 1.1 Mn . tons 'as an insurance.' Instead it turns to the 'more favourable trends' of the early weeks of 1951. The number of workers has started to increase again, attendance has improved, and output per man-shift has risen ; thus, in spite of a colder winter than average, ' end-winter stocks are now expected to be between 9 and 10 Mn . tons, as they were in 1950.' As, however, these improvements are so recent, and there are so many doubtful factors, it is stated to be particularly difficult to estimate what production will be in 1951 ; but it is concluded that a total output of between 219 and 222 Mn . tons (208-210 Mn. deep-mined and 11-12 Mn. tons opencast) ' may be looked for this year.'

The Survey omits to mention that, even if an output at this level were to be found, it would be quite inadequate. Increased inland consumption at, say 210 Mn . tons (the Survey suggests an increase of 3 or $4 \%$ over 1950), together with a modest rise in exports (said to be important) to 20 Mn . tons, would require some 10 Mn . tons more than the estimated production. This allows nothing for the rebuilding of stocks; the objective suggested by the Survey, to rebuild stocks during the summer to a safe level for the winter, is ambiguous, and its implications are ignored. Stocks at the beginning of last winter were inadequate to support a level of consumption lower than that expected next winter. If serious industrial dislocation (as well as hardship to domestic consumers-' inessential inland consumption '- on a much wider scale than that experienced in recent months) is to be avoided, a substantial increase in stocks above those of 1949 will be needed, say, an additional 5 Mn . tons

[^13]over and above the normal stockbuilding of the summer which appears to be envisaged. It seems difficult to avoid the conclusion that next winter we are likely to be faced with a severe coal shortage, possibly with a major crisis-even though the temperature and weather may behave in the 'average' fashion of a 'normal' year required by the Survey estimates.

The picture in steel is almost as depressing. The upward trend of output of the past few years is likely to be reversed. The output of ingots and castings in 1950 was 16.3 Mn . tons, some half million tons above the forecast made in the Economic Survey for 1950. Although capacity in 1951 is enough for an output of 16.75 million tons, 'it would be unwise to rely on a crude steel production of more than 16 to 16.25 Mn . tons, and even this may prove to be an optimistic forecast.' For once it seems that the Survey has not under-estimated the supplies. The reason for the expected fall in output is, of course, reduction in supplies of imported scrap, as well as difficulty in obtaining imported ores (of which at least 9 Mn . tons a year are needed).

The Survey gives no estimates of requirements. A figure (given in a table without comment) of 12.25 Mn . tons of finished steel for exports and deliveries to the home market together appears to be an estimate of available supplies rather than of needs. It is stated that some of the steel needed for armaments will come from diversion from other uses (e.g., the cut in motor cars for the home market), but that nevertheless there will be a net increase in home consumption, so that it will be necessary to reduce exports below the 'high rate' of 1950. This is disquieting. Deliveries to the home market in 1950 amounted to 10.2 Mn . tons; even without any increase in 1951, there would on these figures be only 2 Mn . tons for export, as against 2.35 Mn . tons in 1950. But the implied reduction in exports is appreciably greater than this. The effect on the balance of payments may well be serious, and there may be further repercussions from our inability to supply steel to certain overseas countries. Moreover, even with a big cut in exports, it seems optimistic to expect that the needs of armaments and other defence programmes (e.g., civil defence) could be met except by cuts in other internal uses far more drastic than appear to be contemplated.

There is only slight, and incidental, reference to the depletion of stocks which occurred in the later months of 1950. Stocks of crude steel are now lower than they were in 1946, though above those of 1947. Any rebuilding of stocks would
appear to be ruled out on the figures given in the Survey. The present low level may be inadequate to sustain efficient working in the steel-using industries, particularly if there should be dislocation in steel production caused by shortages of raw materials, of which stocks, in turn, are now barely adequate. Even if steel stocks were adequate for more immediate needs, however, the position would still not be satisfactory; for a defence programme should include the building up of additional reserve stocks of this crucial war material.

The shortage of crude steel, serious though it is likely to be, may be overshadowed by shortages of particular types. The Survey mentions the possibility of shortages of special alloys; here the difficulty may be not so much a shortage of steel as of other materials (e.g., nickel). Other possible shortages are not mentioned. The expectation that the new mills at Trostre and Margam, due to start up in the second half of 1951, will produce some 130,000 tons of sheet by the end of the year may be optimistic ; and it is admitted that improvement of supplies here ' will probably be to some extent at the expense of production of other types of finished steel.' In conditions of general shortage, not only of " steel" but also of many other materials needed to produce particular grades and types, there are
innumerable possibilities of the emergence of specific shortages, many of them created by attempts to remedy those which have appeared at an earlier stage. One which may be mentioned as having already reached a critical stage is that of reinforcing rods for concrete, which may be of considerable importance for construction of capacity for the rearmament programme.

There is no suggestion in the Survey that the expected shortage of steel is, in essence, a problem of coal supplies, and of European coal supplies. European production of steel could be increased if the necessary supplies of coking coal were available. This country was, of course, an important supplier of coking coal to certain continental countries (e.g., France) which now are short of this material. Internally in this country, substitution of home ore for the richer imported ores which are now less available is restricted by the large increase in coal consumption which would be involved. Even the shortage of imported ores is itself partly the result of the scarcity of coal ; for one cause is the shortage of shipping, which in turn results from stopgap movements of materials, in a manner which is enormously wasteful of tonnage, among which our import of coal from the U.S.A. is an outstanding example, sufficient in itself seriously to affect our imports of iron ore.

## The Demand for Steel: A Note

By A. L. Minkes

The estimates of steel consumption set out in the Table opposite relate to 1948, but it is reasonable to assume that the pattern has not changed substantially since that time. The estimates were derived from limited data and are, accordingly, only approximate.* Even allowing for a substantial margin of error in individual items, however, some tentative conclusions appear to be justified.

It may be seen that a great deal of steel consumption is accounted for by relatively few usergroups, and that the claims of these few groups bulk large in current investment programmes. Taking account of these facts, it would seem that-
(a) it will be difficult to achieve all the largescale investment programmes outside the defence sphere, given present supplies of steel ;
(b) the smaller steel-consuming sectors will have to be cut severely, if they are to yield any appreciable quantities of steel for other uses.

[^14]ESTIMATED STEEL CONSUMPTION OF THE UNITED KINGDOM IN 1948 CLASSIFIED BY CONSUMER GROUPS Thousand tons ingot equivalent, and per cent
Consumer Groups
Th. tons Per cent.

| Transport | 3,435 | $22 \cdot 3$ |
| :---: | :---: | :---: |
| (a) Rail ... | 1,025 | $6 \cdot 7$ |
| (b) Lorries | 630 | $4 \cdot 0$ |
| (c) Inland water | 240 | 1.6 |
| (d) Passenger Car | 560 | $3 \cdot 6$ |
| (e) Shipping | 980 | 6.4 |
| Coal mining industry | 980 | $6 \cdot 4$ |
| Electric power | 370 | $2 \cdot 4$ |
| Gas industry | 200 | $1 \cdot 3$ |
| Steel industry | 340 | $2 \cdot 2$ |
| Chemical industry | 250 | $1 \cdot 6$ |
| Mech. \& elec. engineering (n.e. included) and miscellaneous | 2,560 | $16 \cdot 6$ |
| Chains, nuts, bolts, screws, misc. forgings, wire, etc. | 1,080 | 7.0 |
| Machine and precision tools... | 310 | $2 \cdot 0$ |
| Textile machinery ... | 230 | 1.5 |
| Agriculture | 1,115 | $7 \cdot 2$ |
| (a) Machinery | 880 | $5 \cdot 7$ |
| (b) Other | 235 | $1 \cdot 5$ |
| Building | 1,000 | 6.5 |
| (a) Housing | 260 | 1.7 |
| (b) Other (n.e.s.) | 740 | $4 \cdot 8$ |
| Domestic (furniture, hardware, containers, etc.) |  | $10 \cdot 0$ |
| Exports ... .. | 2,000 | 13.0 |
| Total | 15,410 | $100 \cdot 0$ |

By C. F. Carter

The Economic Survey repeats, what has for some time been clear, that the burden of rearmament is made more difficult to carry by the shortage of raw materials which has developed. " Unhappily . . . raw material difficulties make it unlikely that in the years immediately ahead productivity can continue to improve so fast as recently" (p. 8). "The industrial output of the United Kingdom is dependent upon the import of vast quantities of raw materials of every kind. Reductions or disturbances in the flow of world trade in these materials can imperil the entire economy . . . Industrial demand for raw materials everywhere was already high and rising in the summer of 1950, and even before rearmament world consumption of a number of commodities was outstripping production. The world-wide rearmament drive has imposed heavy new demands, both for current arms production and for strategic and commercial stockpiling " (p. 14). "The shortage of raw materials cannot be regarded merely as a transitory problem associated with rearmament . . it is vital that new sources of supply should be developed quickly. The United Kingdom is giving the closest attention to this question in the conviction that world demand for most materials is likely to press hard upon supplies for many years to come " (p. 17).

This is indeed a grave outlook. In 1951 the main shortages of imported materials are given as sulphur ("the scarcity of sulphur is without doubt the most threatening of all '"), zinc, copper, American cotton, cotton linters, aluminium, nickel, wool, and softwood; supplies of some minor metals are also very tight. These shortages are already well known, and the Survey has little new to say about the expected supplies during the rest of the year; indeed, it is difficult to see what can be said, since the degree of shortage experienced depends, in most cases, upon the development of American domestic policy. Decisions to speed up or to slow down additions to the U.S. strategic stockpile, to tighten or slacken the export controls over sulphur, the precise degree of encouragement given to the expansion of the U.S. cotton crop or the numbers of sheepthese, with the vagaries of the weather, will determine much of the prospects for British industrial expansion this year.

While we are waiting for the answers to our questions to be given by the passing months, it may be worth while to examine some of the longer-term problems of supplying our economy,
so dependent upon imports, with the materials which it needs. Is it in fact true, as the Survey suggests, that we are facing a considerable period of shortage, even though the rearmament demands may fall off? Can new sources of supply be found quickly enough to meet the tremendous needs of a world of full employment and rapid economic expansion? In particular, will the great sucking power of the American economy create recurrent difficulties for lesser countries?

There is, of course, no such thing as "the commodity market"; there are many commodities, whose prices, output, and consumption are moving under very diverse influences. There is, therefore, some danger that a false impression will be conveyed by statements such as that in the Survey that " even before rearmament world consumption of a number of commodities was outstripping production." There will almost always be a number of commodities in this position ; but equally there will almost always be a number of commodities whose production is outstripping normal consumption requirements. In the absence of rearmament, most of the fibres would have been in short supply; but rubber and tin might well have shown a surplus, and supplies of the other non-ferrous metals would not have been seriously deficient. Among the fibres, the shortage of cotton is mainly due to a special factor, the deliberate restriction of the American crop, and might be expected to be relieved within a season or two. The shortage of wool is the delayed and violent breaking in of the realities of demand and supply upon a market which has been shielded from them during the disposal of wartime stocks. The shortage of jute is related to the division of India and to the urgent food needs of the East. As with fibres, so with commodities in general, there is no sound basis for generalisations.

The development of the various markets up to the outbreak of the Korean war did not suggest that the short-run outlook would be very gloomy. Some shortages (such as that of wool) might be expected to last for five years or more : some markets (such as that for meat) had never settled down to a stable trading pattern after the war. But there was no obvious reason to foresee, looking forward from June, 1950, a shortage of raw materials which would constitute a general threat to industrial production. It is probably true that today, if stockpiling were to cease, most of the major British import needs could be provided for ; and serious difficulties would arise for
primary producers in over-expanded industriessuch as rubber, where the natural product would be threatened by the high rate of synthetic production.

But if we try to look 10 or 20 years ahead, the situation appears much less promising. It is, of course, obvious that, in the extractive industries, mankind has been exploiting irreplaceable resources at a great rate. For many commodities, we are in sight of the end of known and easily worked deposits suitably placed in relation to the present centres of industrial strength. What is important to the commodity markets is not so much the fact of this exhaustion as the precise time when a nation will decide to take it seriously. Sulphur provides an excellent example of this; the exhaustion of the American reserves of free sulphur was foreseeable, and it was certain that within a few years it would be necessary to go over to more expensive methods of providing for industry's rising demand for sulphur compounds. The crisis has come because, instead of achieving an expansion of the use of pyrites and anhydrite step by step with a reduction of the imports of free sulphur, we have been faced by U.S. export controls before our own new capacity can be ready.

We may have other such crises to face, and not only in the mining industries. Many of the world's softwood producers are using up their reserves of timber far faster than they can be replaced. At some point we may be faced by a reduction of softwood supplies more drastic than any we have yet known, and by a necessity to devise new, and perhaps more expensive, materials as substitutes. The habit of mind which places reliance on vast untapped resources in the undeveloped areas of the world is a dangerous one ; considerations of politics, as well as of geography, may prevent the exploitation of these resources for the benefit of the present industrial powers. Relief is much more likely to come from the development of substitute materials, but this
will usually mean heavy capital expenditure, and sometimes a permanent increase in the cost of filling some vital need.

The Survey's references to difficulties for many years to come are therefore fundamentally sound, although they may seem exaggerated in relation to the short or medium term outlook. The International Materials Conference, recently established by the U.K., the U.S. and France, may indeed be much more important in the long term than in the short. Its commodity committees are charged with considering and recommending to Governments "the specific action which should be taken in the case of each commodity in order to expand production, increase availabilities, conserve supplies and ensure the most effective distribution and utilisation of supplies among the consuming countries." It is difficult for such a body to alleviate immediate shortages and bring down current high prices; for action of that kind depends so much upon political and strategic decisions of a broader nature-the relative priority of stockpiling and current consumption, the extent to which supplies are to be withheld from potential enemies, and so on. But if the Conference's committees can become instruments for the conservation and orderly development of natural resources, so that we are not caught unawares by shortages or excess production of basic materials, it will prove a great step forward in international co-operation.

But this is for the future. As far as 1951 is concerned, the verdict must be that there is so far no sign of early alleviation of the more important shortages ; and the Survey's estimate of their effect on production must therefore stand as reasonable, or perhaps optimistic. The Survey makes no explicit allowance for failure to find shipping space for supplies that we buy, and this may be a serious additional problem for some time to come.

## WAGES AND PRICES

## 1.-Recent Trends

By E. H. Phelps Brown

The last six months have seen the end of the phase of wage restraint which was brought in by the White Paper of February, 1948. In September of last year the London and Cambridge index of wage-rates stood at $96 \%$ above its pre-war level, and it had risen very little through the two preceding years ; in March of this year it stood at $110 \%$ above pre-war. Early in September the Trades Union Congress ended its acceptance of
the policy of restraint, when it adopted by a small majority the resolution: " that until such time as there is a reasonable limitation of profits, a positive planning of our British economy, and prices are subject to such control as will maintain the purchasing power of wages at a level affording to every worker a reasonable standard of living, there can be no basis for a restraint on wage applications." This vote only recognised the
existing determination of some unions to pursue wage claims, but since it called forth no counterstatement of policy from the Government, it may have brought about further claims, or bigger rises when claims were settled, because it showed that the Government was no longer resolute to hold the line. Since then the provisions of the Conditions of Employment Order (1305) have been
called in question. This Order, by which British industrial relations have formally been regulated since 1940, virtually prohibits strikes and lockouts, and makes arbitration compulsory and binding. It has recently proved hard to enforce this on men who found themselves in a position in which they would normally feel themselves justified in striking, and the unions are believed
U.K. : INDEXES OF WEEKLY EARNINGS, WAGE-RATES, AND RETAIL PRICES, 1946-51
Year $1938=100$


## SOURCES:

1. Weekly earnings of those wage-earners who are covered by the Ministry of Labour enquiry : Ministry of Labour Gazette, March, 1951, p. 91. Base, October 1938.
2. Wage-rates: LCES index. Figures from October, 1950, provisional. Base, average of 1938.
3. Retail prices, all items : the official Interim Index of Retail Prices, all items, expressed here as relative to annual average of 1938 (as in the table on p. 63) by taking June, 1947, as 161 to that base, according to the estimate by R. G. D. Allen in LCES Bulletin XXVII, I, February, 1949, p. 16. The estimate for the annual average of 1946 is also from this source.
4. Retail prices, food, clothing, fuel and light, and household durable goods : as above, except that only the four stated categories are used. They have been combined with weights, corresponding to outlays at June, 1947, of : food 348, clothing 97, fuel and light 65 , household durable goods 71 .
to wish to see withdrawn so much at least of the Order as impairs their freedom to strike.

In these circumstances, it is useful to survey the course of recent changes, and to compare the movements of wage-rates with those of prices. This is done in the chart. The two upper curves show indexes of weekly earnings and of wage rates. The index of weekly earnings comes from the half-yearly enquiry of the Ministry of Labour into weekly earnings. This enquiry relates to the greater part of the wage-earners, but omits an important minority, including those in agriculture, coal mining, railways, distribution, catering, commerce, and domestic service. The remarkable feature is the extent to which the reported earnings have risen, but it is unlikely that the omissions taken together give the series much, if any, upward bias as an index of the rise in earnings generally. We can compare the movements of earnings with those of weekly wage-rates, as measured by the London and Cambridge index, which is shown in the lower curve. By the end of the war, earnings had probably risen rather more than rates, and they have certainly risen more since then. They continued to rise throughout the period of comparative stability in wage-rates. Such divergence may be due to a number of factors, of which the most important have probably been the shortening of the standard week, which has raised the number of hours paid at overtime rates; the lengthening since 1947 of the average hours worked in the week; rises in productivity associated with incentive methods of wage payment ; the rise of individual rates of pay, in a sellers' market for labour, above the standard rates which alone are recorded; and variations of sex and age composition in industries.

The two lower curves show retail price movements. The dotted curve uses the " all items" series of the Interim Index of Retail Prices, but draws on Professor R. G. D. Allen's estimates in order to express the starting-point of that Index as a relative to 1938, and to get a figure for 1946. The other index comes from the same material, but is formed only out of what we may call the shopping staples-food, clothing, fuel and light, and household goods-which are combined with the same weights as they have in the main Index; it omits rent and rates, miscellaneous goods, services, drink and tobacco. By the end of the war this index of the prices of the shopping staples had risen less than the whole Index, but since April, 1949, it has gone up more steeply. The slower rise of the whole Index is due mainly to an actual fall since 1948 in the entry for drink and tobacco ; this carries more than a fifth of the total weight, but the easing of such prices
will not have been much help to the hardest pressed or the most careful households.

Comparison of wage indexes with price indexes is unsatisfactory as a measure of the standard of living, for it takes no account of changes in family needs, in household income as distinct from rates of pay, indirect taxation, or in social benefits in cash or kind. There is no question but that such changes have been large in this country in recent years, and the National Health Service has not been the least of them. Such comparison, again, does not show the effect of shortages which are not allowed to raise prices. But, subject to that, it does show whether wages generally are giving less or more command of the things they are used to buy. In this restricted sense, our wage and price indexes show that by March of this year the " real wage-rate" was, if anything, rather lower than in 1946 in terms of " all items"; and in terms of the shopping staples it was substantially lower. Earnings, on the other hand, if the wage earners covered by the enquiry have not been doing much better than the rest, have fully kept pace with prices: up to last October they had risen more than the prices of " all items," and just about as much as the prices of the shopping staples. It is a measure of the inflationary pressure of the times that so small a change in the command of goods is the outcome of five years in which money earnings a head in manufacturing have risen by a third.

The comparison of the movements of wages and prices also throws light on the recent departure from wage restraint. Most obviously, recent rises in wage-rates are a reaction to a period in which wage-rates rose little while some prices rose substantially: in terms of the shopping staples, the " real wage-rate" of last September was about $6 \%$ lower than that of two years before. In another aspect, these recent rises appear as a taking up of the slack between what is actually being paid man by man and the standard rates negotiated centrally; though recent experience in engineering suggests that the intention to " merge" rises of the basic rate in present rates of payment, where those are higher, may be opposed by the wage-earner's attachment to his personal differential, and so result in something like a general rise in earnings. In considering recent rises we must remember also that they have taken place in an economy in which profit margins have generally been wide (even though little of this reached the shareholder), or higher costs could be passed on in higher prices without serious check to sales.

Though one phase of restraint has ended, the situation remains in its essentials what it has been
since the White Paper of 1941 gave it as the policy of the Government " to avoid modification of the machinery for wage negotiations and to continue to leave the various voluntary organisations and wage tribunals free to reach their decisions in accordance with their estimate of the relevant
facts," while bearing in mind that " increases of wage rates will defeat their own object unless such increases are regulated in a manner that makes it possible to keep prices and inflationary tendencies under control." This is the policy re-affirmed by the Chancellor in his Budget Speech.

## 2. Wage and Price Prospects

By A. R. Prest

The Economic Survey is extremely reticent about the rises in price levels and wage-rates and earnings anticipated over the current year, but investigations into some of its tables show what seems to be considerable optimism. On p. 38 we are told that the expected increase in homeproduced output in 1951 at 1950 prices is $£ 325 \mathrm{Mn}$. When expected changes in the terms of trade and net earnings from capital abroad are allowed for, this seems to mean an increase in gross national product of $£ 100 \mathrm{Mn}$. at 1950 prices. ${ }^{\star}$ Table 23 shows the gross national product at factor cost for 1950 at $£ 11,970 \mathrm{Mn}$. and for 1951 at $£ 12,880 \mathrm{Mn}$. Therefore it would appear that, on the assumption of no inflationary gap, overall prices are expected to rise by $6 \frac{1}{2} \% \cdot \dagger$

If we assume that wage-earners will obtain a slightly larger share of the increases in money

[^15]income than in recent years and if we allow for the small increase in numbers, it can be deduced from Table 23 of the Survey and Table 6 of the National Income White Paper that earnings per head are not expected to rise by more than $8 \%$. This deduction can also be checked by reference to Table 25 which envisages an increase in the yield of direct taxation of incomes of only $£ 55 \mathrm{Mn}$. (at 1950/51 tax rates). In view of the large rise in import prices (Av. $1950=100 ;$ 1st qtr., $1951=124$ ) which will gradually seep its way through the economy during the coming year, the rises in "internal "prices such as home agricultural prices, Post Office charges and the increases in purchase tax, and the general change in temper of the Trade Unions described above, it seems unrealistic to suppose that wages and prices can be squeezed into such a strait-jacket, even if the most liberal allowances are made for the rate of rise of prices compared to the speed of wage negotiations, and the willingness of wage-earners to waive the principle that wages must keep pace with the cost of living. All things considered, it may even be that we should think in terms of weekly earnings being of the order of $12-13 \%$ and prices $9-10 \%$ higher in 1951 than in 1950.

# THE BALANCE OF PAYMENTS 

By G. S. Dorrance

Despite the rather confident assurance with which the Chancellor of the Exchequer spoke of our balance of payments problem in 1951, it is doubtful if we shall, in fact, have equilibrium in our foreign accounts (excluding stockpiling purchases) during the year. Therefore, the estimate of an overall deficit, after paying for strategic reserves, of $£ 100 \mathrm{Mn}$. also appears rather optimistic. In the table are given figures for the revised estimate of our balance of payments in 1949 and the provisional figures for 1950. An estimate is also made of the possible balance for 1951, accepting (for the moment) the Survey's
forecast of the increase in the volume of exports, and its estimates for imports and for "invisible" items.

But is there really any prospect that the Survey's estimates of an increase in the physical volume of exports will be achieved? We have seen above (p. 38) the prospect of shortages which threaten the direct exports of coal and steel, and are also likely to lead to reductions of exports from the hard-pressed engineering industry. The shortages of fibres must surely cast doubt on the idea of a large increase in textile exports. There will, indeed, be a double pressure on exports:
firstly, the maintenance of industrial production will tend to require a reduction of exports of raw and semi-finished materials; secondly, the resistance of the home consumer to a reduction in his standard of living will tend to prevent the diversion of consumer goods to export which the Survey appears to assume. Thus the current account deficit might well be $£ 350 \mathrm{Mn}$. or more, rather than $£ 100 \mathrm{Mn}$. or $£ 150 \mathrm{Mn}$.

Furthermore, the global estimates tend to mask the regional problems which are likely to result. In particular, the large rise in the value
of our imports will result primarily in larger payments to the sterling area. This will result in a further, and substantial, increase in the volume of our overseas liabilities. The prospects for the gold and dollar reserves depend in part on the size and distribution of our own balance of payments, yet they depend even more on the dollar receipts of the overseas sterling area. At present, it appears probable that these will continue to be large. If so, our reserve position should be strengthened while our overseas liabilities should increase further.

UNITED KINGDOM'S BALANCE OF PAYMENTS ON CURRENT ACCOUNT (£ Mn.)

|  | $1949$ <br> Revised | 1950 <br> Provisional | 1951 <br> Нуро- <br> thetical |
| :---: | :---: | :---: | :---: |
| Imports ${ }^{1}$ <br> Exports and Re -exports ${ }^{1}$ | $\begin{array}{r} -1,971 \\ +1,818 \end{array}$ | $\begin{aligned} & -2,374 \\ & +2,221 \end{aligned}$ | $\begin{aligned} & -3,200^{2} \\ & +2,600^{3} \end{aligned}$ |
| Balance on Visible Trade ${ }^{1}$... | $-153$ | $-153$ | $-600$ |
| Net Shipping Receipts | $+88$ | +111 | $+150{ }^{4}$ |
| Receipts of Interest, Profits, etc. | $+191$ | $+233$ | $+275^{5}$ |
| Net Travel Receipts ... ... | -29 | -24 | -25 |
| Govt. Military Expenditure ... | -110 | -94 | $-125^{6}$ |
| Other Govt. Expenditure (net) | $-30$ | $-43$ | $-50$ |
| Payments of Interest, Profits, etc. | $-104$ | 111 -111 | $-150^{7}$ |
| Other (net) $\quad . . \quad \cdots \quad .$. | $+177$ | $+310$ | $+375^{8}$ |
| Balance of Invisible Items... | $+183$ |  |  |
| Current Account Balance | $+30$ | $+229$ | $-150$ |

${ }^{1}$ Balance of Payments White Paper deffinitions; see Cmd. 8201.
${ }^{2}$ From Cmd. 8195.

| ${ }^{3} 1950$ Exports <br> Increase, from Cmd. 8195 <br> Increases due to price rises (assuming $12 \%$ increase for average of 1951 over average of 1950) | £2,221 Mn. |
| :---: | :---: |
|  | 100 Mn . |
|  | 279 Mn . |
|  | $£ 2,600 \mathrm{Mn}$. |
| ${ }^{4}$ Estimated 1950 Receipts increased slightly to allow for |  |
| for increased overseas expenses. |  |
| ${ }^{5} 1950$ Receipts <br> Increases due to higher profits earned from the production of sterling area primary commodities ... | $£ 233 \mathrm{Mn}$. |
|  | 42 |
|  | $£ 275 \mathrm{Mn}$. |
| ${ }^{6}$ An extra $33 \frac{1}{4} \%$ over 1950 to allow for a deterioration of the |  |
| International situation. |  |
| ${ }^{7} 1950$ Payments ... ... ... ... ... £111 Mn. |  |
| American Loan Payments ... ... ... 36 |  |
|  |  |
| Additional Increase ... ... ... | $£ 150 \mathrm{Mn}$. |
| ${ }^{8}$ Annual rate of Second Half 1950 Receipts Increases largely due to higher oil company receipts, merchants' profits, etc., from sale of sterling area primary commodities | $£ 340 \mathrm{Mn}$. |
|  | ... 35 |

## BUDGETARY POLICY

## By R. C. Tress

The task of Budgetary policy is to take the measure of the elements examined in the previous sections of this symposium and, by operating upon private money incomes, to provide the environment in which the stated objectives of national policy may be achieved. The task is twofold : first, to contain total demand for resources within the range of total supply, and secondly, to do so in such manner as will yield an equitable distribution of real income and provide sufficient incentives for the maximisation of supply. In this article, however, discussion will be confined to the first of these problems. Comment on the second would require consideration of numerous political as well as economic influences ; Mr. Gaitskell's Budget speech, moreover, was concentrated throughout upon the first, the disinflationary theme.

As the Chancellor rightly emphasized, the estimate of the size of any incipient " inflationary
gap " is a matter of judgment. It is also very difficult in a period of changing prices to establish data for the making of such an estimate. First, price movements are either occurring or threatening to occur from three sources :- rising prices of imports, increased wage demands and an excess of money demand over supply at current cost. The Budget is called upon to deal with the third of these and in this comment the notion of an "inflationary gap" as a measure of the adequacy of the Budget, will refer strictly to this element. ${ }^{\star}$

Secondly, when elements in the economic

[^16]picture are all on the move, and for different reasons, it is difficult to establish a standard of reference. The Chancellor of the Exchequer took the financial year 1950/51 as his starting point, but this is certainly unsatisfactory. In the latter half, import prices were rising rapidly, wages which previously had remained remarkably stable had begun to move upward, and the threat of coming shortages was causing a run on stocks of both materials and finished goods. The Economic Survey (para. 115) refers to "the middle of 1950 " as being a period when there was "a fairly satisfactory balance between demand and supply ". This is much more reasonable, but, unfortunately, figures for rates at mid-year are not available. We shall have to take the calendar year 1950, though it will understate the problem, as a working approximation.

Let us begin by supposing that the year 1950 had been one of equilibrium between demand and supply. What would have been the prospects of maintaining that equilibrium in the calendar year 1951 or through to the financial year 1951/2 at the average prices of 1950 ? The picture which we are presented with is that in Table 1: it shows the real changes in the size and distribution of the national product which Government policy wishes to bring about.

TABLE 1.
GROSS NATIONAL PRODUCT AND ITS USES* (£ Mn. at 1950 average prices)
$\left.\begin{array}{ll|l|l|c}\hline & & \begin{array}{c}\text { Calendar } \\ \text { Year }\end{array} & \begin{array}{c}\text { Calendar } \\ \text { Year } \\ 1951\end{array} & \begin{array}{c}\text { Financial } \\ \text { Year }\end{array} \\ 1951 / 52\end{array}\right]$

* The calendar year figures aro derived from the Economic Survey. The financial yoar figures show an incroase in industrial production of the size necessary to avoid further cuts in the resources used for consumption-a not impossible expansion.
$\dagger$ Assuming world prices as well as import prices unchanged.

From Table 1, an estimate of personal disposable incomes and hence of the money demand for consumption goods could be deduced (on the basis of 1950 rates of taxation) for comparison with the volume of consumption goods which it is intended should be available. This is done in Table 2. It will be seen that, without any changes in prices or wage-rates but solely because of greater productivity, personal disposable incomes after payment of direct taxes in 1951/52 might have been approximately $£ 250 \mathrm{Mn}$. greater than in 1950. Assuming that personal savings are likely to increase by considerably less than half that figure ${ }^{\star}$, the increase in demand for consumption goods would be $£ 170 \mathrm{Mn}$. Given a fall in the supply of consumption goods amounting to (at least) $£ 50 \mathrm{Mn}$., therefore, we could reckon that the rearmament programme for the current financial year, after allowing for

TABLE 2.
PERSONAL DISPOSABLE INCOMES
(at 1950 prices)

|  | $\begin{aligned} & \text { Calendar } \\ & \text { Year } \\ & 1950 \end{aligned}$ | $\begin{gathered} \text { Calendar } \\ \text { Year } \\ 1951 \end{gathered}$ | $\begin{aligned} & \text { Financial } \\ & \text { Year } \\ & 1951 / 52 \end{aligned}$ |
| :---: | :---: | :---: | :---: |
| National income (inclusive of stock appreciation.) Add | 11,196 | 11,525 | 11.630 |
| Debt interest | 611 | 610 | 610 |
| Social security benefits | 763 | 785 | 790 |
| Total incomes | 12,570 | 12,920 | 13,030 |
| Less : |  |  |  |
| Govt. income from property, etc. | -182 | - 195 | -200 |
| Undistributed profits | -569 | -600 | -605 |
| Direct taxes and tax liabilitics | $-2,340$ | $-2,570$ | -2,495 |
| Personal disposable incomes ... | 9.479 | 9,655 | 9,730 |
| Estimated money demand for consumption goods and services | 9,041 | 9.155 | 9,210 |
| Money value at 1950 prices of the residual supply of consumption goods | 9,041 | 8,990 | 8,990 |
| Inflationary gap ... | - | 165 | 220 |

increases in productivity but without price changes, would have created an inflationary gap of over $£ 200 \mathrm{Mn}$. Given no other changes, Mr. Gaitskell would have been set the task of raising additional taxation of that order from resources wohich would otherwise have gone into consumption demand-which, in practice, would have meant a good deal more than $£ 200 \mathrm{Mn}$. in tax revenue because of the impossibility of taxing consumption without also taxing savings.

In fact, given the context of unchanged prices, it is most unlikely that the whole of the situation

[^17]just described would ever need to arise. For, in 1950, we were adding to demand relative to supply by running a positive balance of payments of $£ 230 \mathrm{Mn}$., and the figures in Tables 1 and 2 assume its continuance. We have only to forego this favourable balance, cutting exports in favour of home consumption, for equilibrium to be established. The resources for this year's rearmament, in other words, could be got entirely from resources previously going into overseas investment. Consumption standards need not be touched.

How are the price changes, which have taken place and which are taking place, likely to affect this balance between supply and demand ?
(a) Worsening Terms of Trade

An adverse movement in the terms of trade introduces a new source of potential inflation. Above, the wiping out of a favourable balance of payments of $£ 230 \mathrm{Mn}$. implied a reduction in the quantity of exports by that amount. With worsening terms of trade, however, this ceases to be so. A decline in the terms of trade of $10 \%$ between 1950 and 1951, such as is envisaged in the Economic Survey, requires $£ 250 \mathrm{Mn}$. exports (at 1950 prices) to preserve a balance, i.e., rather more than the favourable balance of last year. "Overseas investment" may cease, but if overseas disinvestment is to be avoided, the volume of exports must be fully maintained. The adverse movement in the terms of trade, in other words, reduces the resources available for the home market and so adds some $£ 250 \mathrm{Mn}$. to the inflationary pressure.

As emphasized at the beginning of this article, however, it is not fair to lay upon the Budget the task of dealing with this type of change. An automatic method is at hand: world prices have moved against British producers and the movement should be allowed to have its effect. If, import prices rise more than export prices and this increase is allowed to affect internal market prices while factor prices (wages, etc.) remain unchanged, the inflationary pressure is completely offset. In terms of quantities, the higher prices force a contraction in the amounts demanded for purposes other than exports. In terms of money values, the higher prices bring the value of the residual supply of consumption goods into line with the purchasing power in the market for them.

It is important that these rising prices, deriving from higher import costs, should be understood in this sense, i.e., related to the movement in terms of trade. To talk of higher import prices financing rearmament is misleading in
two ways : it breaks up the association between higher prices and worsening terms of trade, which is a thoroughly proper development and not some subtle manoeuvre of the Government ; and it disguises the fact that there is a limit to the extent to which we can prudently finance rearmament by economising on the balance of payments-that, unless the United Kingdom is to run into debt again, the larger programme for next year will require resources from elsewhere than exports.

## (b) Increases in Incomes

Increasing wage demands are a source of potential inflation in just the same way as are worsening terms of trade: by increasing incomes they cause the money demands for goods and services to be increased. But, even more automatically are the income increases offset by increased costs. There is not, of course, any reduction in the total of home supplies, but their distribution between individuals is altered in favour of those with rising money incomes. ${ }^{\star}$

In this matter of rising import prices and rising wage costs, however, two further elements require comment. The first is the existence of a lag between costs and prices; the second is the part to be played by private savings.

## (a) The Lagging of Prices

There is often a lengthy lag between increases in costs and the consequent increases in the prices of final goods, due partly to the requirements of price control and partly, apparently, to a common business practice of not raising prices until the goods being sold on the market are actually physically incorporating the higher priced material. This means that the increased costs of carrying stocks are borne out of current profits. Now, if this meant that distributed profits were so much the less, the practice would in fact be introducing a deflationary element into the situation: the prices of consumption goods would go unchanged, but a decline in the real standard of living would be imposed upon profitreceivers because they would be getting smaller money incomes. This, however, has not been the case, nor is it expected to be in future. The extra cost of carrying stocks last year was borne at the expense of undistributed profits and the Survey envisages a continuation of the process this year. Some of last year's increases will now

[^18]be passed on to the general public, but import prices and other costs are continuing to advance and, once again, undistributed profits will, for a time, absorb them ${ }^{\star}$.

The fact of this lag, therefore, makes no direct contribution to reducing inflationary pressure. It does, however, serve two indirect purposes. In the first place, this temporary absorption of higher import costs does hold off the indirect inflationary effect which would otherwise occur through reactions in the labour market to higher consumer goods prices. Secondly, if the process absorbs undistributed profits, they are not then available to finance other types of investment $\dagger$.
(B) Private Savings

What is to be expected of private savings ?
In respect of investment, the Chancellor, by his taxation measures and by his favourable references to rising interest rates and a stiffer credit policy, seems keen to use financial as much as physical controls in order to restrict demand. Consequently, whereas the prime disinflationary source at the time of devaluation was business savings, in the changed circumstances of rearmament, which in some measure clashes with industrial investment, these are no longer to be relied upon. Undistributed profits, allowing for

[^19]stock appreciation, would have declined this year in any case, and the effect of the Chancellor raising the tax on distributed profits is to reduce them further. The increase of $£ 170 \mathrm{Mn}$. in private savings in 1951/52 compared with the previous financial year, of which the Chancellor spoke, is an increase, not in free reserves, but in tax reserves.

But did the Chancellor allow sufficiently in his Budget for a fall in personal savings ? The calculations in the early paragraphs of this article saw the "inflationary gap" for 1951/52 approximately closed and the investigation of the effects of price changes which followed did not show up anything to alter that view. The calculations, however, assumed a more or less normal, and certainly positive, disposition on the part of individuals to save out of additional personal income, whereas the National Income White Paper shows a decline in personal savings in $1950 \ddagger$. But it was only in the latter part of 1950 that there was much awareness of increased prices for final products ; anticipatory buying, which is probably the main cause of withdrawals of savings, and the pressure of prices on incomes, are likely to be much stronger in 1951. The Chancellor's increases in taxation, however, leave the requirement for personal savings the same this year as last§. The "inflationary gap" left by the Budget, therefore, may be formidable.

[^20]
# PROSPECTS FOR CONSUMPTION STANDARDS 

By A. R. Prest

On the basis of various assumptions about changes in resources available and changes in drafts on resources in 1951, it is concluded in the Economic Survey that deliveries of consumers' goods will have to be cut. Although the estimate of a cut of $£ 50 \mathrm{Mn}$. in terms of 1950 prices ${ }^{\star}$ only represents a fall of about $1 \%$ on 1950 consumption expenditure per head-this figure would be even smaller if we could allow for consumption expenditure " transferred" from 1951 in anticipation of rising prices-the incidence on some types of consumption goods will be much

[^21]higher. In some cases this will be due to overall reductions in output, in others to diversion of output to the defence programme or to exports. It is difficult, however, to say anything of a quantitative nature about the cuts in particular types of goods, for although there are some obvious direct reactions on vehicles, watches and binoculars, wireless sets and textile products, the ramifications due to particular material shortages (e.g., the effect of reduced supplies of tinplate on the output of canned foods) and the diversion of more consumer goods to exports $\dagger$

[^22]make it impossible to say anything precise about these changes. Broadly, there will probably be little or no reduction in food, rent and rates, fuel and light as a whole, whilst durable household goods, clothing and private motoring are bound to suffer ; in fact, it has already been announced that the allocation of motor cars to the home market is being reduced to 80,000 in 1951 as compared with 112,000 in 1950. Moreover the natural tendency for the defence programme to gather speed slowly and hence concentrate the cuts towards the end of the year will be supplemented by such events as the recent increase in retail sales of textiles and the release of vehicles to the home market (on account of the shipping shortage to Australia and New Zealand) which is to be counterbalanced by curtailing supplies later in the year.

So far we have dealt with changes in deliveries to the home market. To find out the effect on expenditure of final consumers we must ask whether reductions in wholesale and retail stocks are likely to take place. Although mentioned in the Economic Survey they do not seem to be explicitly allowed for in the estimate of the reduction of the volume of consumption in 1951. Nevertheless they seem a very real possibility and may mitigate the initial fall in supplies-in much the same way as in 1940 and 1941. Professor Hancock ${ }^{\star}$ shows that many of the orders limiting supplies of consumers' goods were made in the latter part of 1940 but it was not until well into 1941, and in some cases even later $\dagger$ that consumers really felt the effects. Although the stock position to-day is probably not as good as in 1940 at least it does seem to be true in the case of textiles that stocks rose considerably in 1950 even after allowance is made for price changes and seasonal fluctuations. According to the Board of Trade stocks at wholesale textile houses rose from 99 at end-1948 to 105 at end-1949 and to 134 at end- 1950 (end-1947 $=100$ ). Similarly, retail stocks of apparel rose from 107, to 133, and to 140 at the same dates. And the President of the Board of Trade has said that there was a much larger increase in the delivery of cloth to the clothing trade than the increase in retail sales in 1950. It may well be that no comparable stock build-up has taken place in other commodities but even so there may be some possibility of reducing them without reaching the state of " the empty economy " immediately. All in all, the cushion provided in this way may prove to be well-padded-and probably all the more so if we

[^23]take a realistic view about the difficulties of selling more consumer goods abroad.

What can be said about the hardships likely to result from the reduced availability of consumers' goods? At first sight it looks as if one can argue fairly strongly that the general suffering imposed should be very small. In 1950 consumption expenditure (excluding income in kind of the Armed Forces) per head was in real terms slightly above that in 1938 and some $4 \%$ above that of 1946. The usual points about the impossibility of allowing for quality changes and about the limitations on consumers' expenditure imposed by rationing in post-war years must, of course, be made but nevertheless the figures are of some significance-particularly when it is remembered that a large block of " consumption" expenditure was automatically transformed into "Government" expenditure with the introduction of the National Health Service in 1948. This last consideration leads on to a more general point. The lessened availability of consumers' goods bought in the market does not of itself imply any reduction in the range of consumers' goods supplied by the State (principally education and health services). Therefore, the encroachment on the standard of living is not as great as a perusal of the prospects for personal consumption expenditure would have us believe. Indeed, people may try to protect themselves against falling standards by cutting expenditure on such things as private education and making more use of free or low priced State facilities of this kind. Finally, it must be stressed that the main categories of consumers' goods likely to be reduced in supply are durables (in the wide sense, i.e., including textiles) and therefore the fall in consumption will not be as large as the fall in consumption expenditure. This will be particularly true in the case of motor cars, for instance.

At the same time, it must be remembered that it is precisely durable household goods, clothing and private motoring which were the major "depressed" categories in 1950 compared with $1938 \ddagger$. It is only too true in this field that we are going to shoulder new burdens whilst still suffering from the effects of previous ones.

So far we have only talked in general terms about the hardships implied in the proposed cuts in consumption expenditure. To dig more deeply, we have to look at the methods by which equilibrium is to be achieved in the consumers' goods markets. It seems to be suggested in the Economic Survey and the Chancellor's speech
$\ddagger$ See W. B. Reddaway, Bulletin, Feb. 1951, " Personal Consumption since the War."
that in the absence of any rises in prices of consumers' goods and any extra taxation the inflationary gap might have been of the order of $£ 800 \mathrm{Mn}$. The Chancellor proposed to close this by extra taxation yielding a net $£ 150 \mathrm{Mn} .^{\star}$, and by higher prices of consumers' goods providing an additional bill of $£ 650 \mathrm{Mn}$. for consumers to foot. By far the major part of this reconciliation is to come from changes on the supply side, as not only do we have the whole of the $£ 650 \mathrm{Mn}$. increase, but also some $£ 60 \mathrm{Mn}$. of the $£ 150 \mathrm{Mn}$. tax increase will come from indirect taxation. In effect this means an addition of $8 \%$ to the retail prices of consumers' goods in 1951 as compared with the average of 1950. $\dagger$

Is it possible to say more about the way in which we can expect price increases to be tied up with particular reductions in supply ? Obviously, no quantitative conclusions here are possible. As we have seen, it is extremely difficult to go beyond broad generalisations about the categories of goods which are likely to be less available and it is probably more difficult to say what sort of price rises are likely to take place in individual commodities even in the absence of wage increases. For one thing, the impulses to rising prices are many and varied : the major phenomenon of rising import prices is intensified not only by the selective increases in purchase tax announced by the Chancellor but also by the increased yields at existing Customs duty and purchase tax rates. High prices paid to British farmers are being passed on to the consumer; increased charges are being made for school meals and payments extracted for dentures and spectacles; the new Post Office charges, the $10 \%$ increase in rail freight rates and the additional petrol tax have to work their way through the system. Quite apart from this, many of these changes are not only being introduced into the system at different dates but also can be expected to take differing lengths of time to work their way through the system, depending on such factors as the methods of inventory accounting and the periods of production of various goods. Finally, the effect of raw material price rises on retail prices depends not only on the proportion of material costs to wages, etc., but also on the possibility of squeezing margins at various stages.

In a qualitative way, however, one can say

[^24]something about the problem. Fairly obviously, some of the largest increases will be in the prices of those commodities most likely to be reduced in supply. Not only have purchase tax rates been doubled in the case of motor vehicles and such durables as gas cookers and refrigerators and wireless sets, but some of the most striking raw material price rises are taking or have taken place in the case of textiles, the other group likely to be considerably reduced in supply. While it would be as well to discount some of the alarmist rumours which have spread about potential prices of wool clothing (the Wool Working Party Report showed that in 1945-6 material costs were only $10 \%$ of final retail prices in the case of worsted utility suits) the jump of prices of raw wool (64s) from the October, 1949 (i.e., post devaluation) price of 100 d . per lb . to 314 d . per lb . in March, 1951, can-in the absence of any tight squeezing of margins-be expected to push up prices sufficiently to get somewhere near equilibrium in this market.

It seems fairly clear that a good deal of extra purchasing power will be absorbed into food expenditure in the coming months. The Minister of Food has said ${ }^{\star}$ that by the end of the current fiscal year rationed commodities will cost $8 \mathrm{~d} .-8 \frac{1}{2} \mathrm{~d}$. per book per week more than at present. If we assume increases in prices of unrationed commodities to be $50 \%$ more than those of rationed goods, the national food bill will be costing about $7 \%$ more by March, $1952 \dagger$ -and fairly obviously this is a minimum estimate. It should also be pointed out that the categories where excess purchasing power spilt over in the immediate post-war years, i.e., tobacco, alcohol, entertainments $\ddagger$ are precisely those which will divert a large amount of revenue to the Exchequer (and all the more so in view of the increased Entertainments Tax) if any similar phenomenon recurs. Therefore, there are good grounds for believing that the price rises anticipated are consonant with the supply reductions anticipated. At the same time, one may wonder whether the Government should not have further weapons in reserve such as the curtailment of hire purchase facilities.

Can anything be said about the groups in the community most likely to suffer from the fall in consumption? As far as the functional distribution of incomes is concerned not much can be

[^25]said beyond the obvious fact that wage-earners and profit earners can be expected to improve their position relatively to the fixed-income groups. If a large profit-inflation can be avoided, however, the prospect of the cancellation of the initial allowances and the swingeing addition to distributed profits tax may be expected to restrain dividends paid out. It is just as obvious that the greatest gains to wage-earners and profit receivers are likely to occur in those industries where net additional demand is greatest. The variations in net incomes due to the changes in income-tax rates and allowances are rather harder to follow; for while the effect of the increased rates considered in isolation is to reduce large net incomes by a greater proportion than small net incomes, the introduction of increased marriage and children's allowances complicates the issue. Apart from the obvious point that these favour married couples with children as against single persons at the same gross income level, it should be observed that in some cases higher income groups will benefit more than lower income groups. Whereas a married man with two children earning less than $£ 350$ per annum is unaffected by the tax changes the same man earning $£ 800$ a year will actually pay $£ 5$ less in tax, simply because he is able to reap the full benefit of the additional allowances. Loose talk about the harsh effects of increased taxation on the middle classes should therefore be treated with reserve. Another point to note is that one of the hardest-pressed groups, the old-aged pensioners, are to get increments to their incomes. It must be stressed, however, that consideration of incomes is only one part of this side of the picture; those with capital resources are inevitably at an advantage compared with those without, not only because they can dis-save but because they can dis-save nowbefore prices climb further.

If the percentage rise in prices were the same for all commodities, we should, in the absence of personal saving, have an exactly equivalent situation to an equal percentage reduction in money income for everybody.* In fact percentage price rises of different commodities are not going to be the same and therefore we must

[^26]ask whether they are likely to be greater for those commodities forming a larger proportion of the expenditure of richer people or not. So far as "controlled" price rises are concerned this fairly obviously is likely to be the case. Expenditure on motoring and washing machines take up a larger proportion of richer people's than poorer people's outlay. And whilst the importance of clothing expenditure in the working class budget has to be recognized, it is still true that, because of the operation of purchase tax, non-utility will increase more in price than utility clothing. Whether families with children are likely to be hit more than single persons or childless couples is not so easy to see. Pre-war data on workingclass expendituret suggest that it is only in the case of the better paid workers that clothing expenditure forms an appreciably larger proportion of outlay among families with children than among childless couples. While it would obviously be unwise to lean too heavily on these investigations in the changed conditions of to-day, it should be noted that families with children usually derive more than proportionate benefit from State educational, medical and welfare services compared with families consisting of adults. Prima facie then, it may well be that, taking into account the income-tax concessions noted above, families with children may not suffer unduly.

How then can we summarize the consumption prospects for 1951? Provided all the plans for expanding output and directing resources to defence and to export mature as forecast, the overall reduction in consumption standards may not be so very harsh and severe this year, particularly if reductions in wholesale and retail stocks take place. Nevertheless, there are bound to be sharp reductions in supplies of particular items. If inflationary pressure and uncontrolled price rises can be kept to a minimum, the movements of disposable incomes and of prices of consumer goods do not promise to be such as to throw an excessive part of the burden on any special groups in the community. Stock reduction, however, cannot be repeated and it must therefore be emphasized that such conclusions do not apply to the prospects for 1952 and 1953.

[^27]INDEX OF INDUSTRIAL PRODUCTION (Excluding Finished Munitions*)
Average weekly rate of production in $1946=100$

| Period | Rate of Production per working weok |  |  |  | $\begin{aligned} & \frac{5}{5} \\ & \frac{y}{4} \\ & \hline \end{aligned}$ |  |  |  | $\begin{aligned} & \frac{2}{0}= \\ & 0 \\ & 0 \\ & 0 \\ & 0 \\ & 0 \\ & 0 \end{aligned}$ |  |  |  |  | Building, <br> Building <br> Materials <br> \& Furniture |  | 380 | $\begin{aligned} & \text { Ba } \\ & \text { an } \\ & \text { en } \\ & 0 \end{aligned}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | A | B | A | B |  |  |  |  |  |  |  |  |  | A |  |  |  |  |  |
| Weight | 1000 | 1009 | $\ldots$ | ... | 71 | 68 | 57 | 20 | 29 | 107 | 109 | 111 | 55 | 169 | 178 | 134 | 47 | 36 | ... |
| Av. 1035* | 98 | 97 | ... | ... | 142 | (123) | 76 | 47 | 108 | 76 | (84) | 94 | 69 | (153) | (138) | 87 | (127) | (90) | ... |
| Av. 1946 | 100 | 100 | 104 | 104 | 100 | 100 | 100 | 100 99 |  |  |  |  |  | 100 | 100 | 100 | 100 | 100 | $\cdots$ |
| Av. 1947 Av. 1948 Av. | 109 121 | 108 | 113 125 | 112 | 105 122 | 107 | 101 113 | 99 103 | 119 133 | 123 | 107 109 | 100 | 1100 | 117 137 | 110 121 | 103 | 106 108 | 118 138 | .... |
| Av. 1948 Av. 1949 | 129 | 118 | 134 | 131 | 129 | 116 | 118 | 102 | 164 | 161 | 110 | 107 | 126 | 145 | 133 | 116 | 134 | 138 160 | .... |
| $\begin{gathered} \text { Av. } 1950 \\ 1946 \end{gathered}$ | 138 | 135 | 143 | 140 | 140 | 119 | 125 | 97 | 195 | 175 | 119 | 110 | 138 | 150 | 138 | 122 | 158 | 156 | ... |
| 1 st Qr. ... | 92 | 93 | 93 | 93 | 97 | 93 | 98 | 95 | 73 | 90 | 90 | 99 | 99 | 77 | 82 | 103 | 93 | 91 |  |
| 2ND Qr. ... | 97 | 98 | 101 | 102 | 99 | 99 | 102 | 101 | 97 | 98 | 98 | 100 | 100 | 91 | 94 | 97 | 95 | 98 | ... |
| 3md Qr. ... | 99 | 99 | 108 | 108 | 98 108 | 101 | 106 | 98 106 | 101 128 | 115 | 100 113 | 97 104 | 98 103 | 110 | 108 | ${ }^{91}$ | 118 | 100 | $\cdots$ |
| $\begin{aligned} & \text { 4TH Qr. } \\ & 1947 \end{aligned}$ | 111 | 110 | 114 | 113 | 106 | 107 | 105 | 106 | 128 | 115 | 113 | 104 | 103 | 122 | 115 | 107 | 118 | 112 | $\ldots$ |
| 18t Qr. ... | 97 | 97 | 15 | 97 | ${ }^{91}$ | 95 | 93 | 95 103 | ${ }^{92}$ | 107 | 110 | ${ }^{92}$ | 89 102 | ${ }^{91}$ | 88 113 | 109 | 1100 | 101 | $\ldots$ |
| 2nd Qr. 3rd Qr. | 108 | 109 107 | 115 | 113 | 107 | 110 | 108 99 | 103 95 | 134 | 1120 | 100 | 102 | 102 99 | 124 | 116 | 98 92 | 113 | 118 | ... |
| $\begin{gathered} \text { 4TH } 9 \mathrm{r} \\ 1948 \end{gathered}$ | 120 | 118 | 123 | 121 | 117 | 113 | 109 | 102 | 128 | 147 | 119 | 103 | 112 | 134 | 122 | 111 | 106 | 120 | ... |
| 1st Qr. | 119 | 117 | 122 | 120 | 120 | 111 | 115 | 95 | 130 | 144 | 116 | 96 | 115 | 131 | 116 | 113 | 106 | 142 | ... |
| 2ND Qr.... | 122 | 119 | 124 | 121 | 123 | 107 | 115 | 110 | 137 | 154 | 110 | 101 | 116 | 139 | 121 | 108 | 108 | 142 | ... |
| $3^{\text {mid }}$ Qr.... | 115 | 113 | 125 | 122 | 117 | 100 109 | 106 | 101 | 126 | 143 164 | 99 112 | 100 | 114 124 | 137 143 | 121 | 1101 | 105 113 | 128 | $\ldots$ |
| $\begin{aligned} & 4 \mathrm{TH} \mathrm{Qr} \\ & \hline 1949 \end{aligned}$ | 127 | 124 | 131 | 127 | 127 | 109 | 117 |  | 140 | 164 | 112 |  | 124 | 143 | 127 | 119 | 113 | 140 | 238 |
| JAN. | 124 131 | 122 | 125 131 | 123 128 | 127 133 | 110 118 | 119 125 | 102 | 162 162 | 158 170 | 112 | 97 98 | 124 | 133 142 | 120 | 122 | 123 130 | 140 151 | ${ }_{22}^{23}$ |
| MAR. | 132 | 128 | 132 | 128 | 132 | 117 | 125 |  | 164 | 167 | 111 | 101 | 131 | 144 | 128 | 125 | 133 | 147 | 25 |
| APR. | 123 | 121 | 132 | 130 | 121 | 105 | 116 |  | 149 | 160 | 104 | 105 | 122 | 137 | 125 | 111 | 128 | 131 | 234 |
| MAY | 134 | 131 | 134 | 131 | 134 | 116 | 123 | 104 | 172 | 175 | 114 | 115 | 127 | 149 | 136 | 115 | 138 | 139 | 24 |
| JUNE | 128 | 125 | 135 | 132 | 124 | 110 | 117 |  | 164 | 164 | 107 | 112 | 122 | 145 | 132 | 109 | 131 | 135 | 24 |
| JULY | 120 | 117 | 133 | 130 | 116 | 107 | 100 |  | 129 | 153 | 98 | 111 | 112 | 142 | 132 | 100 | 128 | 123 | ${ }_{25}^{23}$ |
| AUG. | 118 | 116 | 133 | 131 | 121 | 103 | 107 | 100 | 154 | 138 | -99 | 107 | 113 129 | 137 | 128 | 99 113 | 134 138 1 | 120 138 | 25 |
| 8EPT. | 132 137 | 130 134 138 | 134 137 1 | 132 134 | 133 139 | 126 | 124 |  | 174 186 | 158 160 | 1120 | 111 | 135 | 156 156 | 145 | 113 120 | 141 | 156 | 234 |
| NOV. | 140 | 138 | 140 | 138 | 143 | 134 | 125 | 101 | 187 | 171 | 123 | 110 | 135 | 154 | 144 | 130 | 151 | 157 | 24 |
| DEC. 1950 | 130 | 127 | 141 | 138 | 128 | 117 | 115 |  | 164 | 164 | 113 | 105 | 126 | 141 | 129 | 126 | 137 | 144 | 24 |
| JAN. | 134 | 131 | 135 | 133 | 139 | 117 | 122 |  | 187 | 165 | 113 | 102 | 132 | 145 | 134 <br> 138 <br> 180 | 129 | 153 | 150 160 | ${ }_{22}^{24}$ |
| FEB. | 139 | 137 | 139 | 137 | 145 | 134 135 1 | 126 130 | 94 | 206 | 174 184 | 120 120 | 99 109 | 137 139 | 149 153 | 1138 | 131 129 | 162 | 150 | ${ }_{25}^{22}$ |
| MAR | 143 132 | 1140 | 143 | 1139 | 146 | 135 | 121 |  | 188 | 185 | 108 | 104 | 134 | 145 | 135 | 118 | 157 | 147 | ${ }_{25}^{22}$ |
| MAY | 136 | 135 | 142 | 111 | 141 | 121 | 125 | 100 | 206 | 169 | 114 | 115 | 134 | 148 | 137 | 122 | 163 | 152 | 25 |
| JUNE | 141 | 138 | 142 | 140 | 140 | 118 | 128 |  | 192 | 188 | 120 | 117 | 139 | 155 | 143 | 114 | 163 | 157 | 24 |
| JULY | 130 | 128 | 144 | 142 | 126 | 106 | 118 |  | 209 | 164 | 111 | 109 | 126 | 147 | 135 | 110 | 150 | 144 | ${ }^{23}{ }^{4}$ |
| AUG. | 122 | 120 | 137 | 135 | 129 | 95 | 106 | 93 | 152 | 144 | 103 | 108 | 128 | 140 | 131 | 101 | 145 163 | 141 | 23 |
| SEPT. | 141 | 139 | 143 | 141 | 143 | 126 | 130 |  | 185 | 177 188 188 | 126 | 118 | 146 150 | 160 | 148 | 126 | 160 | 172 | 24 |
| OCT. | 148 150 | 145 | 148 150 | 145 | 152 154 | 134 123 | 134 136 | 102 | 216 216 | 198 | 139 | 119 | 150 | 157 | 145 | 134 | 163 | 170 | 24 |
| DEC. | 138 | 135 | 149 | 146 | 134 | 99 | 126 |  | 172 | 191 | -123 | 109 | 141 | 140 | 127 | 135 | 150 | 157 | 23 |
| $1951$ | 138 | 137 | 139 | 138 | 143 | 116 | 131 |  | 208 | 173 | 124 | 108 | 139 | 134 | 126 | 136 | 162 | 167 | 25 |
| FEB. | 147 | 145 | 147 | 145 | 150 | 148 | 139 | 94 | 202 | 191 | 134 | 112 | 148 | 147 | 136 | 142 | 163 | 178 | 22 |
| MAR. | 137 | 135 | 147 | 145 | 139 |  | 133 |  | 171 |  |  | 109 | 139 |  |  | 134 |  |  | 24 [ |

* For a comment on this exclusion see the footnote on p. 37 above.

Revisions: Several groups, particularly Chemicals, are affocted by the recent revisions of the employment series of the Ministry of Labour.
Figures in later months are subjeot to rovision. For further details see "The Measurement of Production Movements " (Carter, Reddaway, and Stone): Cambridge University Press, 1948, 12/6. In general, the Index is based on the quantity of goods delivered by an industry ('A 'series); the ' $B$ indices use ndditional sories reflecting the changes in work in progress in house and ship building. The 1935 figures (and especially those io brackets) are subject to larger error than the rest of the index. On the same basis, the total for the

* The 1935 figuros (and especially th
rage of 1935.8 is probably about 108 . average of 1935.8 is probably about the middle months of the quarters. No shipbuilding 'A' series is published

Woekdays, counting Saturdays as half. These " normal working days "include public holidays, as follows: 1949-Good Friday and Easter
nday in April, Whit Monday in Juno, Bank Holiday in August, Christmas holiday in December: 1950-Good Friday and Easter Monday in Monday in April, Whit Monday in May, Bank Holiday in August, Christmas holiday in December; 1951-Good Friday and Easter Monday in March.

# BUILDING AND CIVIL ENGINEERING OUTPUT 

OUTPUT OF THE BUILDING AND CIVIL ENGINEERING INDUSTRIES AND TOTAL BUILDING AND CIVIL ENGINEERING OUTPUT. ( $£ \mathrm{Mn}$.)<br>Sources : Professor IAN BOWEN ; Ministry of Works.

NOTE.-This Table differs from previous tables in this series because (a) the former divisions of work done are not available for recent dates and a revised analysis to show new work and repairs has therefore been adopted; (b) the output of firms in certain "specialist trades " and work done by "direct labour " is now shown in addition to the output of the building and civil engineering industries.

\begin{tabular}{|c|c|c|c|c|c|c|c|c|}
\hline \& 1948 \& 1949 \& 1950 \& 1949 \& \& \& \& \\
\hline \& \& \& \& 4th Qr . \& \[
\begin{aligned}
\& \text { 1st } \\
\& \mathrm{Qr} .
\end{aligned}
\] \& 2nd Qr. \& \[
\begin{aligned}
\& \text { 3rd } \\
\& \text { Qr. }
\end{aligned}
\] \& \[
\begin{aligned}
\& \text { 4th } \\
\& \text { Qr. }
\end{aligned}
\] \\
\hline \begin{tabular}{l}
I. HOUSING WORK : \\
1. Construction of new housing, temporary and permanent and site preparation \\
2. Repairs including conversions and adaptations (*)
\end{tabular} \& \(224 \cdot 3\)
\(197 \cdot 0\) \& \(218 \cdot 7\)
\(200 \cdot 0\) \& 236.6
154.8 \& \(58 \cdot 2\)
\(42 \cdot 3\) \& \(55 \cdot 2\)
\(42 \cdot 2\) \& \(60 \cdot 6\)
\(36 \cdot 7\) \& \(61 \cdot 2\)
\(36 \cdot 6\) \& \(59 \cdot 6\)
\(39 \cdot 3\) \\
\hline \begin{tabular}{l}
II. INDUSTRIAL AND COMMERCIAL WORK ( \(\dagger\) ) : \\
3. Industrial premises and warehouses : \\
New work ... \\
Repairs and maintenance \\
4. Shops and commercial premises : \\
New work ... \\
Repairs and maintenance
\end{tabular} \& \(70 \cdot 0\)
30.6

6.7
$25 \cdot 1$ \& $75 \cdot 2$
$20 \cdot 9$

$12 \cdot 7$
$26 \cdot 3$ \& $102 \cdot 1$
$18 \cdot 5$

$13 \cdot 4$
$17 \cdot 9$ \& 22.2
4.9

3.7
6.0 \& 21.0
4.3

$3 \cdot 1$
4.9 \& $25 \cdot 3$
4.9

3.7
5.7 \& 28.7
4.9

3.3
4.5 \& 27.1
4.4

3.3
2.8 <br>

\hline | III. OTHER WORK : |
| :--- |
| 5. Public Utilities ( $\dagger$ ): |
| (a) Electricity, gas and transport : |
| New work |
| Repairs and maintenance, etc. |
| (b) Water and Sewerage. New work |
| 6. Agricultural Work ( $\dagger$ ): |
| New work... |
| Repairs and maintenance |
| 7. Hospitals, Schools, Universities ( $\dagger$ ) : |
| New work... |
| Repairs and maintenance |
| 8. Coal mining and opencast coal production ( $\dagger$ ) : |
| New work... |
| Repairs and maintenance |
| 9. Other new work (of firms with operatives) ( $\dagger$ ) $\ldots$ |
| 10. Other repairs and maintenance, etc. (of firms with operatives) ( $\ddagger$ ) ... |
| 11. Output of firms without operative employees | \& $\begin{array}{r}25 \cdot 3 \\ 8 \cdot 4 \\ 9 \cdot 8 \\ 11.1 \\ 6.6 \\ 19.4 \\ 9 \cdot 0 \\ \\ 17.2 \\ 0.9 \\ \\ 22.5 \\ 93.4 \\ \hline\end{array}$ \& $31 \cdot 7$

$7 \cdot 6$
$15 \cdot 9$
$7 \cdot 9$
$2 \cdot 2$
$27 \cdot 9$
$6 \cdot 9$

$19 \cdot 9$
$1 \cdot 2$

$38 \cdot 3$

$126 \cdot 1$

24.4 \& $41 \cdot 2$
$5 \cdot 7$
$18 \cdot 4$
$10 \cdot 8$
$2 \cdot 5$
40.5
$4 \cdot 2$

$19 \cdot 1$
$0 \cdot 9$

$55 \cdot 0$
142.6

27.4 \& 8.7
1.9
4.4
2.3
0.6
7.9
1.9

4.8
0.3
10.9

33.9

6.0 \& | 8.9 |
| ---: |
| 1.4 |
| 3.9 |
| 1.9 |
| 0.6 |
|  |
| 8.7 |
| 1.0 |
|  |
| 4.6 |
| 0.2 |
|  |
| 11.9 |
|  |
| 9.2 |
|  |
| 5.7 | \& 10.2

1.3
4.5
2.7
0.7

9.7
1.1

5.4
0.2
13.1 \& $11 \cdot 1$
$1 \cdot 6$
$5 \cdot 1$
$3 \cdot 1$
$0 \cdot 6$
$11 \cdot 2$
$1 \cdot 2$

$5 \cdot 2$
$0 \cdot 3$
14.7

33.1 \& 11.0
1.4
4.9
3.1
0.6
10.9
0.9

3.9
0.2

15.3

36.5
7.3 <br>

\hline | TOTAL OUTPUT BUILDING \& CIVIL ENGIN. |
| :--- |
| EERING INDUSTRIES |
| 12. Firms in the specialist trades (§) |
| 13. Work done by direct labour (\\|) | \& \[

$$
\begin{aligned}
& 800 \cdot 2 \\
& 113 \cdot 3 \\
& 244 \cdot 9
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 863 \cdot 8 \\
& 125 \cdot 2 \\
& 258 \cdot 7
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 911 \cdot 6 \\
& 135 \cdot 6 \\
& 259 \cdot 4
\end{aligned}
$$

\] \& \[

$$
\begin{array}{r}
220.9 \\
32.0 \\
65.5
\end{array}
$$
\] \& 218.7

33.9
65.0 \& 226.5
33.9

64.9 \& $$
\begin{array}{r}
233.9 \\
33 \cdot 9 \\
64.8
\end{array}
$$ \& \[

$$
\begin{array}{r}
232.5 \\
33.9 \\
64.7
\end{array}
$$
\] <br>

\hline TOTAL BUILDING \& CIVIL ENGINEERING OUTPUT \& 1181-3 \& 1247.7 \& $1306 \cdot 6$ \& $318 \cdot 4$ \& $317 \cdot 6$ \& $325 \cdot 3$ \& $332 \cdot 6$ \& 331 -1 <br>

\hline | Of which-New Work... | $\ldots$ | $\ldots$ | $\ldots$ |
| ---: | :---: | :---: | :---: |
| Repairs, etc. | $\ldots$ | $\ldots$ | $\ldots$ | \& \[

$$
\begin{aligned}
& 544 \cdot 9 \\
& 636 \cdot 4
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 575 \cdot 2 \\
& 672 \cdot 5
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 680 \cdot 7 \\
& 625 \cdot 9
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 155 \cdot 1 \\
& 163 \cdot 3
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 155 \cdot 2 \\
& 162 \cdot 4
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 171 \cdot 2 \\
& 154 \cdot 1
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 179 \cdot 5 \\
& 153 \cdot 1
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 174 \cdot 8 \\
& 156 \cdot 3
\end{aligned}
$$
\] <br>

\hline
\end{tabular}

[^28]
# BUILDING AND CIVIL ENGINEERING AND THE REARMAMENT PROGRAMME 

By Ian Bowen

The Economic Survey for 1951 shows that the new defence programme includes a rise in expenditure on building and civil engineering from $£ 82 \mathrm{Mn}$. in $1950 / 51$ to $£ 145 \mathrm{Mn}$. in $1951 / 52$. $£ 30 \mathrm{Mn}$. of this increased expenditure will go on Government owned factories and research establishments and on building storage depots for the strategic stockpiling of raw materials, the rest of the increase being due to the Service Departments and to immediate demands for re-conversion of privately owned factories for defence purposes. The Survey also refers in the text (p. 6) to " substantial new capacity " being "quickly created" to produce tanks and aeroengines. The question arises whether this contemplated increase in expenditure of $£ 63 \mathrm{Mn}$. (perhaps about $£ 60 \mathrm{Mn}$. on a calendar year basis) is manageable by the building and civil engineering industry without its capacity becoming overloaded.
$£ 63 \mathrm{Mn}$. on a total of $£ 912 \mathrm{Mn}$. does not represent a very high percentage (about 7\%), and the productivity of the industry is deemed to be rising, according to public statements that have been issued by Ministers. Nevertheless, there are good reasons for fearing that in the current year the pressure on the country's building resources will be intense, though on present programme figures (that is, ignoring the effects of any possible acceleration of, or increase in the scale of, rearmament) from 1952 onwards this pressure will be considerably eased. To begin with, decisions based on the Economic Survey and on the Budget cannot now be made (or could not have been made) until so late in the year as to have little effect on this summer's building programme, so that a slowing-down of the civilian Departments' expenditure is not likely to release any substantial resources during 1951 ; most contracts for the current building season must have already been let or the negotiations for them are too far advanced to allow a cancellation (cf. para. 76 of the Survey). Housing is not to be cut, and private licensed work will be difficult to restrain, or even administer, at a time when further steep increases in costs are generally anticipated; licensing on the basis of value figures may become impracticable if almost every obtainer of a licence finds himself breaking the law.

The division of total output (including the output of " directly employed " labour of local authorities, etc.) into new work and repairs is
important, but unfortunately two different definitions are in use, one being used by the Economic Survey (Cmd. 8195) and another in the Monthly Digest of Statistics for March, 1951. The Survey total excludes expenditure on buildings for the Services and Civil Defence, and open-cast coal, and includes expenditure in Northern Ireland; but adjustments for these items do not account for the different division of the total into new work and repairs. For 1950 the figures were as below, the Survey figures having been adjusted to correspond as closely as possible to the Monthly Digest (March, 1951) total.

BUILDING AND CIVIL ENGINEERING OUTPUT (£ Mn.)

|  | 1951 <br> Economic Survey <br> (adjusted) | Monthly Digest <br> (March, 1951) <br> (Table 87) | Difference, |
| :--- | :---: | :---: | :---: |
| New Work, <br> Repains, cte. | 712 | 681 | -31 |

Apart from the $£ 145 \mathrm{Mn}$. of Government expenditure (1951/52) no target or programme figures for the building and civil engineering industry appear in the Survey, but there is a forecast of total gross domestic investment of $£ 2,415 \mathrm{Mn}$. in 1951, anticipating an increase in gross domestic capital formation of $£ 138 \mathrm{Mn}$. All of this increase, however, may easily be absorbed by the officially desired increase in stocks and in the output of plant and machinery. It may fairly be deduced that the value of building and civil engineering output, including Government requirements, is intended to remain stable, since in the Survey it is remarked that " if the defence element in [fixed] investment is excluded from both years, the volume will actually fall." Private fixed investment in building and civil engineering is apparently expected to decline sufficiently to provide for Service and Defence and other Government needs. In view of the difficulty in restraining existing programmes, it would seem that one of the gravest problems of the present year will be how to avoid inflationary pressure and renewed materials shortages occurring if the Government defence
programme, modest as it is in relation to its war-time size, should be superimposed on existing civil demand of all kinds. If housing is not to be touched, eventually the educational and fuel and power programmes are almost bound to be reduced; but this will not alter the fact that in 1951 costs will rise to new record levels. Building costs are already up on last year's average by some $12-15 \%$.

The output of the building and contracting industries in Great Britain on new housing was $£ 237 \mathrm{Mn}$. in 1950 , and on new industrial premises $£ 102 \mathrm{Mn}$. ; hospitals, schools and universities accounted for $£ 41 \mathrm{Mn}$., and public utilities $£ 60 \mathrm{Mn}$. If the level of these programmes is to remain untouched, repairs and maintenance ( $£ 626 \mathrm{Mn}$. of a total of $£ 1,307 \mathrm{Mn}$. for all building and civil engineering output in 1950) will have to be more severely pruned. But repairs and maintenance include many essential activities, and it would not be easy to find substantial extravagances here, in a sphere that
has been closely watched by licensing officers for a number of years.

The dilemma can only be resolved by increases in productivity which implies increased mechanisation of building and civil engineering methods, and, in some degree, new methods of construction. Changes in these directions are bound to be stimulated by the present excess demand.

Brick shortages of a critical kind were averted this spring because the exceptionally wet winter months slowed down the rate of building, but cement was short. The new programme will impose a strain on all supplies, the stocks of bricks and timber already being low. Steel for baths, metal windows and other building items is at present available, but later in the year the position here may deteriorate. It may be concluded that, while the immediate problems will be costs and labour supply, the greater difficulty will be to find physical resources to meet the simultaneous demand of the Government and civilians for fixed investment in buildings and works.

## WAGES AND EARNINGS

By A. L. Bowley

## Wage Rates

The index of wage rates rose about $25 \%$ in the four years July, 1945 to July, 1949, and then moved very slowly upwards to September, 1950.

CHANGES IN WEEKLY WAGE RATES Percentage of August, 1939

| Bricklayers | 1947 | 1948 | 1949 | 50 | 50 | 1951 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | July | Oct. | Oct. | Sept. | Dec. | Ma |
|  | 153 | 170 | 173 | 175 | 175 | 191 |
| ,, Lab | 163 | 183 | 187 $\frac{1}{2}$ | 196 | 196 | 217 |
| Printers' Compositor | 150 | 163 | 163 | 172 | 175 | 175 |
| Dock Labourers | 145 | 145 | 145 | 145 | 145 | 164 |
| Engineers' Fitters | 150 | 158 | 158 | 158 | 175 | 175 |
| Labourers | 166 | 176 | 176 | 176 | 191 | 191 |
| Shipbuilders | 167 | 176 | 176 | 176 | 194 | 194 |
| Railwaymen | 165 | 170 | 170 | 170 | 170 | 183 |
| Cotton ... | 183 | 204 | 214 | 214 | 214 | 235 |
| Wool | . 169 | $179 \frac{1}{2}$ | 193 | 193 | 193 | 203 |
| Local Authorities | 165 | 178 | 179 | 180 | 180 | 180 |
| Trams | 151 | 163 | 163 | 163 | 163 | 177 |
| Lorry Drivers | 144 | $155 \frac{1}{2}$ | $155 \frac{1}{2}$ | $155 \frac{1}{2}$ | 166 | 166 |
| Boots | . 163 | 205 | 205 | 205 | 205 | 205 |
| Confectionery | .. 193 | 214 | 228 | 228 | 228 | 241 |
| Tailoring | 183 | 208 | 208 | 208 | 208 | 208 |
| Shirts | 183 | 208 | 208 | 208 | 208 | 208 |
| Tobacco | 132 | 137 | 137 | 137 | 150 | 150 |
| Coal | 247 | 283 | 292 | 294 | 299* | 303* |
| Agriculture | 230 | 259 | 270 | 崖 | 288 | 288 |
| Weighted Average | 174 | 189 | 1923 | 19312 | 200* | 7* |
| Alternative : $\dagger$ |  |  |  |  |  |  |
| Coal ... | 219 | 234 | 234 | 234 | 240 | 248 |
| Weighted Average | . 171 | 184 | 1861 $\frac{1}{2}$ | 188 | 194 | $201 \frac{1}{2}$ |
| Excluding Coal | . 165 | 178 | $181{ }^{2}$ | 182 | 188 | $201 \frac{1}{2}$ |
| Provisional.The main entry for coal is based on |  |  |  |  |  |  |
| per shift, which have increased more rapidly than any recorded |  |  |  |  |  |  |
| change in piece-rates. The alternative is on the assumption that the only changes since May, 1947, are those connected with |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| a bonus on attendance for five shifts worked in a week, in May, |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| pp. 133.4. |  |  |  |  |  |  |

During the Autumn and till March, 1951, there were considerable increases for all the more important industries, averaging about $7 \%$ over all. On railways the increases were partly an adjustment of the lowest wages in November, and partly an increase of various amounts in January ; for the latter The Times estimate (Feb. 24th) of a rise of $7 \frac{1}{2} \%$ for most grades has been adopted. In coal mines there was an increase in the minimum in

|  | Wage-rate Index Numbers End of Month |  |  | Retail Prices Index Mid-Month |
| :---: | :---: | :---: | :---: | :---: |
|  | $\begin{array}{r} \text { Bu } \\ \text { General } \end{array}$ | etin <br> Excluding <br> Coal | $\begin{aligned} & \text { Ministry } \\ & \text { of } \end{aligned}$ Labour |  |
| 1947 |  |  |  |  |
| June | 100 | 100 | 100 | 100 |
| 1948 |  |  |  |  |
| October ... | 109.5 | $108 \cdot 6$ | 107 | 108.4 |
| 1949 |  |  |  |  |
| January... | $109 \cdot 6$ | 108.6 | 108 | 109.0 |
| February | $109 \cdot 8$ | 108.9 | 108 | 109.2 |
| March October | 110.5 | $109 \cdot 6$ | 108 | 108.9 |
| October ... <br> 1950 | 111.7 | 110.5 | 109 | $112 \cdot 3$ |
| January... | 112.0 | 110.8 | 110 | 112.9 |
| February | $112 \cdot 3$ | 111.1 | 110 | 113.2 |
| March .. | 112.3 | 111.1 | 110 | 113.5 |
| April ${ }_{\text {Septer }}$ | $112 \cdot 3$ | 111.1 | 110 | 113.9 |
| September | 112.3 | 111.2 | 110 | 113.9 |
| October... | ${ }_{112.7 *}^{115}$ | 111.2 114.8 | 111 | $115 \cdot 1$ |
| December | 115.9 | 114.8 | 113 | $115 \cdot 6$ 116.2 |
| 1951 |  |  |  |  |
| January ... | 118.4 | 117.7 | 115 | 117.3 |
| February | 118.8 | 118.1 | 116 | 118.4 |
| March ... | $120 \cdot 2$ | 119.7 | 117 | 119.2 |
| April ... | - | - | - | 121.0 |

[^29]October and again in January; rough estimates have been taken for their effect on the two indices of coal earnings and wages, the former being provisional till the earnings per shift in the past two quarters are known. The increases for cotton and wool were respectively 10 and 5 per cent. on earnings. It is becoming increasingly difficult to keep to the original definition for the index, viz., the wage for a normal week for unchanged occupations.

Earnings, April, 1947-October, 1950
The periodical account of earnings and hours of work in the principal manufacturing industries is now available for October, 1950, and the chief results are summarised in the annexed Table.

In the last line is given an estimate of the average movement of wage-rates in the same group of industries. The more rapid growth of earnings than of rates in the twelve months to October, 1950, is partly attributable to the increase in the average hours worked by men from 46.8 to 47.6 weekly.

It is remarkable that there has been practically no reduction in men's hours over the 12 years from October, 1938, when the average for men was $47 \cdot 7$; average hours worked by women, boys and girls fell by 2 in that period.

The comparison for separate industries can only be carried back to October, 1948, owing to re-classification. In the two years $1948-50$ the

EARNINGS, HOUR8 OF WORK, WAGES
Principal Industries in United Kingdom

|  | $\begin{aligned} & \text { April } \\ & 1947 \end{aligned}$ | Oct. 1947 | Oet. $1948$ | Oct. $1949$ | $\begin{gathered} \text { April } \\ 1950 \end{gathered}$ | Oct. $1950$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Av. weekly earnings : |  |  |  |  |  |  |
| Men | 123-4 | 128.1 | shillings | per wee |  |  |
| Women | 67.3 | 128.1 69.6 | 137.9 74.5 | $142 \cdot 7$ 78.7 | 145.8 80.5 | $150 \cdot 4$ |
| Youths | $47 \cdot 3$ | 51.8 | 58.7 | $60 \cdot 1$ | 61.4 | 63.7 |
| Girls | $40 \cdot 2$ | 43-7 | $49 \cdot 4$ | $51 \cdot 7$ | 51.8 | $53-4$ |
| Av, hourly earnings: |  |  |  |  |  |  |
|  |  |  | pence | por hour |  |  |
| Men | $32 \cdot 0$ | 33.0 | $35 \cdot 4$ | $36 \cdot 6$ | 37-2 | $37 \cdot 9$ |
| Women | $19 \cdot 5$ | $20 \cdot 1$ | 21.5 | $22 \cdot 7$ | $23 \cdot 1$ | $23 \cdot 6$ |
| Youths | $13 \cdot 0$ | 14-1 | 16.0 | 16.4 | 16.7 | 17-2 |
| Girls | 11.5 | $12 \cdot 5$ | $14 \cdot 0$ | $14 \cdot 6$ | $14 \cdot 6$ | $15 \cdot 0$ |
| Av. weekly earnings : |  |  |  |  |  |  |
| Percentage movements |  |  |  |  |  |  |
| Men | 100 | 104 | 112 | 116 | 118 | 122 |
| Women | 100 | 103 | 111 | 117 | 120 | 123 |
| ALL | 100 | 105 | 113 | 118 | 120 | 124 |
| Av. wage rates* |  |  |  |  |  |  |
|  | 100 | 100 | 108 | 110 | 111 | 111 |

* Bulletin Index, excluding Railways, Coal, Agriculture.
percentage increases in men's earnings were clustered about 10, thus:-
Percentage increases in men's earnings: Oct. '48-Oct. '50.

| Under 7 | 7 and <br> under 12 | 12 and <br> under 17 | 17 or <br> more | Total |
| ---: | :---: | :---: | :---: | :---: |
|  | Number of industries |  |  |  |
| 14 | 82 | 31 | 4 | 131 |

# HOME FINANCE 

By G. S. Dorrance

## First Quarter of 1951

During the first quarter of this year the Central Government's accounts reflected the usual seasonal surplus of Ordinary Revenue over Ordinary Expenditure. This is indicated in Table 1. In addition, there was a receipt of $£^{9} \mathrm{Mn}$. during the quarter on loan account under the European Recovery Programme. Even after allowing for net extra-budgetary payments of $£ 137 \mathrm{Mn}$., as indicated in Table 2, the Government was able to reduce its total debt by $£ 556 \mathrm{Mn}$., as shown in Table 3.

Of this total debt redemption, $£ 96 \mathrm{Mn}$. represented a reduction of long term debt and $£ 460 \mathrm{Mn}$. short term. The Government's overall surplus produced the funds which were required to finance the redemption of $£ 119 \mathrm{Mn}$. of $2 \frac{1}{2} \%$ National War Bonds. The new issue in February of National Savings Certificates on a $3 \%$ basis instead of on the previous $2 \frac{1}{2} \%$ basis (both approximate rates) contributed in part to the net receipt of $£ 27.5 \mathrm{Mn}$. from this source. This was the first month since April 1949 when

TABLE 1
ORDINARY REVENUE AND EXPENDITURE. Weekly Average, £Mn.


TABLE 2
EXTRA-BUDGETARY PAYMENTS, 1951. £Mn.

|  | $\begin{aligned} & \text { Jan. } \\ & \text { (27 days) } \end{aligned}$ | Feb. (28 days) | Mar. (35 days) | Total (90 days) |
| :---: | :---: | :---: | :---: | :---: |
| Net E.P.T. Refunds | 0.5 | $1 \cdot 4$ | $1 \cdot 0$ | $2 \cdot 9$ |
| Post-war Credits ... | 1-1 | 1-3 | $1 \cdot 7$ | 4-1 |
| Net War Damage Payments : |  |  |  |  |
| W.D.C. ... | $6 \cdot 0$ | 3-0 | 11.0 | $20 \cdot 0$ |
| Bd. of Trade | $1 \cdot 0$ | 1.0 | $1 \cdot 6$ | $3 \cdot 6$ |
| Housing, etc. | 13.5 | 21.1 | $61 \cdot 6$ | $101 \cdot 2$ |
| Cotton Buying ... | $-1 \cdot 6$ | 3.5 | -4.5 0.9 | -2.6 |
| Coal Nationalisation | 2.0 | $-3 \cdot 4$ | 0.2 | $-1.2$ |
| Overseas ment Develop- | 1.8 | $0 \cdot 6$ | 0.6 | $3 \cdot 0$ |
| E.R.P. | - | - | $20 \cdot 4$ | $20 \cdot 4$ |
| Civil Contingencies | $9 \cdot 4$ | $4 \cdot 7$ | $\begin{array}{r} -30 \cdot 0 \\ 8.0 \end{array}$ | $\begin{array}{r} -30 \cdot 0 \\ 15 \cdot 1 \end{array}$ |
| Other ... | $2 \cdot 4$ | $4 \cdot 7$ | 8.0 | $15 \cdot 1$ |
| Total ... | 33-7 | $33 \cdot 2$ | $71 \cdot 6$ | 136.5 |

sales of these securities exceeded encashments. Of the total short-term debt redemption, $£ 123$ Mn . represented the normal encashment of tax reserve certificates, and $£ 312 \mathrm{Mn}$. of Treasury Bills held by banks and other outside agencies and Treasury Deposit Receipts were redeemed: $£ 16 \mathrm{Mn}$. net was absorbed by "the departments" $£ 89 \mathrm{Mn}$. and represented a reduction of Tap Bills. The increase of $£ 164 \mathrm{Mn}$. in the gold and dollar reserves held by the Exchange Equalisation Account probably involved a running off of more than this amount of bills held by them, and the other Departments must have accumulated more than is represented by the increase of $£ 63 \mathrm{Mn}$. in Ways and Means Advances.

## The Financial Year and the Budget

The Financial Year 1950/51 closed with an overall surplus of $£ 247 \mathrm{Mn}$. compared with the

TABLE 3
GOVERNMENT BORROWING, 1951. £Mn.

|  | $\begin{aligned} & \text { Jan. } \\ & \text { (27 days) } \end{aligned}$ | $\begin{aligned} & \text { Feb. } \\ & (28 \text { days }) \end{aligned}$ | Mar. (35 days) | Totar (؟0 days) |
| :---: | :---: | :---: | :---: | :---: |
| Nat. Savings Certs. | -1.5 | $+19 \cdot 3$ | $+9 \cdot 7$ | $+27.5$ |
| $2 \frac{1}{2} \%$ Def. Bonds ... | -0.4 | $-1.6$ | -2.2 | $-4 \cdot 2$ |
| $3 \%$ Funding Loan.. | $-1.5$ | +3.6 | $+5 \cdot 9$ | $+8 \cdot 0$ |
| $2 \frac{1}{2} \%$ Nat. War Bonds Other Debt : |  | $-119.1$ | -0.5 | $-119 \cdot 6$ |
| Other Debt : ${ }_{\text {Internal }}$... | -8.6 | $+6.7$ | $+5 \cdot 6$ |  |
| External ... | +4.1 | -4.1 | +5.6 -3.1 | $\begin{array}{r} +3.7 \\ -3.1 \end{array}$ |
| Repayments | +1.8 | -3.0 | -3.1 -3.4 | $\begin{aligned} & -3.1 \\ & -8.2 \end{aligned}$ |
| Total Long. and Medium-term borrowing | $-9 \cdot 7$ | $-98.2$ | $+12 \cdot 0$ | $-95.9$ |
| Tax Reserve Certs. T.D.R.s | -79.2 -105.0 | -59.4 -80.0 | $\begin{array}{r} +15.5 \\ -56.5 \end{array}$ | -123.1 -241.5 |
| Treas. Bills: Tender | -105.0 -60.0 | -80.0 -20.0 | $\begin{array}{r} -56.5 \\ +10.0 \end{array}$ | $\begin{array}{r} -241.5 \\ -70.0 \end{array}$ |
| W. \& M Advances | $-106.6$ | -52.5 | $\begin{aligned} & +10 \cdot 0 \\ & +70 \cdot 5 \end{aligned}$ | -70.0 -88.6 |
| Govt. Depts. <br> Bank of England | $+23.8$ | +12.0 | $+27 \cdot 0$ | +62.8 |
| Total Short-term borrowing | -327.0 | -199.9 | $+66.5$ | $-460 \cdot 4$ |
| Total borrowing | $-336.7$ | $-298.1$ | $+78.5$ | $-555 \cdot 3$ |

estimated deficit of $£ 7 \mathrm{Mn}$. contained in the 1950 Budget. Of this total surplus, $£ 720 \mathrm{Mn}$. was calculated on the conventional basis to be "above the line" compared with an estimated surplus of $£ 443 \mathrm{Mn}$. On the Government's "Alternative Classification", there was a "revenue surplus " of $£ 561 \mathrm{Mn}$. compared with an estimated $£ 413 \mathrm{Mn}$. Despite this overall surplus and receipts of $£ 275 \mathrm{Mn}$. as grants under the European Recovery Programme, the total of internal debt (net) rose by $£ 125 \mathrm{Mn}$. during the year. This apparent discrepancy is chiefly accounted for by the issue of $£ 600 \mathrm{Mn}$. to the Exchange Equalisation Account.

## Bank Deposits

The returns of the Clearing Banks reflect the decline in Government requirements for finance during the last quarter. Net Deposits fell by almost $£ 290 \mathrm{Mn}$. to $£ 5,795 \mathrm{Mn}$. It should be noted however, that at this figure they were $£ 215$ Mn . above their level of the previous March. Lloyds Bank seasonally adjusted index of net deposits stood at 267 for March compared with 269 for December and 257 for March, 1950.
This decline in deposits during the quarter was offset by a fall of 372.3 in Discounts, Call Money and Treasury Deposit Receipts. At the March make-up they represented $34.6 \%$ of bank deposits, compared with $36.0 \%$ twelve months before. This trend away from liquidity was reflected in an increase in investments which rose to $£ 1,552 \mathrm{Mn}$. or $26 \%$ of net deposits. This is the highest proportion which they have attained since March, 1949. Yet the most significant change has been in the level of advances which, standing at $£ 1,754 \mathrm{Mn}$., reached an all-time record. As a percentage of deposits (at $29 \%$ ) they also reached a post-war peak.
The quarterly analysis of these advances gives some indication of the fields where the greatest increases have occurred. For all British banks they increased by $£ 124 \mathrm{Mn}$. between November, 1950, and February, 1951. More than half this increase was accounted for by five groups of borrowers: Wool Textiles ( $£ 18 \mathrm{Mn}$.), Finance ( $£ 15 \mathrm{Mn}$.), Public Utilities ( $£ 14 \mathrm{Mn}$.), Retail Trade ( $£ 13 \mathrm{Mn}$.) and Other Textiles ( $£ 12 \mathrm{Mn}$.). Undoubtedly these increases reflect the consequences of the rise in prices of imported commodities. Yet it is difficult to maintain that the increase in the financial resources available to the trading section of the community and public utilities exerts no pressure on our domestic price level. This continued growth in the volume of bank credit available must cause concern to those responsible for the containment of the current domestic inflation.

WORLD COMMODITY SURVEY*

| Commodity | Season | Unit | Pre-war base | WORLD PRODUCTION |  |  | WORLD CONSUMPTION |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Last season | Last season $\%$ of pre-war | Current season \% of pre-war | $\begin{aligned} & \text { Last } \\ & \text { season } \end{aligned}$ | Lest season \% of pre-war | Current season \% of pre-war |
| Wheat... | Begins spring | Mn. bush. of 60 lb . | $\begin{gathered} \text { Average } \\ 1935-9 \end{gathered}$ | 6,310 | 105 | n.a. | n.a. | - | - |
| Fats and Oils | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1935-9 \\ \text { (mainly) } \end{gathered}$ | $\begin{gathered} 22,000 \\ \text { (oil equiv.) } \end{gathered}$ | 104 | n.a. | n.a. | - | -* |
| Sugar ... | Begins Sept. | 000 tons | 1937-8 | $\begin{gathered} 31,292 \\ \text { (raw value) } \end{gathered}$ | 107 | 119 | n.e. | - | - |
| Tea ... | Calendar year | Mn . lb. | $\begin{gathered} \text { Average } \\ 1936-8 \end{gathered}$ | $\begin{gathered} (860) \\ \text { (exporte) } \end{gathered}$ | (97) | n.A. | (845) (absorption excl. local produce) | (96) | n.a. |
| Coffeo ... | Begins July (marketing) | Mn. bags of 132 lb . | $\begin{aligned} & \text { Av. 1935/6 } \\ & \text { to } 1939 / 40 \end{aligned}$ | $\begin{gathered} 29 \cdot 1 \\ \text { (exportable) } \end{gathered}$ | 83 | 82 | n.a. | - | - |
| Cocos ... | Begins October | 000 tons | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \end{aligned}$ | 743 | 103 | 104 | n.a. | - | - |
| Cotton... | Begins <br> August | Mn. bales (478 lb. net) (k) | $\begin{aligned} & \text { Av. 1935/6 } \\ & \text { to } 1939 / 40 \end{aligned}$ | $31 \cdot 4$ | 99 | 86 | $29 \cdot 3$ | 105 | 114 |
| Wool (apparel) | Begins July | Mn. lb. (greasy) | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \end{aligned}$ | 3,078 | 103 | 106 | $(3,530)$ | (114) | n. 4. |
| Jute ... | Begins July | 000 tons | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \end{aligned}$ | 1,400 | 83 | (100) | n.a. | - | - |
| Sisal ... | Calendar year | 000 tons | $\begin{aligned} & \text { Average } \\ & 1934-8 \end{aligned}$ | (275) (1) | (115) | n.e. | n.A. | - | - |
| Rubber(m) | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1936-9 \end{gathered}$ | $2,385 \text { incl. } 1,850$ natural | 239 | n.e. | $\begin{gathered} 2,250 \text { incl. } 1,670 \\ \text { natural } \end{gathered}$ | 214 | n.a. |
| Copper... | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1937-8 \end{gathered}$ | 2,450 (primary) | 115 | n.e. | 2,620 | n.a. | n.a. |
| Lead ... | Calendar year | 000 tons | 1938 | 1,660 | 100 | n.a. | 1,610 | n.e. | n.e. |
| Tin ... | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1936-8 \end{gathered}$ | 167 (tin in concentrates) (e) | 91 | n.a. | 152 (e) | 92 | n.e. |
| Zinc ... | Calendar year | 000 tons | $\begin{aligned} & \text { Average } \\ & 1934-8 \end{aligned}$ | 1,890 | 142 | n.e. | 1,840 | n.8. | n. ${ }^{\text {a }}$ |

It will be appreciated that many figures included above are rough estimates only. This applies especially to those in brackets. All tons are long tons of $2,240 \mathrm{lb}$. n.a. $=$ not available. (a) in hands of principal exporters. (b) apparent supplies, excluding consumption of British wheat on farms. (c) \% of average 1936-9. (d) incomplete. (e) excluding U.S.S.R. Stocks exclude U.S. strategic stock pile.
(f) Price ratios are in terms of the currency in which quoted; the corresponding sterling ratios are added,

* The usual commentary is omitted this quarter: but see pp, 40-41.


# WORLD COMMODITY SURVEY 

|  | WORLD STOCKS |  | U.K. CONSUMPTION |  | PRICES |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date | Amount | \% of pre-war | Last season | $\begin{aligned} & \% \text { of } \\ & \text { pre-war } \end{aligned}$ | Date | Representative Price | $\begin{gathered} \% \text { of } \\ \text { pre-war (f) } \end{gathered}$ |
| July, 1950 | 783 (a) | n.a. | 178 (b) | 82 | $\begin{gathered} \text { Apr. } 1-15, \\ 1951 \end{gathered}$ | Chicago July futures $\$ 2 \cdot 48$ per bush. | $\begin{gathered} 258 \\ 453 \text { (f) } \end{gathered}$ |
| - | n.a. | - | - | - | Jan., 1951 | U.S. Dept. of Labor index (Year $1926=100$ ) | $\begin{aligned} & 337 \text { (c) } \\ & 595 \text { (f) } \end{aligned}$ |
| - | n.a. | - | 1,932 (raw value, calendar year 1950) | 84 | $\begin{aligned} & \text { end March, } \\ & 1951 \end{aligned}$ | Cuban Raws, f.a.s., $\$ 5.50$ per 100 lb . | $\begin{gathered} 379 \\ 674 \text { (f) } \end{gathered}$ |
| - | n.a. | - | 428 (j) | 97 | Mar. 27/28, 1951 | Calcutta average for export leaf. $2 / 8 \frac{1}{2} \text { per lb. }$ | (280) |
| - | n.a. | - | 0.79 | (203) | Apr. 1-15, 1951 | New York spot, Brazilian Santos, No. 2 (nom.) $55 \cdot 8 \mathrm{c}$. per lb. | $\begin{gathered} (620) \\ (1045)(\mathrm{f}) \end{gathered}$ |
| - | n.a. | - | 128 (i) | n.a. | Apr. 1-15, $1951$ | Accra, c.i.f. New York $38 \cdot 4 \mathrm{c}$. per lb. (nominal) | $\begin{aligned} & (630) \\ & (1100)(\mathrm{f}) \end{aligned}$ |
| $\begin{gathered} \text { Aug. } 1, \\ 1950 \end{gathered}$ | $16 \cdot 6$ | 91 | $2 \cdot 1$ | 78 | $\begin{aligned} & \text { Apr. 1-15, } \\ & 1951 \end{aligned}$ | New York spot, middling誛" $46 \cdot 1 \mathrm{c}$. per lb. | $\begin{gathered} 432 \\ 723(\mathrm{f}) \end{gathered}$ |
| June 30, 1950 | $1,880$ ( n$)$ n.a. | n.a. | 107 (imports) | 124 65 | Mar., 1951 Apr., 1951 | Dominions wool, average clean delivered cost out of London Sales $\begin{aligned} & 64 \text { 's-314d.llb. } \\ & 48 \text { 's- } 214 d . / l \mathrm{~b} .\end{aligned}$ <br> First Marks, c.i.f. London £230 per ton | $\begin{aligned} & 1225 \\ & 1610 \\ & 1255 \end{aligned}$ |
| - | n.a. | - | 73 incl. Abaca | 102 | Apr., 1951 | No. 1, c.i.f. Antwerp, $£ 250 \text { per ton }$ | 1490 (g) |
| $\begin{aligned} & \text { Jan. 31, } \\ & 1951 \end{aligned}$ | 835 incl. 775 natural | 123 | 222 incl. 219 nat. | 200 | $\begin{gathered} \text { Apr. 1-15, } \\ 1951 \end{gathered}$ | London R.S.S. spot 60d. per lb. | 715 |
| Feb. 28, 1951 | 187 refined (d) | (53) (h) | 334 | 119 | Apr., 1951 | U.S. electro, New York $24 \cdot 5$ c. per lb. (nom.) | $\begin{gathered} 208 \\ 365 \text { (f) } \end{gathered}$ |
| - | n.a. | - | 163 (refined) | 50 | Apr., 1951 | New York <br> 17c. per lb. (nom.) | $\begin{gathered} 358 \\ 633 \text { (f) } \end{gathered}$ |
| $\begin{aligned} & \text { Oct. 31, } \\ & 1950 \end{aligned}$ | 115 (e) | (194) | $22 \cdot 9$ | 104 | $\begin{gathered} \text { Apr. } 1-15, \\ 1951 \end{gathered}$ | London, Standard, Cash. £1,260 per ton | 593 |
| - | n.a. | - | 236 | 113 | Apr., 1951 | U.S. Prime Western (East St. Louis) <br> $17 \cdot 5 \mathrm{c}$. per lb. (nom.) | $\begin{gathered} 380 \\ 671 \text { (f) } \end{gathered}$ |

marked (f), where necessary. (g) \% of early 1939. (h) \% of 1937. (i) Ministry of Food estimate of cocoa bean consumption excluding beans transferred to oilseed stocks. (j) Civilian consumption. (k) U.S. in running bales. (l) Total production of excluded. ( n ) Revised figure of trade and Govt. stocks, excluding "working stocks." (m) U.S.S.R.-produced synthetic rubber

# INTERNATIONAL FINANCE 

By G. S. Dorrance

## General Review

The first quarter of the year saw a continuation of the rise in our gold and dollar reserves. The sterling area had net receipts of $\$ 300 \mathrm{Mn}$. during the quarter, together with almost $\$ 60 \mathrm{Mn}$. of gold under the E.P.U. arrangements and $\$ 100$ Mn . received in settlement of E.R.P. accounts. TABLE 1
STERLING AREA GOLD AND DOLLAR NET RECEIPTS \$ U.S. Mn.

|  | Net <br> Receipts exclud. ing next 3 Cols. | Drawings on U.S. and Canadian Credits | Drawings on International Monetary Fund | Receipts under E.R.P. | Change in Gold and Dollar Holding. |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1946... | -908 | 1,123 | - | - | $+215$ |
| 1947... | $-4,131$ | 3,273 | 240 | - | -618 |
| 1948... | $-1,710^{*}$ | 352 | 128 | 682 | $-223$ |
| 1949- |  |  |  |  |  |
| 1st Half ... | $-962$ | 60 | 32 | 665 | -205 |
| 2nd Half... | - 570 | 56 | 20 | 530 | +38 |
| 1950 |  |  |  |  |  |
| 1st Qr. | $+40$ | 27 | - | 229 | $+297$ |
| 2nd Qr. | $+180$ | 18 | - | 240 | +438 |
| 3 rd Qr. | +187 | - | - | 147 | $+334$ |
| 4th Qr. ... | +398 | - | - | 145 | $+544$ |
| 1951- |  |  |  |  |  |
| 1st Qr. | $+360$ | - | - | 98 | $+458$ |

Source: Cmd. 8201

* Includes $+£ 80 \mathrm{Mn}$. ( $\$ 325 \mathrm{Mn}$.) gold loan from South Africa

The trade figures in Table 2 give some ground for thinking that our balance of payments was not as satisfactory in the first few months of the year as it had been in the second half of $1950^{\star}$.

TABLE 2
UNITED KINGDOM'S BALANCE OF TRADE ( $£ \mathrm{Mn}$.)

|  | $\begin{aligned} & 1948 \\ & \text { Year } \end{aligned}$ | $\begin{aligned} & 1949 \\ & \text { Year } \end{aligned}$ | $\begin{aligned} & 1950 \\ & \text { Ist } \\ & \text { Half } \end{aligned}$ | $1950$ 2nd <br> Half | $\begin{gathered} 1951 \\ 1 \mathrm{st} \\ \mathrm{Qr} . \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| IMPORTS c.i.f. | 2,078 | 2,274 | 1,279 | 1,324 | 848 |
| EXPORTS \& RE-EXPORTS f.o.b. | 1,648 | 1,844 | 1,060 | 1,195 | 613 |
| SURPLUS ( + ) DEFICIT ( $(-)$ | $-430$ | $-430$ | -219 | -129 | $-235$ |

Source: Accounts Relating to Trade and Navigation of the United Kingdom.

Table 3 indicates that it is probable that there has been a further worsening of our position vis-a-vis the rest of the sterling area, and that sterling-area-owned sterling balances have continued to rise quite markedly during the quarter.

[^30]TABLE 3
DISTRIBUTION OF U.K. TRADE, £ Mn.

|  | $\begin{aligned} & 1949 \\ & \text { Year } \end{aligned}$ | 1950 |  |  |  | 1951 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1st Qr. | 2nd Qr. | $\begin{aligned} & 3 \mathrm{rd} \\ & \mathrm{Qr} . \end{aligned}$ | $\begin{aligned} & \text { 4th } \\ & \text { Qr. } \end{aligned}$ | $\begin{aligned} & \text { Ist } \\ & \mathrm{Qr} . \end{aligned}$ |
| United States : |  |  |  |  |  |  |
| Imports | 222 | 53 | 52 | 44 | 64 | 68 |
| Exports | 62 | 22 | 24 | 34 | 39 | 39 |
| Canada : |  |  |  |  |  |  |
| Imports | 295 | 43 | 46 | 45 | 47 | 41 |
| Exports | 82 | 26 | 32 | 33 | 37 | 29 |
| Total American |  |  |  |  |  |  |
| A/o Countrics : |  |  |  |  |  |  |
| Imports Exports | 500 177 | 107 59 | 115 66 | 119 75 | 141 87 | 129 78 |
| Sterling Area : |  |  |  |  |  |  |
| Exports ... | 935 | 266 | 245 | 257 | 286 | 283 |
| O.E.E.C. |  |  |  |  |  |  |
| Countrios : |  |  |  |  |  |  |
| Imports | 547 | 147 | 168 | 168 | 178 | 201 |
| Exports | 451 | 148 | 142 | 133 | 144 | 170 |

Source: Board of Trade, Report on Overseas Trade. Imports valued c.i.f. ; Exports valued f.o.b. include Re-exports.

## Price Movements

The average value of a unit of our imports rose by $13 \%$ during the quarter and of our exports by only $6 \%$ leading to a further worsening of $7 \%$ in our terms of trade.

Some evidence of the sectors in which this rise was most pronounced can be seen from Table 4. It will be noted that the most marked increase in the price of our imports is still taking place in imports from the sterling area of commodities for which the sterling area finds primary outlets in hard-currency countries.

TABLE 4
AVERAGE VALUES OF COMMODITY TRADE

|  | Boand of Trade <br> Av. Value <br> Indexes |  | $\begin{aligned} & 6 \\ & 0 \\ & 0 \\ & 0 \\ & 0 \end{aligned}$ | Commodities in Sample Survey of Imports |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | $\begin{aligned} & \text { E. } \\ & =0 \\ & 0 \\ & 0 \\ & 0 \\ & 0 \\ & =0 \end{aligned}$ |  | 气 | $\begin{aligned} & \overline{3} \\ & 0 \end{aligned}$ |
|  | $\begin{aligned} & \frac{5}{⿺} \\ & \frac{0}{0} \\ & \end{aligned}$ | $\begin{aligned} & \frac{\pi}{6} \\ & \frac{0}{\circ} \\ & \frac{6}{6} \end{aligned}$ |  |  |  |  |
| 1947 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1948 1st Qr. | 106 | 106 | 100 |  |  |  |  |
| 2ndQr. | 109 | 115 | $106$ |  |  |  |  |
| 3rd Qr. | 111 | 111 | $100$ |  |  |  |  |
| 4th Qr. | 111 | 112 | 101 |  |  |  |  |
| 1949 1st Qr. | 112 | 114 | 102 | 120 | 133 | 122 | 125 |
| 2nd Qr. | 112 | 113 107 | 101 95 | 118 | 134 121 | 125 | 126 |
| 3rd Qr. | 113 | 107 | 95 <br> Deval |  | 121 |  |  |
| 4thQr. | 112 | 115 | 103 | 130 | 146 | 119 | 128 |
| 1950 1st Qr. | 115 | 122 | 107 | 141 | 158 | 126 | 138 |
| 2nd Qr. | 119 | 132 | 111 | $\begin{aligned} & 146 \\ & 149 \end{aligned}$ | 181 | 131 | 147 148 |
| 3rd Qr. 4th Or | 121 125 | 135 | 1112 | $\begin{aligned} & 149 \\ & 160 \end{aligned}$ | 188 259 | 126 |  |

# ANNUAL STATISTICS 

(U.K. unless otherwise indicated)

| No. | Series | Units | 1938 | 1946 | 1947 | 1948 | 1949 | 1950 | Est. <br> 1951 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | NATIONAL INCOME, CAPITAL, FOREIGN PAYMENTS - |  |  |  |  |  |  |  |  |
| 1 | Gross national product at market prices ... | £Mn. | 5841 | 10208 | 10989 | 12124 | 12933 | 13572 | 14500 |
| 2 | Net national product at market prices ... | " | 5384 4796 | 9498 | 10204 | 11279 | 11906 | 12448 | 13380 |
| 3 | Net national income at factor cost .... ... | ., | 4796 | 8311 | 8876 | 9807 | 10426 | 10846 |  |
| 4 | Rent, income from abroad, professional earnings. | " | 663 | 622 | 604 | 630 | 682 | 752 |  |
| 5 6 | Profits of individuals (including farmers), partnerships, companies, etc. | ". | 1156 2977 | 2145 5544 | 2272 6000 | 2549 6628 | 2723 | 2676 |  |
| 6 | Salaries, wages, Forces pay and allowances... Personal income before tax ... ... | " | 2977 4952 | 5544 8989 | 6000 9351 | 6628 9999 | 7021 10507 | 7418 11042 |  |
| 8 | Direct tax payments from personal income... | " | 415 | 1241 | 1300 | 1413 | 1559 | 1589 |  |
| 9 | Personal expenditure on consumption, current market prices | " | 4335 | 6886 | 7622 | 8204 | 8567 | 9041 | 9675 |
| 10 | Personal expenditure on consumption, at 1948 prices | " |  | 7946 | 8187 | 8204 | 8360 | 8610 | (8562) |
| 11 | Net capital formation at home ... ... | , | 388 | 525 | 1050 | 1275 | 1270 | 1153 | 1295 |
| 12 | Net overseas investment- ... | " | $-70$ | -344 | -515 | 108 | 184 | 368 |  |
| 13 | Comprising gold and dollar inflow | " |  | $+54$ | -152 | $-54$ | -3 | $+576$ | . |
|  | assets, etc. ... ... ... | " |  | $-372$ | $-121$ | -2 | $+382$ | $+16$ |  |
| 15 | decrease in foreign-held sterling balances | ," |  | -26 | $-242$ | +164 | -195 | -224 |  |
| 16 | National debt outstanding at March 31st ... | $£ 000 \mathrm{Mn}$. | 6.8 | $23 \cdot 6$ | $25 \cdot 6$ | $25 \cdot 6$ | $25 \cdot 2$ | $25 \cdot 8$ | $25 \cdot 9$ |
| 17 | National floating debt $\quad$... ... | ," | $0 \cdot 8$ | $6 \cdot 5$ | $7 \cdot 0$ | $6 \cdot 5$ | $5 \cdot 9$ | $5 \cdot 7$ | $5 \cdot 7$ |
|  | AGRICULTURE- |  | 1936/8 Av. |  |  |  |  |  |  |
| 18 | Production-wheat... | Mn. tons | 1.65 | $1 \cdot 97$ | $1 \cdot 67$ | $2 \cdot 36$ | $2 \cdot 20$ | $2 \cdot 52$ |  |
| 19 | ." barley | ", | 0.76 | 1.96 | $1 \cdot 62$ | $2 \cdot 03$ | $2 \cdot 13$ | $1 \cdot 60$ |  |
| 21 | ." oats | " | $1 \cdot 94$ | 2-90 | 2.51 | 2.96 | $2 \cdot 99$ | $2 \cdot 62$ |  |
| 22 | ", ${ }^{\text {, }}$ petatoes refined sugar from home- | " | -87 | $10 \cdot 17$ | $7 \cdot 77$ | 11.80 | $9 \cdot 04$ | 9•64 |  |
| 23 | Milk sold off grown beet .... |  | -40 | $\cdot 47$ | -61 | - 50 | . 50 | . 56 | $\ldots$ |
|  |  | gals. | $1 \cdot 20$ | $1 \cdot 50$ | $1 \cdot 46$ | $1 \cdot 62$ | 1.73 | 1-89 |  |
| 24 | No. of cows and heifers in milk (June) | Mn . | (2-79) | 2.92 | $2 \cdot 90$ | $2 \cdot 93$ | 3.05 | $3 \cdot 14$ |  |
| 25 26 | Total No. of live cattle ... ... | , | 8.67 | 9.63 | $9 \cdot 57$ | 9.81 | $10 \cdot 24$ | $10 \cdot 62$ |  |
| 27 | No. of live sheep | , | $25 \cdot 79$ | 20.36 | 16.71 | 18.16 | $19 \cdot 49$ | $20 \cdot 43$ |  |
| 28 | No. of live poultry $\quad$... | ", | 4.47 76.24 | $1 \cdot 96$ $67 \cdot 12$ | 1.63 70.01 | $2 \cdot 15$ $85 \cdot 37$ | $2 \cdot 82$ $95 \cdot 50$ | $2 \cdot 99$ 96.11 |  |
| 29 | Price index for agricultural products, E \& W | $\begin{gathered} 1936-8 \\ =100 \end{gathered}$ | 102 | 208 | 242 | 249 | 261 | 270 |  |
|  | POPULATION, LABOUR, ete- |  | 1938 |  |  |  |  |  |  |
| 30 31 |  | Mn . | $\begin{aligned} & 47 \cdot 7 \\ & \hline 10.2 \end{aligned}$ | $49 \cdot 2$ | 49•6 | $50 \cdot 1$ | $50 \cdot 4$ | $50 \cdot 6$ | (50.8) |
| 32 | No. of men, 65 and over, and women, 60 and | " | (10-3) | (10.4) | (10.8) | (11-4) | (11-6) | (11.7) | (11.8) |
| 33 | over $\ldots$ Population of ' ${ }^{\text {working ages ' }}$ ' (items 30 | " | $5 \cdot 3$ | $6 \cdot 4$ | $6 \cdot 5$ | $6 \cdot 6$ | $6 \cdot 7$ | $6 \cdot 8$ | $6 \cdot 9$ |
|  | and 32) |  |  |  |  |  |  |  |  |
| 34 | Proportion (of item 33) employed | \% | (63) | ${ }_{(68)}$ | (32-3) | (32.1) | $(32 \cdot 1)$ | (32.1) | (32.1) |
| 35 | Inward balance of civilian passenger movements | \% 000 | (63) 30 | (68) | (69) | (69) | (70) | (70) | (70) |
| 36 | Working days lost in trade disputes $\ldots$ | Mn. | 30 $1-3$ | $-141$ | -28 | -9 | $-22$ |  |  |
| 37 | Effective Reproduction Rate, E \& W |  | $0 \cdot 81$ | $1 \cdot 10$ |  | $(1 \cdot 07)$ | $\begin{gathered} 1.8 \\ (0.98) \end{gathered}$ | $\begin{gathered} 1.4 \\ (0.92) \end{gathered}$ |  |
| 38 | Infantile mortality rate, E \& W | Per 000 live births | 53 | 43 | 41 | 34 | 33 | 30 |  |

Notes.
Notes, $\ddot{=}=$ not available. () Figures partly estimated by L.C.E.S
General-Annual Abstract, Monthly Digests of Statistics. Series 1-15-National Income White Papers and Economic Survey for 1951. 18-29available from these sorict (Stistical Report (Scotland) of the Registrars-General. Detailed definitions available from these sources or from the Service on request.

FINANCE

| Monthly Months. | stocks \& shares. |  |  |  | money. |  | $\begin{aligned} & \text { NEW } \\ & \text { CAPITAL } \\ & \text { ISSUES. } \end{aligned}$ |  | BANKING. |  |  |  |  |  |  |  |  |  | TRBASURYBILLS. |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Equity Shares |  | $\begin{gathered} \text { Fixed } \\ \text { Interest. } \end{gathered}$ |  |  |  |  |  | Bank of England. |  | Clearing Banks.* |  |  |  |  |  |  |  | $\qquad$ <br>  <br> \& Mn . |  |
|  |  |  | $\begin{aligned} & \text { y } \\ & \text { y } \\ & \text { B } \\ & \hline \end{aligned}$ |  |  |  | $\begin{aligned} & 4 \\ & 5 \\ & 6 \\ & 6 \end{aligned}$ | 范 | $\left\lvert\, \begin{aligned} & 5 \frac{3}{3} \\ & 5 \\ & y \end{aligned}\right.$ |  |  | $\begin{aligned} & \frac{3}{3} \\ & \frac{3}{2} \\ & \frac{0}{2} \\ & \frac{8}{8} \end{aligned}$ | $\begin{aligned} & \frac{y}{y} \\ & 0 \\ & 0 \\ & 0 \\ & y \end{aligned}$ | 合 |  |  |  |  |  |  |
|  | \% of 1038 |  | \% of 1938 |  |  |  | Mn. | ¢ Mn. | £ Mn. | $\& \mathrm{Mn}$. | \% of 1938 | $\& \mathrm{Mn}$. | ¢ Mn. | As \%'s of Gross |  |  | Deposits. |  |  | ¢ Mn. |
|  | , |  | , | t | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | $\frac{¢ \mathrm{Mn}}{19}$ | 20 |
| 1913 | (51) |  | 109 | 92 | 3.39 | 4.38 | 3.7 | 16.5 |  | $29 \pm$ |  |  |  |  |  |  |  |  |  | .. |
| 1919 | (86) |  | 72 | 139 | 4.62 | 3.95 | 15.7 | $4 \cdot 2$ | $\cdots$ | 411 |  |  |  |  |  | - | . |  |  | $\cdots$ |
| 1920 | (86) |  | 63 64 | 161 157 | $5 \cdot 32$ $5 \cdot 21$ | 6.36 $5 \cdot 20$ 5 | 27.6 8.3 | 4.4 9.7 | $\because$ | 449 435 |  |  |  |  |  |  |  |  | .. | .. |
| 1921 1922 | (59) $(67)$ |  | 64 76 | 157 133 | $5 \cdot 21$ 4.42 | 5.20 2.62 | 8.3 8.4 | 9.7 $11-2$ | $\ldots$ | 435 399 | 82 | 1727 | 1720 1694 | 11.7 | ${ }_{25-6}$ | - | 17.5 21.4 | $46-1$ $42-4$ | 581 | 234 |
| 1923 | (82) |  | 81 | 124 | 4.31 | 2.78 | $5 \cdot 6$ | 11.3 |  | 385 | 75 | 1631 | 1586 | 11.8 | 23.1 |  | 20.7 | $45 \cdot 6$ | 482 | 152 |
| 1924 | 81 |  | 79 | 127 | $4 \cdot 37$ | 3.45 | 7.4 | 11.2 |  | 390 | 75 | 1632 | 1584 | 11.7 | 21.1 |  | 19.9 | 48.5 | 442 | 159 |
| 1925 | 89 |  | 78 | 129 | 4.43 | $4 \cdot 15$ | 11.0 | 7.3 | 72 | 383 | 75 | 1693 | 1572 | 11.9 | 20.7 |  | 16.6 | 51.7 | 460 | 150 |
| 1926 | 94 |  | 76 | 131 | $4 \cdot 55$ | $4 \cdot 48$ | 11.7 14.7 18.7 | 10.7 | 69 | 374 373 37 | 75 | 1626 | 1577 | 11.8 11.6 | 20-3 |  | 15.3 | 5 | 490 | 130 114 |
| 1927 1928 | 115 |  | 78 | 131 128 | 4.57 4.47 | ${ }_{4}^{4 \cdot 24}$ | 18.3 18 | $10-7$ $11-9$ | 66 65 | 372 378 | 80 | 1729 | 1672 | 11.1 | 22.1 | - | 13.8 | 53.9 | 506 496 | 117 |
| 1929 | 113 |  | 76.1 | $131-6$ | 4-60 | 5.30 | 13.3 | 7.9 | 63 | 361 | 81 | 1762 | 1705 | 10.7 | 21-0 |  | 13.7 | 55-3 | 521 | 239 |
| 1930 | 91 |  | 78.5 | 127 - 4 | 4.48 | 2.62 | 10.6 | $9 \cdot 1$ | 66 | 358 | 81 | 1763 | 1711 | 10.7 | 22.7 |  | 13.8 | 53.8 | 462 | 287 |
| 1931 | 71 |  | 77.9 | 135.2 | 4.39 | 3-53 | 3.7 | 3.8 | 65 | 354 360 | 80 | 1723 | 1674 | $10-4$ | ${ }^{21-7}$ |  | 16.5 | 52.5 | 487 | 142 <br> 188 |
| 1932 | 68 84 |  | 88.8 08.3 | 114.3 102.1 | 3.74 3.39 | $\begin{array}{r}1.94 \\ .71 \\ \hline\end{array}$ | 7.0 | 2.4 | 81 102 | 360 371 | 81 85 |  | 1807 | 10-5 | ${ }^{24.0}$ |  | 19.0 | $47-6$ $39-0$ | 533 582 | 188 |
| 1933 1934 1935 | 84 102 |  | 98.3 1047 | 102.1 95.8 | $3 \cdot 39$ $3 \cdot 10$ | . 81 | 7.9 8.9 | $3 \cdot 6$ | 102 | 378 | 85 | 1842 | 1793 | 11-3 | 22.8 | - | 29.5 | 40-2 | 473 | 377 |
| 1935 | 113 |  | $107 \cdot 6$ | 93.1 | $2 \cdot 89$ | . 57 | 13.5 | 1.7 | 98 | 394 | 91 | 1961 | 1909 | 10.8 | 20.6 |  | $30-5$ | $38 \cdot 5$ | 473 | 393 |
| 1936 | 131 |  | 108.1 | 92.6 | 2.94 | -61 | 15.9 | 2.2 | 96 | 432 | 97 | 2104 | 2046 | $10 \cdot 3$ | 21 |  | 28.4 | 39-2 | 576 | 225 |
| 1937 | 122 |  | $100 \cdot 9$ | 99.2 | 3.27 | -59 | 11.6 | 2.7 | 97 | 479 | 100 | 2287 | 2220 | $10 \cdot 3$ | 19.6 |  | 28.5 | 41.7 | 560 | 229 |
| 1938 | 100 | 100 | 100 | 100 | 3.37 | . 61 | 7.7 | $2 \cdot 1$ | 104 | 485 | 100 | 2277 | 2213 | 10-6 | 18.9 |  | 28.0 | 42.9 | 547 | 330 |
| 1939 | 93 |  | 91.9 | 109-1 | 3.72 | 1.20 | $3 \cdot 6$ | 1.9 | 103 | 507 | 98 | 2248 | 2175 | 10-9 | 18.0 |  | 27.0 | 44.1 | 488 | 582 |
| 1940 | 77 |  | 97.2 | 103-3 | 3.40 | 1.04 | -3 | - 0 | 107 | 574 | 107 | ${ }_{2}^{2506}$ | 2366 2857 | 10.7 $10-4$ | 20.6 12.3 | ${ }_{16.6}^{2.9}$ | 26.5 $30-1$ | $38 \cdot 1$ 28.8 | 793 923 | 915 1466 |
| 1941 ... | 82 |  | $103 \cdot 4$ | 97.0 | 3.13 | 1.03 | $\stackrel{2}{2}$ | - | 118 | 659 | 129 | 2970 | 2857 | 10-4 | 11.1 | 19.3 | ${ }_{32-1}$ | 28.8 $94-0$ | 970 | 1466 1700 |
| 1942 ... | 92 |  | 106.9 | 93.9 | 3.03 | 1.03 |  | 0 | 131 | 807 966 | 142 160 | 3292 3677 | 3148 | 10-5 | 0.2 | ${ }_{27}{ }^{\text {193}}$ | 31-2 | 20-0 | 970 1107 | 1871 |
| 1943 1944 la | 110 120 |  | 105.9 105.5 | 94.8 95.1 | 3.10 3.14 | 1.03 <br> 1.03 | . 6 | -1 | 148 176 | 966 1135 | 180 | 4 | 4009 | 10-5 | 8.5 | 33.4 | 28-0 | 18.1 | 1337 | 2148 |
| 1944 1945 | 120 |  | 105 | $95 \cdot 1$ 94.1 | 3.14 2.92 | 1.03 .93 | 1.4 | ${ }^{-1}$ | 207 | 1284 | 205 | 4692 | 4541 | 10-5 | 8.4 | 38.6 | 24-6 | $16 \cdot 3$ | 1602 | 2288 |
| 1946 | 138 |  | 110.7 | 90.7 | 2.60 | . 53 | $9 \cdot 3$ | $1 \cdot 6$ | 242 | 1358 | 222 | 5097 | 4922 | 10.3 | 14.8 | 29.3 | 26.4 | 17.4 | 1902 | 2534 |
| 1947 | 145 |  | 110.0 | $91-3$ | $2 \cdot 76$ | 53 | 9.8 | 2.8 | 295 | 1385 | 246 | 5650 | 5454 | 8.4 | 20.7 | 23-1 | 26.1 | 19.6 | ${ }_{2} 2193$ | 2549 |
| 1948 | 139 |  | 107.8 | $92 \cdot 9$ | 3.21 | . 56 | 17.8 | 3-2 | 303 | 1252 | 258 | 5913 | 5703 | 8.2 8.3 | 20.5 | 21.7 | 24-9 | 22.3 | 2210 2400 |  |
| 1949 ... | 134 | 134 | $104 \cdot 4$$97-6$ | $96 \cdot 2$$102-5$ | $\begin{aligned} & 3.30 \\ & 3.54 \end{aligned}$ | $\begin{aligned} & .62 \\ & .69 \end{aligned}$ |  | 3.54.2 | $\begin{aligned} & 296 \\ & 292 \end{aligned}$ | $\begin{aligned} & 1270 \\ & 1289 \end{aligned}$ | 260262260 | $\begin{aligned} & 5974 \\ & 6015 \end{aligned}$ | $\begin{aligned} & 5761 \\ & 5800 \end{aligned}$ | 8.38.3 | $\begin{aligned} & 23.8 \\ & 30.7 \end{aligned}$ | 18.57.3 | ${ }_{24-0}^{25-2}$ | 24.1 | 2400 3070 | 2345 1895 |
| $1950 \times 1949$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 145 |  | 109.9 | 91.2 | 3.12 | . 56 | 6.2 | + | 311 | 1251 |  | 6057 | 5848 | 8.8 8.3 | 21-1 | ${ }_{17.0}^{20.9}$ | ${ }_{25 \cdot 6}^{24 \cdot 6}$ | 22-6 | ${ }_{2210} 220$ | 2190 2199 |
| FEB. | 144 |  | $110 \cdot 6$ | $90 \cdot 6$ | 3.09 | . 56 | $5 \cdot 0$ | 4 | 300 | 1229 | 257 | 58817 | 5607 5612 | 8.3 8.2 | ${ }_{23-2}^{23-2}$ | 17.4 | 25.7 | 24-4 | 2210 | 2199 |
| MAR. ... | 136 |  | 110.3 | 90.9 91.0 | $3 \cdot 11$ $3 \cdot 10$ | . 56 | 19.2 16.0 | $\begin{array}{r}2.9 \\ \hline .6\end{array}$ | 296 290 | 1242 | 258 259 | 5815 5886 | 5654 | 8.2 | 21.7 | 17.4 | 25-5 | 24-4 | 2210 | 2221 |
| APR. | +137 139 |  | 110.2 110.4 1 | 91.0 90.8 | $3 \cdot 10$ $3 \cdot 08$ | . 62 | 16.0 6.2 | 9.5 | 288 | 1276 | 260 | 5872 | 5681 | 8.3 | 22.4 | 17.6 | $25 \cdot 6$ | 24.3 | 2210 | 2234 |
| JUNE | 139125 |  | 108.6 | $92 \cdot 3$ | 3.21 | . 62 | $5 \cdot 6$ | $7 \cdot 4$ | 297 | 1283 | 262 | 6025 | 5774 | 8.0 | 21.4 | 19.0 | 24.9 | 24.0 | 2210 | 2248 |
| ULY | 125 |  | 104-1 | 96.0 | 3-36 | . 62 | 21.7 | $3 \cdot 5$ | 289 | 1289 | 261 | 5973 | 5784 | 8.2 | 21.4 | 19.4 | 25-3 | 23.9 | 2210 | 2289 |
| AUG. | $\begin{aligned} & 125 \\ & \hline \end{aligned}$ |  | ${ }^{18} 9$ | 101-1 | $3 \cdot 48$ | . 62 | 2-0 |  | 288 | 1291 | 259 | 5922 | 5730 | 8.3 | 21.9 | 18.4 | 25.5 | 24.1 | 2260 | 2228 |
| SEPT.... | $\begin{aligned} & 123 \\ & 131 \\ & 129 \end{aligned}$ |  | $\begin{aligned} & 98.9 \\ & 98.1 \end{aligned}$ | 101-1 | 3.45 | -69 | $4 \cdot 3$ |  | 291 | 1270 | 259 | 6009 | 5779 5858 | 8.2 | 24.8 | ${ }_{12.0}^{15}$ | 25-2 | 24-4 | 2490 2710 | 2272 2219 |
| OCT. |  |  | 102.0 | $3 \cdot 56$ | . 69 | $6 \cdot 5$ | 2-0 | 301 | 1262 | ${ }_{269}^{262}$ | 6050 6066 | 5858 5854 | 8.2 | ${ }_{29.1}^{28.4}$ | 112 | 25-0 | ${ }_{24-3}^{24-2}$ | 2700 | 2092 |  |
| NOV. | $\begin{aligned} & 129 \\ & 124 \end{aligned}$ |  |  | $\begin{aligned} & 98 \cdot 1 \\ & 95 \cdot 3 \\ & 98 \cdot 0 \end{aligned}$ | 104.9 | 3.62 | -69 | 4.6 | 11-1 | 306 295 | 1260 | ${ }_{263} 26$ | 6066 6202 | K8534 | 8. 8 | 27-1 | 12.8 | 24-4 | 24-6 | 2970 | 2006 |
| DEC. | $\begin{aligned} & 124 \\ & 128 \end{aligned}$ |  | 102.1 |  | 3.51 | -69 | 9.4 | $5 \cdot 0$ | 295 | 1312 | 263 | 6202 | 5953 |  |  |  |  |  |  |  |
| JAN. | $\begin{array}{ll}127 & 129 \\ 129 & 129\end{array}$ |  | $94 \cdot 6$ | 105.7 | 3.59 | . 69 | 6.5 | $4 \cdot 5$ | 299 | 1280 | 262 | 6085 | 5881 | 8.2 | 29.6 | 10.3 | 24-8 | $25 \cdot 1$ | 2990 | 1902 |
| FEB. ... |  |  | 96.895.2 | 103-3 | 3.56 | -69 | 0.8 | 8.9 | 287 | 1248 | 258 | 5841 | 5637 | 8.4 | 29-2 | 8.1 | ${ }_{26-0}^{25-7}$ | ${ }_{27}^{26.8}$ | ${ }_{2910}^{2940}$ | 1852 |
| MAR. ... | 127 | 129130 |  | $104 \cdot 9$ | $3 \cdot 62$ | . 69 | 6.9 | $1 \cdot 2$ | 294 | 1261 | -257 | 5783 5843 | 5579 5652 | 8.4 | 29.2 | 6.9 | 25.7 | 27.9 | 2920 | 1958 |
| APR. | 129 |  | $95 \cdot 2$ 96.0 | $104 \cdot 0$ | $3 \cdot 62$ | -69 | 151.8 | 6.0 | 283 | 1288 | 259 258 |  | 5639 | 8.2 | 29.6 | $6 \cdot 2$ | 25.7 | 28.0 | 3000 | 1865 |
| MAY |  | $\begin{aligned} & 131 \\ & 137 \end{aligned}$ | $\begin{aligned} & 96 \cdot 2 \\ & 98 \cdot 0 \end{aligned}$ | 103.9 | $3 \cdot 61$ | 69 .69 | 151.8 3.0 | 8.7 4.4 | 287 285 | 1281 | 260 | 6000 | 5723 | 8.0 | 31.4 | 5.0 | 25.0 | 27.5 | 3090 | 1785 |
| JUNE | $\begin{aligned} & 131 \\ & 138 \end{aligned}$ |  |  | 102.0 | 3.55 | -69 | 3.0 | $4 \cdot 4$ |  | 1291 |  |  |  |  |  |  |  |  |  |  |
| JULY ... | $\begin{aligned} & 133 \\ & 135 \\ & 139 \\ & 141 \\ & 144 \\ & 139 \end{aligned}$ |  |  | 103.4 | $3 \cdot 61$ | -69 | 12.8 | 1.0 | 283 | 1308 | 261 | 5956 | 5774 | 8.4 | 32.7 31.5 | 5.4 6.2 | 25.0 | 26.4 26.9 | 3120 3140 | 2047 1936 |
| AUG. ... |  | $\begin{aligned} & 133 \\ & 133 \\ & 139 \end{aligned}$ | $\begin{aligned} & 96.7 \\ & 97.5 \\ & 99.0 \end{aligned}$ | $102 \cdot 6$ | 3.55 | -69 | 4.9 | $4 \cdot 5$ | 293 | 1320 | 261 | ${ }_{6}^{5968}$ | 5771 5848 | 8.5 8.2 | -31-5 | $7 \cdot 2$ | ${ }_{24-9}$ | 26.5 | 3120 | 1890 |
| SEPT.... |  |  |  | 101.0 | 3.48 | -69 | 7.8 |  | 283 | 1294 | 263 <br> 268 | 6028 | 5896 | 8.2 | 31.8 | 8.0 | 24-2 | 25.8 | 3140 | 1789 |
| OCT. ... |  | $\begin{aligned} & 139 \\ & 142 \\ & 143 \end{aligned}$ | $\begin{array}{r} 99 \cdot 0 \\ 100 \cdot 9 \\ 101 \cdot 0 \end{array}$ | 99.1 | $3 \cdot 44$$3 \cdot 52$ | - 69 | $39 \cdot 2$ 12.7 | 5.0 | 306301 | 1280 | 269 | 62516368 | 60156084 | 8.0 | $31-9$$31-4$ | $7 \cdot 6$ | ${ }_{24 \cdot 0}$ | 25.825.8 | 31803260 | 18970 |
| $\begin{aligned} & \text { NOV. } \\ & \text { DEC. } \\ & 1951 \\ & \text { JAN. } \\ & \text { FEB } \\ & \text { MAR. } \\ & \text { APR. } \\ & \text { MAY } \end{aligned}$ |  |  |  | 99.0 101.2 |  | - 69 | 12.7 | $2 \cdot 2$ $4 \cdot 4$ |  |  | 269 269 |  |  |  |  |  |  |  |  |  |
|  |  | 143 139 | 98.8 | 101-2 | 3.62 |  |  | $4 \cdot 4$ |  |  |  |  |  |  |  | 6.1 |  | $26 \cdot 2$ | 3250 | 1823 |
|  |  | 144 | 99.0 | 101.1 | 3.53 | . 69 | 19.1 | 9-0 | 318 |  | 268 266 |  | 5823 | 8.2 | 31.0 | 4.8 | $25 \cdot 5$ | 28.2 | 3170 | 1801 |
|  |  | 152 148 | 97.4 94.9 | $102 \cdot 8$ $105 \cdot 3$ | 3.64 3.67 | .69 <br> .69 | 5.1 14.1 | $4 \cdot 9$ | 292 | 1288 | 267 | 6037 | 5795 | 8.1 | $30 \cdot 6$ | 3.9 | 25.7 | 29.0 | 3180 | 1800 |
|  |  | 154 | $93 \cdot 8$ 106.6 <br> 93.6 107.0 |  | 3.72 | -69 | 1.1 | 0.5 | 298 | 1318 | 271 | 6130 | 5909 | 8.5 | 30 | 4.8 |  | 28.8 | 3220 | 1770 |
|  |  |  |  |  | 305 |  |  |  | 1335 |  |  |  |  |  |  |  |  |  |  |  |
| SOURCES : |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |


| Monthly Averages or Months． | RETAIL PRICES． |  |  |  | WHOLESALE PRICES． |  |  |  | PRICES TO FARMERS． |  |  | WAGES <br>  | UNEMPLOYMENT＊ |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $$ | ర్ర |  |  | Board of Trade Index Nos． |  |  | Statist． Index．这 | －i <br> 8 <br> 8 <br> 8 <br>  | 葛 |  |  |  | Percentage of Insured Industrial Population Unemployed． |  |  |
|  |  |  |  |  | E． | $\begin{aligned} & \text { 뭉 } \\ & \text { 日 } \\ & \text { 응 } \\ & \text { o } \\ & \text { pH } \end{aligned}$ |  |  |  |  |  |  |  |  | 官 | 号 |
|  | \％of 1938. |  |  |  | \％of 1938. |  |  |  | \％of 1938. |  |  | $\begin{aligned} & \% \text { of } \\ & 1938 \end{aligned}$ | 000＇s | \％ | \％ | \％ |
| 1913 | $\begin{aligned} & 21 \\ & 64 \S \end{aligned}$ | $\underset{71 \S}{29}$ | 23 | 24 | $\begin{aligned} & 25 \\ & 82 \cdot 5 \end{aligned}$ | $\begin{aligned} & 26 \\ & 81 \cdot 1 \end{aligned}$ | 27 | $\begin{gathered} 28 \\ 95 \end{gathered}$ | 29 | 30 | 31 | $\begin{aligned} & 32 \\ & (50) \end{aligned}$ | 33 | 34 | 35 | 36 |
| 1919 | 138 | 156 |  |  |  |  |  | 233 |  |  | ． | （105） | ． |  |  |  |
| 1920 | 160 | 182 | 107 |  | $253 \cdot 7$ 162.2 | $220 \cdot 8$ 169.6 |  | 277 161 |  |  |  | （125） |  |  | ． |  |
| 1921 | 145 | 163 125 | 110 109 | ． | $162 \cdot 2$ $131 \cdot 1$ | 169.6 134.0 | ． | 161 138 |  |  | ． | （137） $(105)$ |  |  |  |  |
| 1922 | 117 | 125 | 109 102 |  | 131.1 | 125.5 |  | 138 139 |  |  |  | （94） | 1191 | 11.6 | $6 \cdot 4$ | $14 \cdot 3$ |
| 1924 | 112 | 121 | 99 |  | 137－1 | 134－9 |  | 153 |  |  | － | 96 | 1067 | $10 \cdot 2$ | $8 \cdot 6$ | $12 \cdot 4$ |
| 1925 | 118 | 122 | 99 |  | 131.3 | 135．1 |  | 149 |  |  |  | 96 | 1171 | 11.0 | $16 \cdot 5$ | $15 \cdot 2$ |
| 1926 | 110 | 117 | 99 |  | $122 \cdot 2$ | 125.6 |  | 137 |  |  | ． | 96 | 1326 | $12 \cdot 3$ | $18 \cdot 0$ | 16.4 |
| 1927 | 107 | 114 | ${ }^{99}$ |  | $116 \cdot 9$ 115.8 | 123.4 123.6 |  | 134 130 | ． | ． | ． | 96 96 | 1030 1150 | 9.6 10.7 | 19.5 | 10.6 |
| 1928 | 106 | 112 | 100 |  | $115 \cdot 8$ | 123.6 |  | 130 |  |  |  | 96 | 1150 | $10 \cdot 7$ | $23 \cdot 0$ | $11 \cdot 7$ |
| 1929 | 105 | 110 | 100 |  | $112 \cdot 6$ | 118.0 |  | 123 |  |  |  | 95 | 1142 | $10 \cdot 3$ | $19 \cdot 3$ | $12 \cdot 1$ |
| 1930 | 101 | 103 | 100 |  | $98 \cdot 6$ | $102 \cdot 7$ | $107 \cdot 7$ | 101 | 122 | 99 | 97 | 94 | 1841 | $15 \cdot 8$ | $25 \cdot 9$ | $18 \cdot 5$ |
| 1931 | 95 | 93 | 103 |  | 86.2 | $90 \cdot 9$ | $82 \cdot 5$ | 85 | 101 | 81 | 93 | 93 | 2532 | $21 \cdot 1$ | $32 \cdot 4$ | $26 \cdot 6$ |
| 1932 | 92 | 90 | 112 |  | $84 \cdot 4$ | $90 \cdot 1$ | $76 \cdot 1$ | 83 | 88 | 82 | 83 | 92 | 2621 | $21 \cdot 9$ | 36.5 | $27 \cdot 7$ |
| 1933 | 90 | 85 | 104 |  | $84 \cdot 5$ | $85 \cdot 2$ | $86 \cdot 3$ | 86 | 86 | 92 | 82 | 90 | 2391 | $19 \cdot 8$ | $34 \cdot 6$ | $26 \cdot 1$ |
| 1934 | 90 | 87 | 101 |  | $86 \cdot 9$ | $87 \cdot 3$ | $94 \cdot 7$ | 88 | 91 | 99 | 85 | 90 | 2021 | $16 \cdot 6$ | $32 \cdot 3$ | $23 \cdot 1$ |
| 1935 | 92 | 89 | 101 |  | $87 \cdot 7$ | $89 \cdot 2$ | 95－0 | 93 | 89 | 98 | 85 | 91 | 1880 | $15 \cdot 3$ | $31 \cdot 2$ | $21 \cdot 3$ |
| 1936 | 94 99 | 92 99 | 100 |  | $93 \cdot 0$ 107.2 | $94 \cdot 2$ $105 \cdot 1$ | 106.5 132.4 | 98 114 | 92 101 | 99 | 87 | 93 | 1612 1349 | 13.0 | $29 \cdot 4$ | 18.7 |
| 1937 1938 | $\begin{array}{r}99 \\ 100 \\ \hline\end{array}$ | 99 100 | 100 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 94 100 | 97 100 | 1649 <br> 1649 | 9.7 11.5 | $20 \cdot 7$ $22 \cdot 2$ | $14 \cdot 0$ 14.5 |
| 1939 | 102 | 102 | 107 | 102 | 101．4 | $100 \cdot 0$ | 107．4 | 108 | 101 | 112 | 101 | 101 | 1408 | $9 \cdot 6$ | 17.8 | $12 \cdot 6$ |
| 1940 | 119 | 116 | 141 | 126 | $134 \cdot 6$ | $136 \cdot 4$ | $158 \cdot 6$ | 148 | 139 | 161 | 136 | 112 | 850 | $6 \cdot 4$ | $12 \cdot 4$ | $7 \cdot 5$ |
| 1941 | 130 | 123 | 160 | 155 | 150.5 | $150 \cdot 2$ | 179.5 | 162 | 147 | 202 | 161 | 122 | 260 | $2 \cdot 3$ | $5 \cdot 8$ | $3 \cdot 5$ |
| 1942 | 139 | 125 | 197 | 173 | 157．1 | $161 \cdot 1$ | 181.8 | 168 | 159 | 251 | 179 | 131 | 100 | $1 \cdot 0$ | $2 \cdot 2$ | 1.5 |
| 1943 | 143 | 125 | 225 | 171 | $160 \cdot 4$ | $164 \cdot 4$ | 187．2 | 176 | 160 | 236 | 172 | 138 | 69 | －7 | $1 \cdot 8$ | $1 \cdot 2$ |
| 1944 | 146 | 125 | 237 | 175 | $163 \cdot 7$ | $162 \cdot 4$ | 198.3 | 187 | 162 | 239 | 189 | 146 | 64 | －6 | 1.8 | $1 \cdot 3$ |
| 1945 | 148 | 127 | 235 | 176 | 166．7 | $162 \cdot 5$ | $202 \cdot 2$ | 191 | 161 | 238 | 194 | 154 | 140 | $1 \cdot 2$ | $4 \cdot 3$ | $2 \cdot 1$ |
| 1946 | 150 | 129 | 241 | 175 | 172－7 | $162 \cdot 6$ | 206.4 | 230 | 184 | 230 | 209 | 167 | 363 | $2 \cdot 4$ | $9 \cdot 3$ | $4 \cdot 8$ |
| 1947 | 160 | 137 | 274 | 182 | $189 \cdot 1$ | 169－2 | $246 \cdot 1$ | 299 | 218 | 237 | 225 | 175 | 468 | $3 \cdot 0$ | $6 \cdot 8$ | －1．2 |
| 1948 | 173 | 149 | 311 | 196 | 216.2 | $185 \cdot 8$ | $322 \cdot 3$ | 341 | 237 | 280 | 239 | 188 | （310） | $1 \cdot 7$ | （5．5） | （3．5） |
| 1949 | 178 | 157 | 308 | 205 | $226 \cdot 8$ | $201 \cdot 7$ | $320 \cdot 0$ | 347 | 254 | 278 | 253 | $193 \frac{1}{2}$ | 308 | 1.5 | $4 \cdot 0$ | $3 \cdot 0$ |
| $\begin{aligned} & 1950 \\ & 1949 \end{aligned}$ | 184 | 169 | 299 | 209 | $264 \cdot 4$ | 227－3 | $438 \cdot 5$ | 410 | 268 | 302 | 265 | $197{ }^{2}$ | 314 | 1.5 | $3 \cdot 6$ | $3 \cdot 0$ |
| JAN． | 175 | 149 | 316 | 203 | 218.2 | 183.1 | 331.0 | 352 | 242 | 283 | 298 | 191古 | 376 | （2．0） |  |  |
| FEB． | 176 | 150 | 316 | 204 | 218.0 | 183.0 | $329 \cdot 2$ | 350 | 246 | 282 | 288 | 192 | 360 | 1.8 | $4 \cdot 4$ | $3 \cdot 2$ |
| MAR． | 176 | 149 | 316 | 204 | 217.4 | 182.5 | $326 \cdot 8$ | 347 | 259 | 283 | 266 | 193 | 340 | 1.7 | $4 \cdot 2$ | $3 \cdot 2$ |
| APR． | 176 | 150 | 306 | 205 | 223.5 | 191.0 | $323 \cdot 7$ | 343 | 272 | 283 | 242 | 193 | 325 | $1 \cdot 6$ | $4 \cdot 0$ | $3 \cdot 1$ |
| MAY ．．${ }^{\text {JUNE }}$ | 178 179 | 158 159 | 306 306 | 205 206 | 228.1 228.7 | $204 \cdot 3$ $207 \cdot 5$ | $322 \cdot 2$ $319 \cdot 2$ | 337 330 | 274 | 283 | 185 | $193 \frac{1}{2}$ | 304 | $1 \cdot 5$ | $3 \cdot 9$ | $2 \cdot 9$ |
| JUNE ．．． | 179 | 159 | 306 | 206 | $228 \cdot 7$ | $207 \cdot 5$ | $319 \cdot 2$ | 330 | 269 | 285 | 184 | 193 $\frac{1}{2}$ | 264 | $1 \cdot 3$ | $3 \cdot 6$ | $2 \cdot 5$ |
| JULY． | 179 | 159 | 306 | 206 | $226 \cdot 2$ | $207 \cdot 4$ | $302 \cdot 4$ | 324 | 262 | 272 | 199 | 193 $\frac{1}{2}$ | 243 | $1 \cdot 2$ | $3 \cdot 5$ | $2 \cdot 5$ |
| AUG． | 179 | 160 | 306 | 206 | $226 \cdot 3$ | $208 \cdot 0$ | $302 \cdot 0$ | 325 | 259 | 273 | 228 | $193 \frac{3}{4}$ | 261 | $1 \cdot 3$ | $3 \cdot 6$ | $2 \cdot 6$ |
| SEPT．．．． | 180 181 | 161 | 306 306 | 206 | 227.5 233.9 | $206 \cdot 3$ | 311.7 318.0 | 359 | 252 | 274 | 248 | 194 | 268 | $1 \cdot 3$ | $3 \cdot 6$ | $2 \cdot 7$ |
| NOV． | 181 | 164 | 306 | 204 | $236 \cdot 9$ | 218.8 | 318.0 325.0 | 366 365 | 246 247 | 278 280 | 291 323 | 195 | 300 324 | 1.5 1.6 | $3 \cdot 9$ $4 \cdot 1$ | $2 \cdot 8$ $3 \cdot 0$ |
| DEC． 1950 | 182 | 165 | 306 | 204 | $237 \cdot 6$ | $217 \cdot 7$ | $331 \cdot 0$ | 369 | 251 | 282 | 334 | 195 | 330 | $1 \cdot 6$ | $4 \cdot 0$ | $3 \cdot 2$ |
| JAN．． | 182 | 166 | 306 | 204 | 241.4 | $220 \cdot 4$ | 343.8 | 373 | 256 | 282 | 329 | $195 \frac{1}{2}$ | 372 | 1.8 | $4 \cdot 2$ | $3 \cdot 4$ |
| FEB．． | 183 | 166 | 306 | 206 | 241.7 | 221.0 | $344 \cdot 4$ | 376 | 261 | 281 | 310 | 196 | 373 | 1.8 | $4 \cdot 2$ | $3 \cdot 4$ |
| MAR．． | 183 | 167 | 306 | 206 | $242 \cdot 1$ | 221.0 | $346 \cdot 6$ | 378 | 268 | 282 | 282 | 196 | 347 | 1.7 | $3 \cdot 9$ | $3 \cdot 3$ |
| APR．．．． | 184 | 168 | 306 | 207 | $246 \cdot 2$ | $226 \cdot 6$ | $360 \cdot 0$ | 380 | 282 | 287 | 237 | 196 | 329 | $1 \cdot 6$ | $3 \cdot 8$ | $3 \cdot 2$ |
| MAY ．${ }^{\text {JUNE }}$ | 184 | 172 | 296 | 207 | $251 \cdot 2$ | $230 \cdot 5$ | 378.3 | 384 | 285 | 290 | 187 | 196 | 315 | 1.5 | $3 \cdot 7$ | $3 \cdot 0$ |
| JUNE ．．． | 183 | 170 | 296 | 208 | $252 \cdot 4$ | $229 \cdot 4$ | 389.4 | 382 | 280 | 289 | 187 | 196 | 282 | 1.4 | $3 \cdot 4$ | $2 \cdot 7$ |
| JULY ．．． | 183 | 169 | 296 | 209 | $256 \cdot 6$ | $227 \cdot 7$ | 415．3 | 398 | 276 | 288 | 209 | 196 | 272 | $1 \cdot 3$ | $3 \cdot 4$ | $2 \cdot 7$ |
| AUG．．．． | 183 | 167 | 296 | 210 | $260 \cdot 3$ | $223 \cdot 2$ | $455 \cdot 7$ | 422 | 273 | 294 | 245 | 196 | 288 | 1.4 | $3 \cdot 6$ | $2 \cdot 8$ |
| SEPT．．．． | 184 | 168 | 296 | 211 | 268.3 | $226 \cdot 2$ | 497.5 | 427 | 267 | 299 | 274 | 196 | 284 | 1.4 | $3 \cdot 4$ | $2 \cdot 7$ |
| OCT．${ }^{\text {NOV．}} .$. | 186 186 | 172 172 | 296 296 | 213 | $275 \cdot 6$ $285 \cdot 0$ | $232 \cdot 1$ | 531.0 | 447 | 259 | 315 | 301 | 1963 ｜ | 304 | $1 \cdot 5$ | $3 \cdot 5$ | $2 \cdot 8$ |
| DEC．．． | 186 | 172 173 | 296 296 | 215 | $285 \cdot 0$ 288.3 | $235 \cdot 2$ $234 \cdot 6$ | $589 \cdot 0$ 611.0 | 472 486 | 258 | 333 | 331 | 202 ｜｜ | 302 | 1.4 | $3 \cdot 4$ | $2 \cdot 9$ |
| 1951 | 187 | 173 | 296 | 216 | 288.3 | $234 \cdot 6$ | $611 \cdot 0$ | 486 | 267 | 339 | 350 | $202 \frac{1}{4}$ | 302 | 1.4 | $3 \cdot 3$ | $2 \cdot 9$ |
| JAN．．．． | 189 | 175 | 296 | 220 | $295 \cdot 8$ | $234 \cdot 0$ | 673.0 | 544 | 277 | 345 | 328 |  | 334 | $1 \cdot 6$ | $3 \cdot 6$ |  |
| FEB．．．． <br> MAP | 191 | 176 | 296 | 225 | 301.4 | $232 \cdot 9$ | 712.0 | 571 | 286 | 346 | 314 | $207 \frac{1}{4}$ | 302 | 1.5 | 3．2 | $3 \cdot 0$ |
| MAR．．． APR． | 192 | 177 | 297 | 229 | $309 \cdot 3$ $314 \cdot 0$ | 232.4 242.8 | $725 \cdot 5$ | 569 | 291 | 349 | 281 | $209 \frac{3}{4}$ | 275 | $1 \cdot 3$ | $3 \cdot 0$ | $2 \cdot 8$ |
| APR．．．． | 195 |  |  |  |  | 242.8 |  |  |  |  |  |  | 253 | 1．2 | $2 \cdot 8$ | 2.6 |

Sotrces．－21－22 before 1938：Ministry of Labour Cost of Living index．
23 before 1938：LCES calculation based on private sources．
21－24－1938－June，1947：LCES calculations based on National Income White Paper：
21－24 since June， 1947 ：based on Interim Index of Retail Prices

25－27－Board of Trade
28－31－＂The Statist
29－31－Ministry of Agricultur
32 －Prof．Bowley＇s Index，calculated for LCES．
$33-36$－Ministry of Labour．

PRODUCTION \＆RAILWAY TRAFFIC

|  | coal． |  |  |  | Wer． |  | hron and stekl． |  |  | textiles． |  | Mot． | sHIPs． |  |  | ${ }_{\text {RAMWA }}^{\text {（frat }}$ |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | output． |  |  |  | $\begin{aligned} & \text { 品 } \\ & \frac{1}{y} \\ & 3 \\ & 3 \end{aligned}$ |  | Product |  |  |  |  |  | $\begin{aligned} & \text { 恴 } \\ & \text { B } \end{aligned}$ |  |  |  | Tonnuge orietimang |  |  |
|  |  | 发 |  |  |  |  | $\frac{3_{2}^{3}}{y_{2}^{2}}$ |  |  |  |  |  |  |  |  |  | 睰 | 免 |  |
|  | Mn．Tons． |  |  |  | ¢0ym |  | Ten thous．Tons． |  |  | Mn． M | ${ }_{\text {Mn }} \mathrm{M}$ ， | ${ }_{\text {Nose }}$ | Grom Tomage． |  | ${ }_{\text {Nosem }}$ | $\varepsilon_{\text {M }}^{\text {In }}$ ． | Mn．Toms |  |  |
| 1913 ．．． | ${ }_{287}^{37}$ | ${ }^{38}$ | ${ }^{39}$ | ${ }_{193}^{190}$ | ${ }_{11}^{41}$ |  | ${ }_{026}$ | ${ }_{768}{ }^{6}$ |  | ${ }_{1920}^{16}$ | 17 | ${ }_{34}^{18}$ |  |  |  | ${ }_{19}^{52}$ | 3 | 54 |  |
| 1919 | ${ }_{320}^{230}$ | － |  | 183 |  |  | 740 | 789 |  |  |  |  | 2403 | 1820 |  | 170 |  |  | 80 |
| 1920 1921 |  | ＝ |  | 127 | $\frac{128}{125}$ | ${ }_{380}^{487}$ | 282 | ${ }_{370}^{997}$ | 674 | ${ }_{\substack{1510 \\ 970}}$ |  |  | （369 | － 2056 |  | （236 |  |  | （181 |
| ${ }_{1923}^{1922}$ |  | $=$ |  | － 1788 | 1288 131 1 | ${ }_{629}^{454}$ | ${ }_{74}^{490}$ | （ 588 |  | ${ }_{\substack{1370 \\ 1225}}^{129}$ | （17） | 95 | ¢ | 1038 <br> 1038 <br> 648 <br> 18 |  | 217 |  |  | （120 |
| 1923 <br> 1929 <br> 1925 <br> 192 | ${ }^{26}$ |  |  | －188 | 14 | 602 | ${ }_{\substack{731 \\ 882}}^{7}$ | ${ }_{889}^{880}$ |  | 1355 | （24） | ${ }_{\substack{187 \\ 187}}^{\substack{95 \\ \hline}}$ | cose |  | ${ }_{184}^{14.4}$ | cos |  |  |  |
| 1925 1926 1927 | 218 126 265 |  |  | ＋178 | ${ }_{148}^{143}$ | $\xrightarrow{602}$ |  | － |  | 1490 1300 | ${ }^{(25)}$ | ${ }_{108}^{107}$ | ¢ 88 | $\substack{1085 \\ 640}$ | ${ }_{1}^{184}$ | 198 <br> 170 |  |  | ${ }_{15} 9$ |
| ${ }_{1}^{1928}$ | 251 237 |  |  | 183 170 | 149 150 | 823 <br> 907 <br> 80 | ${ }_{\substack{729 \\ 661}}$ | ${ }_{852}^{910}$ | ${ }_{712}^{756}$ |  | 39 50 | ${ }_{212}^{212}$ | ${ }_{1297}^{1764}$ | 1226 146 | 262 189 | $\frac{201}{185}$ | 57 |  | 6 |
| 1929 | ${ }_{258}^{258}$ |  |  | 181 | 155 | 1029 | 759 | ${ }^{964}$ | ${ }^{557}$ |  |  |  |  |  |  | 186 |  |  |  |
| 㬉 | ${ }_{2}^{249}$ | － |  | 15 | ${ }_{153}^{153}$ | 1091 | 永37 |  |  | 970 |  |  |  |  |  |  | ＋${ }_{8}^{53}$ |  | 193 <br> 174 |
| ${ }_{1}^{1933} 1$ | ${ }_{207}^{209}$ |  |  | 156 <br> 154 <br> 15 | 151 150 | ${ }_{\substack{1224 \\ 1356}}$ | ${ }_{4}^{357}$ | ${ }_{702}^{526}$ | 437 <br> 512 | ${ }_{\text {cose }}^{1055}$ | 80 | ${ }_{286}^{238}$ | 72 | （138 | 94 | ${ }_{148}^{148}$ | ${ }_{4}^{43}$ |  | ${ }_{165}^{167}$ |
|  | ${ }_{221}^{221}$ |  |  | ${ }_{178}^{168}$ | $\stackrel{152}{15}$ | ${ }^{1546}$ | ${ }^{597}$ | ${ }^{885}$ | ${ }_{-75}^{635}$ | $\frac{1120}{118}$ | ${ }^{89}$ | ${ }_{3} 3$ | 0 | 480 | 210 | 154 | 45 |  | ${ }^{174}$ |
| 19 | ${ }^{222}$ |  |  | 171 <br> 188 | $\underset{161}{155}$ | ${ }_{202}^{1757}$ | 94 | （986 | ${ }_{84}^{701}$ | 1118 | 107 | 401 | － $\begin{gathered}683 \\ \text { 1081 }\end{gathered}$ | 56 | （in | 16 | 48 |  | 175 <br> 178 <br> 18 |
| 㖪 | 200 |  |  | 188 |  | ${ }^{2298}$ | 849 | ${ }^{1298}$ |  | 123 |  |  | 1035 |  |  | 170 |  |  | 188 |
| 1938 1939 |  |  |  |  |  |  | 670 | 104 |  |  |  | 45 |  | ${ }^{1030}$ |  |  |  |  | 173 |
| ${ }_{\substack{1939 \\ 1940 \\ 198 \\ \hline \\ \hline}}$ | 231 |  | ${ }_{\substack{14.5 \\ 17.3}}$ | 185 190 19 | 165 158 1 | 418 | 820 | ${ }_{\substack{1322 \\ 1298}}$ | （1030） | ${ }_{1192}^{1092}$ | ${ }_{111.0}^{110.7}$ |  | $\xrightarrow{1011}$ | 43 | $\frac{221}{57}$ | ${ }_{\substack{172 \\ 20.3}}$ | 52 59 5 |  | 185 172 17 |
| ${ }_{\substack{1994 \\ 1942 \\ 1982}}$ | ${ }^{200}$ | $1 \cdot 3$ | ${ }_{18}^{18.7} 1$ | ${ }^{197}$ | 1788 178 178 | 3236 3565 358 | ${ }_{7}^{739}$ | 1231 <br> 1294 | （1013 | 821 733 | cire．9 | ${ }^{185}$ | （1203 | 1185 <br> 187 | ${ }_{13}^{15}$ | ${ }_{2}^{245}$ | ${ }_{71} 8$ |  | ${ }_{1}^{163} 1$ |
| ${ }^{1993}$ |  | 4 | 18． | ${ }_{190}$ |  | 306 | 719 | 1303 | 1028 | \％ | \％ | 149 | 1089 | 1137 | 9 | 316 | 82 |  | 157 |
| ${ }_{1}^{1945}$ |  | ${ }_{8.1}^{8.6}$ | ${ }_{12}^{16.3}$ | ${ }_{180}^{187}$ |  | ${ }_{\substack{3835 \\ 3728}}^{\substack{\text { a }}}$ | ${ }_{71}^{674}$ | ${ }_{1182}^{214}$ | 1001 | ¢07 | ${ }_{85}^{77.1}$ | ${ }_{139}^{133}$ | ${ }_{1259}^{959}$ | 19 | $\stackrel{8}{6}$ | ${ }_{3}^{322}$ | ${ }_{73}^{87}$ | ${ }_{5}^{5}$ | ${ }_{1}^{151} 1$ |
| ${ }^{1946}$ | 18 | ${ }^{8.8}$ |  | ${ }^{186}$ |  | ${ }^{4125}$ | 776 | 1270 | ${ }^{996}$ | ${ }^{662}$ | 107.8 | 365 | 1388 | ${ }^{112}$ | 56 | －302 | 615 |  | 148 <br> 150 <br> 150 |
| ${ }_{1}^{1948} 1$ | ${ }_{\substack{187 \\ 197 \\ \hline}}$ | 11.7 | ${ }_{14}^{16.4}$ | ${ }_{\text {184 }}^{185}$ | ${ }_{241}^{231}$ | 4 | ${ }_{928}^{778}$ | $\substack{1488 \\ 127}_{1}$ | ${ }_{\text {cos }}^{1021}$ | ${ }_{795}^{662}$ | 11878 | ${ }^{49}$ | 1188 | 117 | 128 |  |  |  |  |
|  | ${ }_{2}^{202}$ | $\underset{12.2}{12.5}$ | 12．7 | ${ }_{(292}^{198}$ | ${ }_{262}^{248}$ | ${ }_{\substack{4 \\ 5000}}^{490}$ | ¢ |  | ${ }_{\text {122 }}^{118}$ | ${ }_{855}^{825}$ | ${ }_{\text {ckild }}^{1788}$ | ${ }_{784}^{630}$ | 1212 1418 | ${ }_{1325}^{1267}$ | 198 | ${ }^{323}$ | 554 | ${ }_{61}^{61}$ | ${ }_{5169}^{169}$ |
|  |  |  | ${ }^{12.6}$ |  | ${ }_{289}^{289}$ | ${ }^{5600}$ | ${ }^{926}$ | ${ }^{1500}$ |  |  | \％ | 516 |  |  |  |  |  |  |  |
|  | － 21 | ${ }^{6}$ | 10 | $\begin{gathered} 202 \\ \hline 229 \\ \hline 19 \end{gathered}$ | cere | 5450 | ${ }_{\substack{932 \\ 939 \\ 930}}^{\text {and }}$ | （1618 | 1120 | $\begin{aligned} & 848 \\ & 8875 \\ & 775 \end{aligned}$ | 160.5 | 566 |  |  | ${ }^{74}$ | ${ }_{320}$ | ${ }_{5}^{53}$ | ${ }_{58}$ | $\underset{\substack{172 \\ 1788 \\ 158}}{ }$ |
|  |  | cis $\begin{gathered}15.3 \\ 14.1\end{gathered}$ | $\begin{aligned} & 10.5 \\ & 12.8 \\ & 12 \end{aligned}$ | $\begin{gathered} 196 \\ 1790 \\ 176 \end{gathered}$ | ${ }_{216}^{236}$ | 4590 4530 4530 | ${ }_{\text {cose }}^{997}$ | （1885 |  | 788 <br> 783 <br> 78 | 160.5 <br> 1783 <br> 176.5 | cise | 1155 | 1366 | （195 | ${ }^{332}$ 338 |  | S | ${ }_{\substack{168 \\ 163}}^{168}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 52 <br> 68 | ${ }_{6}^{60}$ |  |
|  |  | cis | $\begin{array}{r} 14.3 \\ 15.9 \\ 1.0 \end{array}$ | 163 <br> 177 | 218 204 |  | ${ }_{\substack{988 \\ 983}}$ | ${ }_{1}^{1495}$ | $\begin{aligned} & 1040 \\ & 1200 \end{aligned}$ | $\begin{array}{ll} 26 \\ \hline 2 \end{array}$ |  | 690 |  | （1150） | （ ${ }^{65}$ | 348 |  | ${ }_{6}^{60}$ | ${ }_{\substack{162 \\ 162}}^{162}$ |
|  | ${ }_{22}^{214}$ | ${ }^{12.8}$ | ${ }^{10.7}$ | ${ }^{189}$ | 280 | 5850 | ${ }_{9}^{937}$ | 1596 1036 1806 | ${ }_{\text {der }}^{1230}$ |  |  |  |  |  |  | 边310 |  | 6. | 174 |
|  | 2075 | 10.3 | 14.7 | ${ }_{217}^{213}$ | ${ }_{289}^{280}$ | ${ }_{\substack{\text { 5930 } \\ 6930}}$ | ${ }_{966}^{976}$ | 1015 | 1185 | 800 | ${ }^{190.5}$ | dir |  | 1445） |  | 302 | ${ }_{53}$ | ${ }_{61}$ | 165 |
|  | 200 | ${ }^{12 \cdot 2}$ | 12：9 | ${ }_{231}^{223}$ | ${ }_{305}^{291}$ | ${ }_{6}^{6210}$ | ${ }_{959}^{974}$ | ${ }_{1}^{1587}$ |  |  |  | － 760 |  |  |  |  |  |  |  |
|  | － 219 | 12.4 |  | ${ }_{203}^{221}$ | 283 | 5230 | ${ }_{\substack{979 \\ 999}}^{98}$ | ${ }_{1}^{1715}$ | 1280 <br> 1205 | （888 | 177.0 | ${ }^{763}$ |  | （1245） | 边 | 308 |  | $\begin{aligned} & 60 \\ & 60 \\ & 60 \\ & 60 \end{aligned}$ | ${ }^{162}$ |
| MAY | （e） $\begin{aligned} & 213.2 \\ & 2002\end{aligned}$ | $\underset{\substack{15.0 \\ 13.9}}{\substack{\text { a }}}$ | － 11.9 | ${ }_{1}^{198}$ | ${ }_{217}^{248}$ | 5000 4570 | ${ }_{9}^{995}$ | ${ }_{\substack{1680 \\ 1625}}^{160}$ | 1205 <br> 1250 <br> 120 | ${ }_{796} 9$ |  | （847 | 14 | ${ }_{\text {1395 }}^{1945}$ | 195 197 | ${ }_{351}^{331}$ |  | 近 | ${ }_{\substack{175 \\ 164}}^{165}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | ${ }^{106}$ | $\begin{aligned} & 114: 8 \\ & 12.8 \\ & 12 \end{aligned}$ | $\begin{aligned} & 12.818 \\ & 13.1 \\ & 14.6 \end{aligned}$ | 18 |  |  | 9920 ${ }_{9}^{990}$ | ${ }_{1696}^{1463}$ |  | 8812 | \％ |  |  | ${ }^{11290}$（145） |  | ${ }^{333}$ |  |  | ${ }^{165}$ |
|  | － | ${ }_{\text {cil }}^{12.5}$ | ${ }^{155.5}$ | ${ }_{201}^{201}$ | ${ }_{\substack{256 \\ 205}}^{205}$ | ${ }_{\substack{5680 \\ \text { S630 }}}^{\text {S680 }}$ | ${ }_{\text {lo }}^{\substack{1008 \\ \text { los }}}$ | ${ }_{\substack{1704 \\ 1747}}^{18}$ |  | ${ }_{9}^{915}$ | $\underbrace{\substack{\text { a }}}_{\substack{2115.0 \\ 28.0}}$ | ${ }_{81}^{875}$ |  |  | ${ }^{11}$ | ${ }_{3}^{34}$ | 588 |  | 176 <br> 179 |
|  | ${ }^{2187 \%}$ | ${ }_{8}^{11} 3$ | ${ }_{12.4}^{15.0}$ | ${ }_{231}^{230}$ | ${ }_{324}^{293}$ | ${ }_{6}^{6330}$ | coso | ${ }_{154}^{174}$ | ${ }_{\substack{1340 \\ 1205}}$ | ${ }_{794}^{919}$ | ${ }^{228.0} 1$ |  |  | （1560） |  |  |  |  | ${ }^{59}$ |
|  |  |  | ${ }_{9.8}^{10.8}$ | ${ }_{323}^{232}$ | ${ }_{3}^{318}$ | ${ }_{\text {cose }} 7000$ |  |  | ${ }_{\substack{1215 \\ 1310}}$ | ${ }_{892}^{831}$ | ${ }_{2125}^{2180}$ |  |  |  |  |  |  | 80 | ${ }_{\substack{165 \\ 179}}^{178}$ |
|  | ${ }_{\text {21 }}^{2211 \cdot 5}$ | ${ }_{\text {a }}^{0.6}$ | $\begin{aligned} & 9 \cdot 2 \\ & 9.8 \end{aligned}$ | 225 | 307 | ${ }^{6540}$ | $\begin{aligned} & 907 \\ & \hline 985 \\ & 9.98 \end{aligned}$ | 1085 <br> 1677 <br> 1 |  | 823 |  | 682 |  |  | ${ }_{196}^{198}$ | $\begin{aligned} & 341 \\ & 3424 \end{aligned}$ |  |  |  |

[^31]48 Ministry of Supply
－Not available
－Ships of 100 tons and ovor：quarterly return．From the beginning of 1948 figures of ships completed given in brackets in Col． 50
＋Great Britain only，excluding aluminium houses．In addition，157，000 temporary houses were completed in $1945-48$ ．Before 1940 ，years ending
3 months after calendar year：1940－45 Includes Scottish flgures for calendar years：after 1945，calendar years．$\$$ Provisional．$\ddagger$ Recelpts of Railways

EXTERNAL TRADE


SOURCE : Board of Trade throughout
(Board of Trade Journal and Accounts of Trade.)
$=$ Not available. $\quad(\quad)=$ Approx. only. $56-62$ and $66-73$ exclude most munitions from 1940-5. 63-65 include munitions.

* Change of classification in 1919. Italics show 1913 classification. § Eire excluded from U.K. from April, 1923 $\dagger$ The quarterly movements are interpolated for each year from the B/T import and export current price series,
$\ddagger$ Provisional f 12 chief countries only. For other notes on this table, see Bulletin, February, 1949, p. 29.

FINANCE

| $\begin{gathered} 74,76,78: \\ \text { Av. for } \\ \text { period ; } 76, \\ 79 \text { Totals; } \\ \text { 77: Av. } \\ \text { Rates } \end{gathered}$ | Yield on Govt. Securities |  |  <br> £Mn. | $\begin{aligned} & 3 士 \\ & 5 \\ & 3 \\ & 0 \\ & 0 \\ & 50 \\ & 0 \end{aligned}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |
|  | 74 | 75 | 76 | 77 | 78 | 79 |
| 1935 | $2 \cdot 46$ | $3 \cdot 03$ | 60 | 84 | $7 \cdot 4$ | - 6 |
| 1936 | $2 \cdot 45$ | $2 \cdot 99$ | 64 | 97 | $8 \cdot 2$ | 17 |
| 1937 | 2-92 | 3-32 | 53 | 108 | (9-9) | - 39 |
| 1938 | $2 \cdot 73$ | 3.27 | 55 | 100 | (9.8) | - 140 |
| 1939 | 3-30 | 3-66 | 98 | 93 | (8-5) | - 781 |
| 1940 | $2 \cdot 78$ | 3.26 | 474 | 92 | $10 \cdot 9$ | -2489 |
| 1941 | 2.47 | $\overline{2 \cdot 95}$ | 611 | 92 | $10 \cdot 6$ | -2794 |
| 1942 | $2 \cdot 32$ | 2.89 | 603 | 93 | $10 \cdot 0$ | -2894 |
| 1943 | $2 \cdot 45$ | 3.03 | 722 | 97 | $10 \cdot 6$ | -2827 |
| 1944 | $2 \cdot 37$ | 3.02 | 710 | 101 | $11 \cdot 6$ | -2910 |
| 1945 | $2 \cdot 44$ | $2 \cdot 99$ | 651 | 109 | $11 \cdot 2$ | -2261 |
| 1946 | $2 \cdot 09$ | 2.55 | 547 | 133 | $12 \cdot 4$ | - 862 |
| 1947 | $2 \cdot 18$ | 2.67 | T13 | 168 | 15.5 | + 117 |
| 1948 | $2 \cdot 02$ | $2 \cdot 79$ | 26 | 183 | 14.6 | + 545 |
| 1949 | 1.94 | 2.83 | 61 | 191 | 14.5 | $\begin{array}{r}\text { a } \\ +\quad 364 \\ \hline\end{array}$ |
| 1950 | $2 \cdot 03$ | $2 \cdot 99$ | - 7 |  | $14 \cdot 9$ | + 472 |
| $1949-$ |  |  |  |  |  |  |
| 2nd Qr... | 1.82 | 2-60 | 14 | 189 | 13.8 | - 47 |
| 3 rd Qr. ... | 2.38 | 3.04 | - 7 | 191 | $13 \cdot 3$ | - 57 |
| 4th Qr.... | $\underline{2 \cdot 00}$ | $3 \cdot 09$ | $-12$ | 198 | $14 \cdot 9$ | - 92 |
| $1950-\mathrm{Or}$ |  |  |  |  |  |  |
| 18 Qr Qr... | 2-22 | $3 \cdot 11$ | 29 | 202 | 17-1 | + 562 |
| 2nd Qr.... | 2.09 | 2.98 | - 6 |  | $13 \cdot 4$ | - 12 |
| 3rd Qr. ... 4th Qr. | 1.98 1.80 | 3.00 $2 \cdot 89$ | -17 -13 |  | $16 \cdot 0$ $15 \cdot 1$ | $-\quad 36$ $-\quad 57$ |
| $\begin{aligned} & 1951-\mathrm{Qr} \\ & 18 \mathrm{Qr} . \end{aligned}$ | 1.76 | $\overline{3 \cdot 35}$ |  |  | 18.5 | 57 $+\quad 579$ |

PRODUCTION, CONSUMPTION, ETC.


POPULATION \& EMPLOYMENT


## INDUSTRIAL EARNINGS \& HOURS

| Last payweek of months | Earnings per week |  |  | Hours per week |  |  | Hourly <br> Earnings |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{aligned} & \text { - } 5 \\ & 0 . \\ & 0 \\ & 60 \\ & 6 \\ & 5 \\ & 5 \\ & 2 \end{aligned}$ | $\begin{aligned} & \infty \\ & \frac{0}{5} \\ & 0 \\ & 0 \\ & 0 \\ & 0 \\ & 0 \\ & \frac{1}{3} \\ & 0 \\ & 3 \end{aligned}$ | $\equiv$ | $\frac{5}{2}$ | $\begin{aligned} & \text { E } \\ & \frac{6}{6} \\ & 3 \end{aligned}$ | そ | $\frac{8}{8}$ | g d 8 8 |
|  | 8. d. per week |  |  | Hours |  |  | Index Nos. \% of Oct., 1938 |  |  |
| 1935 Oct. 1938 Oct. 1940 July 1941 July 1942 July 1943 July | 98 | 99 | 100 | 101 | 102 | 103 | 104 | 105 | 106 |
|  | 48/11 | 64/6 | 31/3 | $47 \cdot 8$ |  |  | 88 |  |  |
|  | $53 / 3$ | $69 /-$ | 32/6 | $46 \cdot 5$ | $47 \cdot 7$ | 43.5 | 100 | 100 | 100 |
|  | $69 / 2$ | 89/- | 38/11 | . . | . . | . . | . . | . . |  |
|  | $75 / 10$ | 99/5 | $43 / 11$ | * | $\cdots$ | - | $\cdots$ | $\cdots$ |  |
|  | $85 / 2$ | $111 / 5$ | $54 / 2$ |  |  |  |  |  |  |
|  | $93 / 7$ | 121/3 | 62/2 | $50 \cdot 0$ | $52 \cdot 9$ | $45 \cdot 9$ | 163 | 158 | 181 |
| 1944 Jan. | $95 / 7$ | 123/8 | 63/9 | $49 \cdot 2$ | $52 \cdot 0$ | $45 \cdot 2$ | 170 | 164 | 189 |
|  | $96 / 8$ | 124/4 | 64/3 | $48 \cdot 6$ | $51 \cdot 2$ | 44.6 | 174 | 168 | 193 |
| 1945 Jan. ${ }_{\text {July }}$ | 93/9 | 119/3 | 63/2 | $47 \cdot 0$ | 49-4 | 43-1 | 174 | 167 | 196 |
|  | $96 / 1$ | 121/4 | $63 / 2$ | $47 \cdot 4$ | $49 \cdot 7$ | $43 \cdot 3$ | 177 | 169 | 195 |
| 1946 Jan. | $92 / 7$ | 114/1 | 59/10 | $45 \cdot 8$ | $47 \cdot 4$ | $42 \cdot 3$ | 177 | 166 | 189 |
|  | 101/- | 120/9 | 65/3 | $46 \cdot 2$ | $47 \cdot 6$ | $42 \cdot 6$ | 191 | 175 | 205 |
| 1947 Apr. | 103/6 | 123/5 | 67/4 | 45-0 | 46-3 | 41.5 | 201 | 184 | 217 |
|  | 108/2 | 128/1 | 69/7 | $45 \cdot 2$ | 46-6 | 41-5 | 209 | 190 | 224 |
| 1948 Ap |  |  | 72/11 | 45-3 | $46 \cdot 5$ | $41 \cdot 6$ | 220 | 199 | 234 |
|  | 117/4 | 137/11 | 74/6 | $45 \cdot 3$ | 46.7 | $41 \cdot 6$ | 226 | 204 | 240 |
| 1949 Ap | 119/4 | 139/11 | 77/2 | $45 \cdot 3$ | $46 \cdot 6$ | 41.8 | 231 | 207 | 247 |
|  | 121/9 | 142/8 | 78/9 | $45 \cdot 4$ | $46 \cdot 8$ | 41.7 | 235 | 210 | 252 |
| 1950 Apr. | 124/1 | 145/9 | 80/6 | $45 \cdot 6$ | $47 \cdot 0$ | $41 \cdot 9$ | 239 | 214 | 257 |
|  | 128/- | 150/5 | $82 / 7$ | $46 \cdot 1$ | 47-6 | 42-0 | 243 | 218 | 262 |

SOURCES : 74-75 Bank of England, 77.78 L.C.E.S. calculations from "Economist" data. 76, 79 L.C.E.S. calculations. 80.88 Board of Trade. - Years ending 3 months after calendar year. $\quad .=$ Not available. $\dagger$ Imports only, prior to $1940 .+\dagger(77$ ) relates (approx.) to date of earning profits, (78) to date of declaring dividends. \&New serios, see footnote on p. 107, Aug., 1949. For other notes see Bulletin, Feb., 1949, p. 29-30.

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## AUGUST, 1951

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## THE ECONOMIC POSITION

17th August, 1951.

The second quarter of 1951 was a period of hesitancy. On external account, the gold and dollar reserves rose by $\$ 109 \mathrm{Mn}$. but the trade figures, showing an excess of imports c.i.f. over exports f.o.b. of $£ 318 \mathrm{Mn}$., strengthened the fear that the overall deficit this year will prove greater than the Economic Survey contemplated. Internally, there was some continuation of the rise in prices and money costs. The Ministry of Labour Interim Index of Retail Prices rose by $5 \%$ while the Board of Trade Index of Wholesale Prices rose by $2 \%$ and the Index of Wage Rates rose by about $1 \%$. The Index of Industrial Production per working day showed an increase of $1 \frac{1}{2} \%$ between the first quarter and the second, a rate only slightly less than that over the corresponding period last year. Stocks, which were severely run down during 1950, apparently rose slightly in the first half of this year. These various developments reflect the fact that, while there has been a decline in the speculative purchases which followed the outbreak of war in Korea, the pressures from actual rearmament, in this and other Western countries, are only just beginning to become effective.

World prices seem to be easing and the doubts which were entertained in some quarters regarding the possibility of our obtaining raw material imports may not materialise in the severe form which was once suggested. The picture with regard to home-produced basic materials is not
so clear. Coal production is more or less stationary, having averaged 4.3 Mn . tons per week for the second quarter- $3 \%$ above that for the comparable quarter of last year. This has enabled stocks to be built up to 12.5 Mn . tons, i.e., about 1 Mn . tons more than twelve months previously. But consumption is running at higher levels than a year ago. Steel production gives grounds for concern. In the second quarter of the year and with consumption rising, the weekly output of steel ingots and castings averaged only 311,500 tons or 7,000 tons less than in the comparable quarter of 1950. As a result, stocks of steel outside the hands of final consumers, which have been declining since last August, fell to 737,000 tons at the end of June, which is the lowest level they have touched since the beginning of 1947.

Real personal consumption of goods and services in the first quarter of 1951 fell, as usual, below the rate of the previous half-year. But it was $5 \%$ above the rate of a year ago, and this cannot continue if the rearmament programme is to be successfully completed. It is this conflict between the rearmament programme and the attempts on the part of the public to maintain their existing standard of living which contains the seeds of serious difficulty. If it becomes impossible to resolve these opposing claims on production the effects will be seen both in the internal cost-price position and in a worsening of our external accounts.

# THE SOCIAL SERVICES 

By Walter Hagenbuch

The definition of the social services is necessarily arbitrary. We could take a very wide view and include among social services not only the whole redistribution of incomes through public finance but also every bit of expenditure which yields a greater return to society as a whole than to the individual who undertakes it. This is a useful concept for economic theory, but for practical purposes it is completely unmanageable. Alternatively, we could adopt a more institutional definition and say that the social services comprise all those activities of voluntary societies or of central and local authorities which spring from motives of mutual aid and philanthropy. Again, we could limit our definition to those public services whose purpose is the avoidance or relief of poverty by the granting of benefits, in money or in kind, to individual consumers.

For this paper we shall adopt the last and narrowest definition. Much of our field is covered by the post-war "Beveridge" legislation ;* we shall, however, also include public expenditure on education, and subsidies on food, housing, milk and welfare foods, school meals and pensioners' tobacco. We shall exclude war pensions, health expenditure outside the National Health Service, "general " educational expenditure (libraries, museums, etc.), housing expenditure other than subsidies, and producer subsidies. The choice is not entirely consistent, but in general we can say that every benefit and service included in our list meets a need which the individual consumer might otherwise make some attempt to satisfy out of his own pocket, that he might thereby sink below the poverty line.

Our task will be to take stock of the social services, by examining their place in relation to the national income and to government expenditure ; by studying the trend of costs in the last few years and inquiring whether it is likely to continue ; by discussing possible ways of reducing the cost of the services ; and by suggesting the questions that call for urgent discussion at the present time.

## The National Income Problem

The significant feature of the social services in their relation to the national income is that they distribute income on the basis of assessed

[^32]needs and not on the basis of actual contributions to output. Purchasing power is transferred from the producer who has earned it to the pensioner who has not. The employed, the fit and the comparatively rich are forced to share their incomes with the unemployed, the sick and the comparatively poor. Some transfer of this kind is almost universally approved on moral and political grounds.

Now, if these transfer incomes (in cash or in kind) form only a small proportion of the total national income, no serious economic consequences will follow. The only new charge on the national resources will be the cost of administration and against this measurable cost must be set the undoubted gain in happiness and more rapid return to employment of the beneficiaries. But as the share of transfer incomes in the total national income grows, economic disadvantages appear. The relation between effort and reward becomes more nebulous, the contributors and taxpayers have less incentive to work, the beneficiaries have more incentive to waste. These tendencies are accelerated when the social services are organised on a national basis, for benefits have then to be paid according to "categories" and not necessarily according to individual needs. Sickness is a principal cause of poverty : therefore all sick people shall have free treatment. The poor consume a lot of bread: therefore bread must be subsidised. The only service now operating on the basis of individual need is the National Assistance Board. All the rest work by categories and are wasteful to the extent that they increase the proportion of the national income which is received in the form of benefits (and therefore independently of current effort) beyond the minimum necessary for the relief or avoidance of poverty.

Thus a growing proportion of transfer incomes may bring with it some loss of national real income. But it is probably the groozth rather than the actual level of social service expenditure which brings this truth home to the general public. People may come to accept a very high level of social expenditure and some loss of real national income provided that (a) the proportion remains fairly stable and (b) no other item of "unproductive" expenditure, such as armaments, increases its proportion substantially. Discussion of the social services at the present time (including the discussion in this paper) has been stimulated, not so much by the higher proportion in 1950 as
compared with 1938, as by the growing proportion up to 1949, and the more recent competition of defence expenditure.

Table 1 gives a rough picture of the changes that have occurred since 1948. Three years is a short experience, but since so much of the reorganisation dates from July, 1948, we cannot go further back. It is clear, however, that a growing proportion of the national income was going through the " social service corridor" and was subject to the influences suggested above, until the stabilisation of the food subsidies brought the proportion down.

TABLE 1*
SOCIAL SERVICES AND NATIONAL INCOME



[^33]Let us now try to look beyond these transfers of income and examine the transfers of real resources which may follow.

First, there will be a tendency to transfer resources into the consumer goods industries. The recipients of cash benefits are, in general, relatively poor and are more likely to spend the
whole of their incomes on consumer goods than the persons from whom these incomes have been transferred. In addition, that part of the demand for health and education services which would still have been effective if these services had not been free, has probably also been converted into a demand for consumer goods. These increased demands would be beneficial to the economy as a whole if there were an abundance of consumer goods, or if there were unemployed resources. In a fully employed economy, however, either real resources must be divertible from capital, export and defence production, or there will be increasing inflationary pressure. The stabilisation of food subsidies and consequent rise in food prices could relieve some of this pressure, but it would be renewed and increased by claims for higher wages and, in due course, higher social security benefits.

Secondly, there will be a tendency to transfer resources into the health and education services, simply because a free or subsidised service will be more in demand (unless there is rationing) than a service sold at a market price. Here the resources are more identifiable than in the broad field of consumer goods: they include nursing and domestic staff, specific groups of materials and equipment, and building labour and materials. But the same condition applies that they must be diverted from some other use, and the imposition of charges for certain health services is the beginning of the realisation of this problem.

Thirdly, the growing expenditure on social services probably means a growing diversion of administrative personnel, of organisers, accountants, economists and statisticians, from industry into the Civil Service and the public boards. It is difficult to assess the quantity and quality of this diversion, however, because some transfers are purely nominal (e.g., absorption of the staff of Approved Societies into the Ministry of National Insurance), and because services organised on a routine system require less skill in administration than those organised on a basis of individual needs.

We can reasonably say, therefore, that a growing proportion of social service expenditure to the national income brings a new set of claims on our real resources which must be met by higher productivity or diversion from other uses. It has been shown repeatedly in this Bulletin and elsewhere that there are many other claimants to any increase in productivity that we may expect, and many confirmed defendants of the proportions of our national income going into other uses. Though defence expenditure is only
one of these uses, it attracts most attention because, after declining to about $6 \%$ of the national income, it is increasing its proportion to about $14 \%$ over the next two years. But there is very little direct competition for real resources between social and defence expenditure. Building materials and certain skilled and professional workers are probably the only common requirements. There are important indirect reactions in the market for consumer goods, however, for here the social services increase the demand and defence expenditure reduces the supply.

## The Budgetary Problem

From the national income point of view, a growing social service expenditure must be examined in relation to the alternative uses of our real resources. From the Exchequer point of view (leaving aside for the moment the Chancellor's responsibility for general economic policy) we need only consider the alternative uses of public funds. The problem is an easier one to discuss because we need not look beyond the money value figures: the national income problem, while only measurable in money terms, called for some assessment of the real and social values which lay behind them. It is also easier because the Chancellor can finance his expenditure by borrowing: international borrowing is a more difficult business. At the same time, however, the budgetary problem is more conspicuous because the social services loom larger than they do in the national income, because they compete for revenue directly with defence expenditure, and because they are subject to keen political discussion.

Table 2 shows the changes in Central Government expenditure on the social services since 1948 and the estimates for the current financial year. Employers' and employees' contributions to the National Insurance Funds are of course excluded, as are also Local Authority expenditure, out of rates, on education and subsidies ; and health expenditure is reduced by the "appropriations in aid " received from consumers and from the National Insurance Fund. The trend up to 1950/51 is quite clear. Social expenditure was a growing part of the budget and, if 1951/52 had been a normal year, would probably have increased its share to over $40 \%$ of total expenditure. The largest item, food subsidies, was declining in relative importance by its stabilisation at $£ 400 \mathrm{Mn}$. The health service, after a spectacular increase, is now to be stabilised, if possible, at a similar level.

The pattern has now been disturbed by the increase in defence expenditure, as is shown in

TABLE 2
CENTRAL GOVERNMENT EXPENDITURE ON THE SOCIAL SERVICES

|  | 1948/49 | 1949/50 | 1950/51 | 1951/52 |
| :---: | :---: | :---: | :---: | :---: |
|  | \& Mn. |  |  |  |
| Social Security Benefits: |  |  |  |  |
| Social Insurance ... | 146 | 147 | 152 | 155 |
| National Assistance... | 30 | 56 | 55 | 69 |
| Pensions ... Family Allowances | 28 | 28 | 25 | 24 |
|  | 59 | 60 | 62 | 63 |
| Total Benefits | 263 | 291 | 294 | 311 |
| National Health Service | 201 | 345 | 377 | 381 |
| Education <br> Subuidies* | 163 | 187 | 193 | 204 |
| Food ... | 320 | 410 | 400 | 403 |
| Housing | 30 | 33 | 35 | 37 |
| Other | 43 | 45 | 47 | 49 |
| Total Subsidies | 393 | 488 | 482 | 489 |
| Total Social Expenditure Total Budget Expenditure $\qquad$ | 1,020 | 1,311 | 1,346 | 1,385 |
|  | 2,976 | 3,308 | 3,455 | 4,197 |
|  |  | \% of Total Budget |  |  |
| Social Security BenefitsNational Health Service | 8.8 | 8.8 | 8.5 | $7 \cdot 4$ |
|  | $6 \cdot 8$ | 10.4 | 11.0 | $9 \cdot 1$ |
| Education . | $5 \cdot 5$ | $5 \cdot 7$ | 5-6 | $4 \cdot 9$ |
| Subsidies ... .. | 13-2 | 14.7 | $13-9$ | $11 \cdot 6$ |
| Total Social Expenditure | 34-3 | $39 \cdot 6$ | 39-0 | 33-0 |

*Costs of " Milk and Welfare Schemes " are here included in food subsidies. In Table I they are included in "Other Subsidies."

Sources : Financial Statement; National Health Service Accounts ; Ministry of Education Estimates; Civil Estimates.

Table 3. Until the current financial year the social services were by far the largest item in the budget, and defence expenditure accounted for a much smaller and a falling proportion of the whole. There might have developed a fairly stable situation in which defence would absorb

TABLE 3
CENTRAL GOVERNMENT EXPENDITURE

|  |  | 1948/49 | 1949/50 | 1950/51 | 1951/52 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | £ Mn. |  |  |  |
| Defence |  | 693 | 760 | 780 | 1,417* |
| Social Services ... | ... | 1,020 | 1,311 | 1,346 | 1,385 |
| National Debt ... | ... | 500 | 485 | 490 | 535 |
| Other Expenditure $\dagger$ | ... | 763 | 752 | 839 | 860 |
| Total ... | ... | 2,976 | 3,308 | 3,455 | 4,197 |
|  |  | Percentages of Total |  |  |  |
| Defence ... | ... | 23-3 | 23.0 | $22 \cdot 6$ | $33 \cdot 8$ |
| Social Services ... |  | $34 \cdot 3$ | $39 \cdot 6$ | $39 \cdot 0$ | $33 \cdot 0$ |
| National Debt ... | ... | 16.8 | 14.7 | $14 \cdot 2$ | $12 \cdot 7$ |
| Other Expenditure | ... | $25 \cdot 6$ | $22 \cdot 7$ | $24 \cdot 2$ | $20 \cdot 5$ |
| Total ... | ... | $100 \cdot 0$ | 100.0 | 100.0 | 100.0 |

[^34]one-fifth, and the social services two-fifths, of Government expenditure. On this showing it is therefore reasonable to look to the social services for economies to assist an increased programme of defence expenditure over the next two years. In the current financial year the absolute cost of the social services has risen, but its share of the budget is now only one-third, and is equalled by that of defence, if we include in the latter the "reserves" of $£ 303 \mathrm{Mn}$. for strategic stocks and higher costs.

From the budgetary point of view there is nothing more to say. An increase in defence expenditure must mean either (a) a cut in other expenditure, half of which is on the social services, or (b) further taxation, or (c) finance by borrowing. But clearly the decision cannot be made purely from the budgetary point of view. We are thrown back to the economy as a whole and the use of real resources.

The real task is so to cut budget expenditure on the social services that resources are released for rearmament, either directly or through a reduction in demand for consumer goods; so to impose further taxation that it will curb consumer demand but not weaken incentive and reduce productivity; so to arrange increased government borrowing that it will discourage some forms of private investment but not others. And above all hovers the danger of inflation, for rearmament in a fully employed economy implies more spending power and fewer goods to buy. The narrow budgetary problem is interesting and must be wisely solved, but it is subordinate to these wider issues for which the Chancellor is also responsible.

## The Planning Problem

Let us now look at the social services from the point of view of the administrator whose task is to estimate future costs. We are not now concerned with such long-term problems as the cost of pensions in 1970. These have been discussed elsewhere ${ }^{\star}$ and any new estimates would be just as speculative as the old. Of more immediate interest is a comparison of the war-time and post-war estimates with the actual costs since 1948, for there are clear lessons to be learnt from this exercise and clear indications of the probable trend of costs in the next year or two. In this section we shall omit education and subsidies and discuss only the services included in Beveridge's "Social Security Budget".

[^35]At the time when it was decided to set up a comprehensive system of social services, there were three authoritative estimates available. The first two were those of the Government Actuary in the Appendix to the Beveridge Report of November 1942 (Cmd. 6404) and in the White Paper of September 1944 (Cmd. 6550-1). Both estimates related to 1945 on the assumption that the relevant Acts would come into force in that year. The third estimate was made by Mr. Kaldor in his Appendix to Beveridge's Full Employment in a Free Society in June 1944. His figures related to 1948.

Table 4 shows these estimates against the actual costs in 1948 and 1950. The differences between the estimated and the actual figures can be accounted for in three ways: (1) changes in the scope of the services, for which the estimators cannot be blamed ; (2) changes in general economic conditions, particularly in regard to prices

TABLE 4
INCOME AND EXPENDITURE ACCOUNT FOR SOCIAL SECURITY


[^36]and employment, which the estimators could not foresee but which should at least make them humble ; and (3) sheer wrong estimates, the result perhaps of lack of statistical information, but equally humiliating.

We need not trouble ourselves about detailed differences between the proposed and the actual schemes in respect of particular rates of contribution and benefit, and of the division of the total contributions among insured persons, employers and the Exchequer. The only important difference under this heading is that Beveridge and Kaldor both assumed that family allowances would be paid for all children, while the White Paper and the actual scheme omitted the first child.

Three facts stand out unmistakably in this table:
(1) The level of unemployment has been very much lower than was expected. As a result the National Insurance Fund has benefited on both sides: income from contributions has been higher, expenditure on unemployment benefit lower, and the Fund has shown a considerable annual surplus.
(2) The rise in prices has been much greater than was assumed. The initial pension rates had therefore to be higher and National Assistance payments have been greater than was estimated.
(3) The cost of the National Health Service has exceeded the estimates by about $150 \%$.
The unemployment story is well known. Lord Beveridge and the Government Actuary were instructed to assume $8 \frac{1}{2} \%$ of unemployment once the post-war transition period was ended. The instruction reflected pre-war experience and a tradition of caution going back to 1911 and based on the fact that the incidence of unemployment, unlike that of sickness, accident and old age, cannot be forecast by statistical techniques.
Mr. Kaldor had more faith in the Government's employment policy than the Government itself and assumed $3 \%$ of unemployment. In fact we have enjoyed around $1.5 \%$. We have thus saved, according to a recent estimate by the Government Actuary, about $£ 80 \mathrm{Mn}$. in unemployment benefits and a further $£ 30 \mathrm{Mn}$. in higher contributions. (The rest of the difference in our table between estimated and actual income from employers' and insured persons' contributions is due partly to an unforeseen increase in number of people in the "employed" class, where contributions are higher, as opposed to the "self-employed "; and partly to changes in the proportion of Exchequer to other contributions in the actual as compared with the proposed scheme.)

The price-level story is equally well known. Lord Beveridge assumed that post-war prices would be $25 \%$ above pre-war; Mr. Kaldor $33 \frac{1}{3} \%$. Both hoped that we should enjoy stability of prices but implied that a higher price-level would mean a corresponding adjustment of contributions and benefits. In fact retail prices, as shown in this Bulletin, were $48 \%$ above the level of 1938 in 1945, $73 \%$ in 1948 and $84 \%$ in 1950 ; and whereas price increases are automatic, changes in social security rates require an Act of Parliament.*

The result has been increasing pressure on the only flexible part of the whole system, namely the National Assistance Board, whose reports show a growing demand for supplementation of benefits to meet the rising cost of living. Belatedly the pensioners, who if not highly organised have at least an exceptionally sensitive public opinion working on their behalf, have obtained an increase in benefits. We can only guess at the condition of those whose benefits are not supplemented by the National Assistance Board or by private savings ; but it can certainly not be described as a condition of social security.

TABLE 5
MAIN HEADS OF CURRENT EXPENDITURE IN THE NATIONAL HEALTH SERVICE ( $£ \mathrm{Mn}$.)

|  | $1948 / 49$ | $1949 / 50$ | $1950 / 51$ | $1951 /$ |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: |
|  |  |  |  |  |  |  |

The enormous increase in the cost of the Health Service can be explained by a study of Table 5, which shows the cost estimated, year by year, and the actual cost of the principal branches of the Service. The figures are those which appear in the Civil Estimates published at the beginning of each financial year. The estimated costs for 1948/49 were clearly based on the wartime estimates in Table 4, where the total cost of the National Health Service was put at

[^37]$£ 170 \mathrm{Mn}$. This total was derived from the slenderest of statistical information; it was the result of taking (a) the average cost of prescriptions under the Health Insurance Scheme, (b) the average cost per bed of hospital services taken over by the Government during the war, and (c) the average income of a doctor; and making a guess at the multiplication factor necessary to cover these services under a comprehensive national scheme.

The lack of statistical data is, however, only half the story. No one could have foreseen the enormous latent demand for medical and allied services which has become effective since the introduction of a free service. For the hospitals the result is an acute shortage of accommodation and a marked increase since 1948 in the cost of salaries and wages. In three years the costs of medical, nursing and domestic staff have risen from about $50 \%$ to about $60 \%$ of total hospital costs. The general practitioners have been unfortunate : their remuneration was based on a fixed fee per patient, irrespective of the amount of medical attention required. The intention was to encourage efficiency by giving the better doctors opportunity of increasing their salaries by acquiring more patients. The cost of medical services has therefore increased only in proportion to the number of patients, and the higher demand for service per patient is working itself out in crowded surgeries and less thorough medical attention. The dentists have fared much better : their charges vary according to the work done, and while they too have long queues, efficiency is fully rewarded. Thus, when the doctor does more prescribing per patient, the higher cost goes into the pharmacist's account (after a considerable time lag). When the dentist or the ophthalmist prescribe more, they share the benefit with the manufacturers of false teeth and spectacles.

If we now look again at Tables 4 and 5 we can extend our analysis of recent trends to show what is likely to happen, other things being equal, in the next few years.

In the social insurance field, we cannot escape a rise in the cost of pensions. There are many signs that old people are extending their working life, not, we suggest, attracted by the prospect of a few extra shillings of benefit, but repelled by the rising cost of living. Nevertheless, the number of pensioners will grow and the total cost of pensions will increase on this account by about $£ 15-20 \mathrm{Mn}$. each year in addition to the initial increase of about $£ 40 \mathrm{Mn}$. a year which results from the recent rise in pension rates. Other social security benefits are not likely to rise unless (a) there is an unexpected increase
in unemployment or (b) the rise in prices makes an increase in benefit rates inevitable. The latter is highly probable, and its growing urgency will correspond to an increase in supplementary payments through the National Assistance Board. We need not assume, however, that the Exchequer will have to find all the money for these increases. If benefits are raised, there is a case for raising contributions also; and the National Insurance Fund has a reserve of $£ 1,100$ Mn . which is supposedly being held for the payment of unemployment benefit in the next slump but may be raided to meet the costs of the boom. An interesting sidelight on this situation is a recent instruction from the Government that, for the purpose of calculation, the Ministry of National Insurance may now assume a long-term average of $4 \%$ unemployment in place of the $8 \frac{1}{2} \%$ stipulated in 1946.

Turning to the Health Service, it is clear from the few figures in Table 5 that costs are flattening out and might have settled at about $£ 450 \mathrm{Mn}$. a year even if the Chancellor had not adopted a deliberate policy of limiting the total cost and only allowing increases in one branch if they can be matched by economies in another. Here again we must qualify our estimate by saying that a continuing rise in prices would increase hospital maintenance costs, the cost of pharmaceutical and dental materials, and in due course the wages and salaries which bulk so large in the Health Service account.

The stabilisation of food subsidies and a glance at the education estimates confirm our view that, other things being equal, the total cost of the social services is settling down at about $£ 1,800$ Mn . But of course other things are not equalon the one hand, we have the pressure of rising prices and, on the other, the pressure of defence production which, directly or indirectly, may call for economies in social expenditure.

## The Economy Problem

If we have to economise, how should it be done ?

It is impossible for an outsider to decide to what extent the administration of the social services is inefficient. Popular discussion of the subject reveals a host of stories of cumbersome machinery, unnecessary paper-work, willing officials powerless to act and powerful officials unwilling to move. We can only hope that the experts in administration may be given authority and wisdom to find out whether or not the particular stories are a sample of the whole, and to apply the appropriate remedies.

There is, however, one fundamental principle, mentioned earlier, which could be profitably discussed. The original purpose of the social services was the avoidance and relief of poverty. They have now been generalised into a system of flat rates of contribution and benefit which apply to rich and poor alike. On administrative, political and psychological grounds the case for a generalised system of flat rates is very strong, but if a cut in the cost of the services is essential, there is an obvious field for economy by application of higher contributions and lower benefits to those who would not thereby suffer poverty. To the extent that the social services are financed out of progressive taxation, this principle already applies. It applies also in the adjustment of certain pensions if income is earned, in the imposition of charges for certain health benefits and, inversely, in the payments of the National Assistance Board. The danger of the principle is that if applied individually it will amount to a means test. It must therefore be applied categorically, in categories that exclude, if possible, the people with lower incomes and greater needs.

We can only mention briefly a few possible applications. First, there is a case for increasing the standard rate of contribution for insured persons on the ground that it is a comparatively small item in weekly expenditure and that the unemployed and the sick, who are most in danger of poverty, would not pay it. Secondly, there is a case for further reduction of subsidies, not so much on food as on housing, meals in schools and canteens, and some welfare services. Thirdly, there is a case for further charges in the Health Service, particularly for services which, like the provision of false teeth, are non-recurring and, in a curious sort of way, "worth saving up for ". Fourthly, it would be reasonable to make a " board and lodging " charge to hospital patients and a nominal charge for the use of ambulances, attendance at welfare clinics and possibly some of the educational services other than schools now provided at considerable cost by local authorities. There is in fact a general need for more enquiry into the possibility of making nominal charges for social services. Their importance lies less in their yield of revenue than in the reminder which they would give to consumers on each
occasion that social services are costly in money and materials. If they have a slight deterrent effect and prevent the thoughtless use of social services, the efficiency of the services will be increased and their demand on real resources reduced, marginally perhaps, but nevertheless significantly.

## Conclusion

The Beveridge Report said that the object of a comprehensive system of social services was to secure freedom from want. .That freedom has been secured and there is very little, if any "primary" poverty in Britain today. The fear of insecurity, however, is still with us. The greatest threat to our social security is not the danger of a cut in the social services; it is the rise in prices. And yet, if we could, by any means in our power, so restrict consumption and investment that inflationary pressure were removed, there would probably be some increase in unemployment. Is there a fundamental dilemma here ? Must we, financially, choose between a heavy burden of unemployment benefits and a heavy burden of rising costs, and, psychologically, choose between fear of unemployment and fear of inflation ? Until recently there was hope, among some economists, that we could find a middle way by removing just enough inflationary pressure to give us price stability without causing a rise in unemployment beyond the level at which the number of idle men would equal the number of vacant jobs. Their hopes were vain because those in authority could not bring themselves to enforce any particular cut and feared a rise in prices less than they feared a rise in unemployment.

Now, the fear of another kind of insecurity has brought the imposition of a heavy defence programme on an economy already over-fully employed. The choice is more grim than ever : an inflation that at any time may get out of hand and leave us freedom but no security; a hurried return to the régime of rationing and controls, with security but no freedom; or a supreme effort to cut consumption and investment and social services with the minimum of controls. The last is the hardest way and may not be possible. But if it were, it might bring us both freedom and security, not brimming over, but in fairly good measure.

# THE REAL PRODUCT OF THE UNITED KINGDOM, 1946-1950 

By C. F. Carter

In an article in this Bulletin a year ago (August 1950, p. 79) Mr. W. B. Reddaway gave some provisional results of calculations of the real product of the United Kingdom, made at the Department of Applied Economics, Cambridge. During the past year, a great deal of new information has become available ; the whole work has therefore been revised, many improvements and additions have been made, and provisional figures for the year 1950 have been added.

The index numbers presented in Tables A and $B$ below are estimates of the movement of the 'value added ' by various industries, when the input and output of those industries are valued
at 1948 prices. This 'value added' is inclusive of depreciation ; it is therefore 'gross product', in the sense adopted in Table 1 of the National Income White Paper,* but it also approximates to ' net output', as defined for the Census of Production. The words "net" and "gross" are now so over-worked that it is, perhaps, safer to avoid them. The total index relates to the value added by the whole productive process of the United Kingdom-by the farmers, miners, factory workers, engine-drivers, solicitors, hairdressers, soldiers, civil servants, shopkeepers, bookmakers,

[^38]INDEX NUMBERS OF THE REAL PRODUCT OF THE UNITED KINGDOM

| S.I.C. Orders most nearly corresponding | Type of Activity | Weight per 1,000 | 1946 | 1947 | 1948 | 1949 | 1950 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 3 to 16 | Manufacturing (see table B) | 358 | 87 | 91 | 100 | 107 | 115 |
| 1 | Agriculture, Forestry, Fishing, etc. ... ... | 57 | 90 | 91 | 100 | 106 | 97 |
| $\stackrel{2}{7}$ | Mining and Quarrying ... ... ... ... | 38 | 91 | 94 | 100 | 103 | 104 |
| 17 | Building and Contracting ... ... ... | 63 | 84 | 92 | 100 | 109 | 111 |
| 18 | Gas, Electricity and Water | 22 | 91 | 94 | 100 | 104 | 111 |
| 19 | Transport and Communication ... .. | 103 | 93 | 96 | 100 | 104 | 107 |
| 20 | Distributive Trades ... .... ... ... | 124 | 90 | 96 | 100 | 105 | 110 |
| 21 | Insurance, Banking and Finance (incl. house ownership) | 63 | 96 | 100 | 100 | 101 | 103 |
|  | Defence Services | 32 | 212 | 134 | 100 | 95 | 94 |
| $\begin{aligned} & 22 \text { (part) } \\ & 23 \end{aligned}$ | Public Administration ... <br> Professional Services (incl. Health and | 33 | 91 | 97 | 100 | 104 | 105 |
| 24 | Education) ........... . | 52 | 91 | 95 | 100 | 105 | 108 |
|  | Miscellaneous Services ... | 64 | 94 | 97 | 100 | 97 | 96 |
|  | Less Unallocated Input of Banking Services |  | 81 | 102 | 100 | 98 | 101 |
|  | Real Product of the U.K. ... | 1,000 | 94 | 95 | 100 | 105 | 108 |

TABLE B
DETAILS OF THE INDEX FOR MANUFACTURING

| S.I.C. Order most nearly corresponding | Type of Activity | Weight per 1,000 in total index | 1946 | 1947 | 1948 | 1949 | 1950 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 3 | Treatment of Non-metalliferous Mining |  |  |  |  |  |  |
| 4 (part) | Products, not coal ${ }_{\text {Chemicals and Allied Trades* }}$ * | 14 | 78 | 88 | 100 | 106 | 109 |
| 5 (part) | Metal Manufacture $\ldots$... | 29 | 86 84 | 89 90 | 100 | 108 | 122 |
| 6 (part) | Engineering, Shipbuilding, Electrical |  |  |  | 0 | 104 | 110 |
| 7 (part) | Vehicles* ${ }^{\text {* }}$. | 72 | 79 | 88 | 100 | 105 | 112 |
| 8 | Metal Goods, not elsewhere specified ... | 20 | 82 90 | 93 98 | 100 | 113 | 128 |
| 10 | Precision Instruments, Jewellery | 6 | 90 | 100 | 100 | 109 | 113 |
| 11 | , Leather, Leather Goods, Fur | 40 | 80 | 85 | 100 | 107 | 117 |
| 12 | ' Clothing Leather Goods, Fur | 4 | 91 | 101 | 100 | 98 | 98 |
| 13 | Food, Drink, Tobacco | 44 | 90 | 96 | 100 | 108 | 111 |
| 14 15 | Manufactures of Wood and Cork | 11 | 95 | 97 | 100 | 102 | 103 |
| 15 | Paper and Printing .... | 20 | 90 | 91 96 | 100 | 113 | 119 |
| 4, 6, 7 (part) | Other Manufacturing Industries... Munitions ... ... | 11 | 67 | 79 | 100 | 103 | 113 |
| 3 to 16 | Manufacturing |  |  |  |  |  |  |
|  | Manufacturing Industries | 358 | 87 | 91 | 100 | 107 | 115 |

[^39]builders, bankers and so on, working on the natural resources of the Kingdom and on goods brought here from overseas. There are no moral judgments or calculations of 'social value' embodied in the index; the valuations are those actually set by the market in 1948, subject only to the setting of a hypothetical value on services which-are not produced for sale. The numerous conceptual problems involved have been discussed elsewhere ${ }^{\star}$, and no major changes of principle have been made in this revision.

The area covered by the whole index is the United Kingdom, together with the armed forces and diplomatic or other Government services overseas. An enterprise, such as an oil company, which operates overseas therefore appears in principle only in relation to its head office staff in the U.K. Foreign armed forces and diplomatic personnel in the U.K. are omitted. Unfortunately, the National Income White Paper has defined the term 'domestic product ' to include the earnings of British oil and insurance firms overseas. Nevertheless a rough comparison can be made between the two series, and used to derive an implied price movement. This price index (which must be regarded as very approximate) is a measure of the British element in prices-free from the effect of subsidies and taxes and also from the influence of imported materials. The flattening out of the movement during the period of wage restraint is very obvious :

|  | 1946 | 1947 | 1948 | 1949 | 1950 |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Real product of the U.K. <br> (£Mn., 1948 prices) | 9,956 | 10,090 | 10,622 | 11,124 | 11,515 |
| Gross domestic product at <br> factor cost, excl. stock <br> apprecn. (£ Mn., curront |  |  |  |  |  |
| prices) $\ldots .$. <br> Implied price index <br> (1948 100 ) $\ldots$ | $\ldots$ | 8,970 | 9,663 | 10,653 | 11,426 | 111,896

What changes in productivity are implied ? A comparison between real output and numbers employed is a hazardous enterprise, especially if workers are moving into industries where the value of their product will be markedly different from that in their previous employment. This effect is very clear if comparisons are made including the Forces, as was shown in the article

[^40]last August (p. 80). If we exclude the defence services, the comparison runs as follows :

|  | 1946 | 1947 | 1948 | 1949 | 1950 |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Real product $(1948=100)$ | 90 | 94 | 100 | 105 | 109 |
| Numbers employed <br> (1948 $=100)$ <br> Real product $\ldots \ldots$. <br> employed $(1948=100)$ | 91 | 98 | 100 | 101 | 102 |

The numbers employed are recorded for June of each year ; the product index for 1947 was depressed by the fuel crisis, and this explains the apparent drop in productivity between 1946 and 1947. The figures confirm the impression that the British economy 'turned the corner ' in 1948, and that most post-war gains in productivity have been since that year.

It is naturally tempting to enquire what the increase in real product has meant in terms of welfare. To obtain a first approximation to this, we must allow for the fact that a part of the product is exported, and exchanged for an equal value (at current prices) of imports. When these exports and imports are each valued at 1948 prices, a divergence will appear, representing the adjustment needed for changing terms of trade. Furthermore, some additional imports are paid for from the U.K.'s net income from abroad, which we have valued at 1948 import prices. The adjustments run as follows, though they can only be approximate :

| £ Mn., 1948 prices |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1946 | 1947 | 1948 | 1949 | 1950 |
| Real product of the U.K. | 9,956 | 10,090 | 10,622 | 11,124 | 11,515 |
| Adjustment for :- ... |  |  |  |  |  |
| Terms of trade Net income from abroad* | $\begin{array}{r} 100 \\ 70 \end{array}$ | 9 | I | -27 | -176 65 |
| Real national income ${ }^{+}$ | 10,126 | 10,097 | 10,621 | 11,149 | 11,434 |
| Index of real national income ... | 95 | 95 | 100 | 105 | 108 |

* From Cmd. 8023; it excludes (though it should, for our purpose, include) overseas oil and insurance earnings.
$t$ Including depreciation.
The unfavourable movement of the terms of trade has therefore slightly lessened the increase in the flow of goods and services actually available to the U.K. But if we enquire how this flow is related to the welfare of the people, we meet very difficult problems. Consumer choice has widened, and rationing schemes have become fewer ; in the earlier years there was a sharp fall in the income being devoted to defence, and a corresponding rise in that available for purposes which give a positive sensation of welfare. The effect of deducting the expenditure on defence is as follows :-

| $£ \mathrm{Mn}, \mathrm{1} 1948$ prices |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1946 | 1947 | 1948 | 1949 | 1950 |
| Real national income and depreciation. | 10,126 | 10,097 | 10,621 | 11,149 | 11,434 |
| Total defence expenditure (allowing for sales of surplus stores) ... about | 2,050 | 950 | 750 | 750 | 775 |
| Available for other purposes <br> Index of amount available | 8,076 82 | 9,147 93 | 9,871 100 | 10,399 105 | 10,659 108 |
| Per head of population, 1948 prices | £165 | £182 | £197 | £206 | $£ 210$ |

We had hoped to be able by now to give the results of an attempt to extend our estimates of real product to a pre-war year. The amount of research required, however, has prevented the completion of this task; but it is possible to make some plausible guesses about the range in which the figures are likely to lie. The results are as follows, the year taken being the pre-war peak year of 1937 :

|  | 1937 | 1948 | 1950 |
| :---: | :---: | :---: | :---: |
| Index of real product | (85-90) | 100 | 109 |
| Index of real national income ... | (90-95) | 100 | 108 |
| Index of real national income, less defence expenditure | (92-97) | 100 | 108 |
| Ditto per head of population ... | (97-103) | 100 | 107 |

Rough guesses as these figures are, they illustrate very clearly the likely effect of four factorsthe fall in net income from abroad, the adverse movement of the terms of trade, the rise in defence expenditure, and the rise in populationin 'absorbing ' most or all of the increase in real product up to 1948.

The details of the index by Orders of the Standard Industrial Classification are shown in Tables A and B ; but it will be recalled that we have diverged from the S.I.C. in many respects, the most important being (a) that Transport includes the product of C -licence vehicles, which would
normally be classified according to the business of their owners : (b) that weights for services to business, such as accountancy or the work of employment exchanges, are deemed to be transferred ${ }^{\star}$ to the business using the services, the corresponding output being reflected in the final output of those businesses. Thus, although the weights have been revised to take account of the preliminary results of the 1948 Census of Production and the estimates in the latest National Income White Paper, they will not be found to agree precisely with either.

It must be remembered that these annual calculations embody data which cannot be used for a monthly index. In the industrial field, comparisons with the CSO and LCES indices (such as were made in this Bulletin for November 1950, p.120) shows that the extra information often tends to damp down the movement, so that, to some small extent, the monthly indices may have been showing too steep a rise. Although much new information has been used (notably, e.g., for drugs and medicines), there are still sections of the index which should be capable of great improvement in future years. Order 24, for instance, depends more heavily than we should like on White Paper estimates of consumer expenditure, which (in this difficult field) are subject to much uncertainty.

The figures for 1950 show the severe fall in the value added by agriculture, forestry, fishing, etc. No rise is recorded for defence services, for the effects of the Korean war and of rearmament decisions will not appear until 1951 and later years. The continued decline in ' miscellaneous services' is the consequence of lower expenditure on domestic service; but 'professional services' have continued their rise, impelled by the development of the health service and the crowded state of the schools.

[^41]
## COST COMPONENTS OF WOOL SUITS

By A. P. Zentler and Joan Gherson*

A good deal of comment has circulated in the last six months on the relation between the rise in wool prices and the increase it would generate in the cost of clothing. The estimates given below were prepared with a view to putting the discussion on a more solid foundation. The methods used are described at the end of this note.

[^42]Although Utility men's and women's suits were our main concern the figures apply to most outer garments and give a rough idea of the effect changes in wool prices have on finished wool textiles in general ; the analysis has also yielded data on semi-manufactures (tops, yarns, cloth). The effect of increases in the cost of wool on the price of non-Utility garments is naturally even less marked than for Utility clothes.

It will be seen from from the main table that even if the price of wool doubles, the retail price of
suits should not go up by more than $18-27 \%$, i.e., roughly by a quarter. This is because wool represents only about $7-14 \%$ of the retail price of a suit, the remaining, say $90 \%$, being taken up by processing costs and manufacturers' profits (roughly $60 \%$ ) and by wholesale and retail margins (roughly $30 \%$ ). Any talk of wool clothing prices doubling or trebling as the result of post-devaluation increases in the cost of wool is, therefore, widely off the mark-even if wool were to remain as dear as it was last March, which does not appear likely in the light of recent developments.

At least one step in the analysis, namely our treatment of distributors' margins and manufacturers' profits, needs clarifying. We have throughout assumed that distributors' percentage gross margins (per unit) and manufacturers' percentage net profits (per unit) remain the same when the price of clothing goes up. It may well be asked whether this is consistent with the policy of keeping distributors' and manufacturers' absolute total net profits constant. It is clear that keeping distributors' absolute margins constant would be wrong. Except in the case of zero price elasticity for clothing demand, total gross and net

ANALYSIS OF UTILITY SUIT COSTS (End 1950)
MEN'S SUITS (WORSTED)

|  |  |  | 209F/2 Suit |  |  | 209A Suit |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | After increase in price of wool of : |  |  | After increase in price of wool of : |  |
|  |  |  |  | 60\% | 100\% |  | 60\% | 100\% |
| Cost of wool ... ... Processing and net profits | $\ldots$ | $\ldots$ | $\begin{gathered} 18 / 9 \\ (13.8 \%) \\ 3 / 5 \end{gathered}$ | $\begin{gathered} 30 \% \\ (18.9 \%) \\ 3 / 11 \end{gathered}$ | $\begin{gathered} 37 / 6 \\ (21.5 \%) \\ 4 / 4 \end{gathered}$ | $\begin{gathered} 26 / 10 \\ (11 \%) \\ 4 / 3 \end{gathered}$ | $\begin{gathered} 42 / 11 \\ (15.8 \%) \\ 5 / \end{gathered}$ | $\begin{gathered} 53 / 8 \\ (18.2 \%) \\ 5 / 7 \end{gathered}$ |
| Factory cost of tops ... Processing and net profits | $\ldots$ | $\cdots$ | $\begin{array}{r} 22 / 2 \\ 6 / 2 \end{array}$ | $33 / 11$ $6 / 9$ | $41 / 10$ $7 / 2$ | $31 / 1$ $16 / 11$ | $47 / 11$ $17 / 9$ | $\begin{aligned} & 59 / 3 \\ & 18 / 4 \end{aligned}$ |
| Factory cost of yarn ... | $\cdots$ | $\cdots$ | 28/4 | 40/8 | 49/. | 48/- | $65 / 8$ | 77/7 |
| Wholesale cost of yarn Processing and net profits | $\ldots$ | $\ldots$ | $\begin{aligned} & 32 / 5 \\ & 14 / 10 \end{aligned}$ | $46 / 6$ $15 / 7$ | $\begin{aligned} & 56 /- \\ & 16 /- \end{aligned}$ | $\begin{aligned} & 56 / 9 \\ & 27 / 5 \end{aligned}$ | $77 / 8$ $28 / 6$ | $\begin{aligned} & 91 / 9 \\ & 29 / 2 \end{aligned}$ |
| Factory cost of cloth | $\cdots$ | $\cdots$ | 47/3 | 62/1 | 72/- | 84/2 | 106/2 | 120/11 |
| Wholesale cost of cloth Processing and net profits | $\ldots$ | $\ldots$ | $\begin{aligned} & 54 / 11 \\ & 50 / 1 \end{aligned}$ | $\begin{aligned} & 72 / 2 \\ & 50 / 11 \end{aligned}$ | $\begin{aligned} & 83 / 9 \\ & 51 / 6 \end{aligned}$ | $\begin{aligned} & 97 / 10 \\ & 85 / 11 \end{aligned}$ | $123 / 5$ $87 / 2$ | $\begin{array}{r} 1407 \\ 88 / 1 \end{array}$ |
| Factory price of suit ... | $\cdots$ | *. | 105/. | 123/1 | 135/3 | 183/9 | 210/7 | 228/8 |
| Retail price of suit ... Increase \% ... | $\ldots$ | $\ldots$ | 135/6 | $\begin{gathered} 158 / 10 \\ 17 \cdot 2 \% \\ \hline \end{gathered}$ | $\begin{gathered} 174 / 6 \\ 28.8 \% \\ \hline \end{gathered}$ | 237/1 | $\begin{gathered} 271 / 9 \\ 14.6 \% \end{gathered}$ | $\begin{aligned} & 295 / 1 \\ & 24 \cdot 5 \% \\ & \hline \end{aligned}$ |

WOMEN'S SUITS (WOOLLEN)

|  |  |  | 212A Suit |  |  | 206 Suit |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | After increase in price of wool of : |  |  | After increase in price of wool of : |  |
|  |  |  |  | 60\% | 100\% |  | 60\% | 100\% |
| Cost of wool ... ... Processing and net profits | . | $\cdots$ | $\begin{gathered} 21 / 3 \\ (12 \cdot 7 \%) \\ 6 / 4 \end{gathered}$ | $\begin{gathered} 34 / \% \\ (17.4 \%) \\ 6 / 11 \end{gathered}$ | $\begin{gathered} 42 / 6 \\ (19 \cdot 8 \%) \\ 7 / 4 \end{gathered}$ | $\begin{gathered} 7 / 9 \\ (7.5 \%) \\ 5 / 7 \end{gathered}$ | $\begin{gathered} 12 / 5 \\ (10.8 \%) \\ 6 / 3 \end{gathered}$ | $\begin{gathered} 15 / 6 \\ (12 \cdot 7 \%) \\ 6 / 9 \end{gathered}$ |
| Factory cost of yarn ... | *. | *.. | 27/7 | 40/11 | 49/10 | 13/4 | 18/8 | 22/3 |
| Wholesale cost of yarn Processing and net profits | $\ldots$ | $\ldots$ | $\begin{gathered} 31 / 6 \\ 8 / . \end{gathered}$ | $46 / 9$ $8 / 10$ | $57 /-$ $9 / 4$ | $\begin{array}{r} 15 / 3 \\ 6 / 0 \end{array}$ | $21 / 4$ $6 / 4$ | $\begin{array}{r} 25 / 5 \\ 6 / 6 \end{array}$ |
| Factory cost of cloth | $\cdots$ | $\cdots$ | 39/6 | 55/7 | 66/4 | 21/3 | 27/8 | 31/11 |
| Wholesale cost of cloth Processing and net profits | $\ldots$ | $\ldots$ | $\begin{aligned} & 48 / 10 \\ & 77 / . \end{aligned}$ | $\begin{aligned} & 68 / 9 \\ & 78 /- \end{aligned}$ | $\begin{aligned} & 82 / . \\ & 78 / 8 \end{aligned}$ | $\begin{aligned} & 26 / 3 \\ & 51 / 6 \end{aligned}$ | $\begin{aligned} & 34 / 2 \\ & 51 / 11 \end{aligned}$ | $\begin{aligned} & 39 / 5 \\ & 52 / 2 \end{aligned}$ |
| Factory cost of suit ... | $\cdots$ | ... | 125/10 | 146/9 | 160/8 | 77/9 | 86/1 | 91/7 |
| Retail price of suit Increase \% | $\ldots$ | $\ldots$ | 167/9 | $\begin{gathered} 195 / 8 \\ 16.6 \% \\ \hline \end{gathered}$ | $\begin{aligned} & 214 / 3 \\ & 27.7 \% \\ & \hline \end{aligned}$ | 103/8 | $\begin{gathered} 114 / 9 \\ 10.7 \% \\ \hline \end{gathered}$ | $\begin{gathered} 122 / 1 \\ 17.8 \% \end{gathered}$ |

Figures in parentheses show cost of wool as a percentage of retail price
profits of distributors are bound to go down when prices increase and the absolute margin is kept constant. This assumes, of course, that for reasonably small changes in price and quantity sold, distributors' total costs remain practically unchanged. The extent to which absolute margins must be adjusted when prices rise, clearly depends on the price elasticity of the demand for clothing (other things being equal); as very little is known about today's value of this elasticity, we have not attempted to take into account this additional variable explicitly. But assuming that its value is approximately the same as in 1938 (roughly 1 according to some unpublished research at our disposal) then our treatment of margins is quite realistic. With unit elasticity total outlay is the same before and after the price increase and, with a constant percentage margin, total gross (money) profits are also unchanged. On the assumption made above about total costs there would not be an increase in total net profits either. Moreover, distributors may well argue that a fair policy should aim at keeping their real profits and not as assumed above their money profits constant. Whether distributors have a case for constant real profits in a period of inflation is of course debatable.

As regards manufacturers' total net profits, a distinction must be made between suit manufacturers and "other" manufacturers (i.e., weavers, spinners and top makers). In our model the price elasticity of demand for suits sold by manufacturers is by definition the same as for suits at the retail stage, i.e., roughly 1 . This means that their total net profits will be the same at all prices; keeping their percentage net profits per suit constant is therefore in line with the policy of constant total net profits. The position of "other" manufacturers is different in so far as the demand for wool products becomes less elastic with respect to price the nearer one gets to the raw material, i.e., it is less elastic for cloths than for suits-for yarns than for cloths, etc. As the percentage reduction in demand, in quantitative terms, is the same at all stages it follows that total net profits of " other" manufacturers will be higher after the price rise than before-comparatively highest for top makers and lowest for weavers. It must be admitted, therefore, that with respect to " other " manufacturers our model does not conform with the policy of keeping total net profits constant when prices rise. This, however, may be more realistic than the alternative. In any case our analysis does not aim at forecasting what will happen in practice to clothing prices as a result of higher wool prices. It is simply an analytical tool for studying
the effect of rises in raw material prices on the finished article. The necessary adjustments (which are a matter of opinion) for making it into a forecasting device can easily be made.

Lastly, a word about the errors to which the estimates are subject. In exercises such as this, where bricks are being built with very little straw, it would be foolish to deny that the final figures are anything more than rough approximations. A number of steps in the analysis have, however, been checked (see last paragraph of the Notes on Methods) with satisfactory results. Further work has been done in connection with the assumptions made about the periods of production (probably one of the main sources of possible errors). It is clear that the magnitude of errors, due to wrong period-of-production assumptions, depends largely on the shape of the relevant price curves. Thus, in the most favourable case, i.e., constant prices over a fairly long number of months, reasonably small errors in the assumptions made about the periods of production would not affect the results at all. Mathematical expressions for the relation between errors in the periods of production and the effect increases in raw wool prices have on the retail price of suits can be obtained comparatively easily when the shape of the price curves approximates to well known and simple mathematical curves. But the algebra involved in covering all possible situations appears to be extremely complicated. Suffice it that various experiments, carried out with the model used and the data over the relevant periods, have shown the estimates to be fairly stable. The table below illustrates the effect of given changes in the period-of-production assumptions on the relation between increased raw wool prices and the retail price of suits. In this instance it was assumed that each of the production periods selected had a bias of $20 \%$ in the same direction. One then obtains a " minimum total processing

|  | Percentage increase in retail price of suit as raw wool prices are increased by :$60 \%$ $100 \%$ |  |
| :---: | :---: | :---: |
| 209A Suit : |  |  |
| Original processing time ... | 17-2 | 28.8 |
| Minimum , | $16 \cdot 2$ | $26 \cdot 8$ |
| Maximum | $15 \cdot 7$ | $26 \cdot 5$ |
| 209F/2 Suit : " |  |  |
| Original processing time .. | $14 \cdot 6$ | $24 \cdot 5$ |
| Minimum ," | $12 \cdot 4$ | $20 \cdot 9$ |
| Maximum ,, ," | 13.2 | $22 \cdot 2$ |
| 206 Suit : " $"$ " |  |  |
| Original processing time . | 10.7 | 17.8 |
| Minimum , ", | $11 \cdot 1$ | $17 \cdot 9$ |
| Maximum ", ", | $9 \cdot 5$ | 16-1 |
| 212A Suit: |  |  |
| Original processing time ... | $16 \cdot 6$ | $27 \cdot 7$ |
| Minimum ,, ", | $17 \cdot 0$ | $28 \cdot 3$ |
| Maximum ", ", | $17 \cdot 1$ | $28 \cdot 7$ |

time," which e.g., for worsteds, is 17.2 months compared with 21.5 months in the original coststructure ; the "maximum period" is 25.8 months. Prices of wool, yarn, etc., were then collected on the basis of these new periods.

## Notes on Methods

Even had it been possible to obtain cost breakdowns from a random sample of firms, this approach would have been useless owing to the absence of uniform costing methods in the wool textile industry. The estimates presented above were obtained by working back from the controlled prices* of utility suits and cloths to the cost of yarns, tops and raw wool for each suit. Market quotations were taken for yarns, tops and raw wool prices. It will be readily seen that, at every stage of the production process, the difference between the unit price of the finished product (say yarns) and the cost of the raw material used represents processing costs plus net profits. In order to obtain raw material costs at each stage one has to make assumptions about (a) the method used by the bulk of manufacturers to cost their raw materials for pricing purposes; (b) the period of production for each main stage of manufacture ; and (c) the quantity and quality of the various raw materials used at each stage. Assumption (a) determines whether cost, market price, etc., should be used in finding out what exactly manufacturers put down in their price calculations for the cost of their raw materials; on the basis of the assumptions made below in respect of $(a),(b)$ determines which periods' prices are relevant for costing purposes ; (c) is self-explanatory.

The following assumptions were made in respect of $(a),(b)$ and $(c)$ :-
(a) It was assumed that manufacturers cost their raw materials at the average market price during the period of production of the process they perform. This was considered reasonable at a time of rising prices when manufacturers would like to cost " at replacement," but by and large use somewhat lower prices, partly owing to competition, partly because they have to produce within the ceilings imposed, directly or indirectly, by price controls.
(b) Periods of production
\(\left.\begin{array}{lll} \& \& Woollen <br>
Wool to top \& ··· . <br>

Top to yarn \& ··· .\end{array}\right\}\)| 3 months |
| :--- |
| Yarn to cloth |

## Worsted

3 months
3 months
11 months 4-5 months
(c) Rave materials used

|  |  |  | Wool \& Top | Yarn |
| :---: | :---: | :---: | :---: | :---: |
| 209A | Suit | ... | 58's | 2/24's 58's |
| 209F/2 |  |  | 60's |  |
| 212A |  |  | 64 60 | 2/48's super 64's |
| 210B/1 | " |  | 56's and |  |

It should be obvious that, strictly speaking, our cost breakdowns only apply to suits at a particular point in time-in this case suits which were being sold in the shops towards the end of 1950. If similar calculations were made for suits which the public were buying at a different time in the period during which the controlled prices were valid, the results would be a good deal different but the average cost structure over the whole period is reasonably close to that given here. $\dagger$

It was also necessary to make an explicit assumption regarding the level of profits at each stage of manufacture so as to be able to separate net profits from processing costs. This separation was imposed by our decision to keep percentage net profits (per unit) constant-when the price of wool goes up-whereas it is, of course, absolute processing costs which, for our purposes, had to be kept constant whatever the price level of the raw material used in each process. On all suits manufacturers' net profits (per unit) were assumed to be $5 \%$ at each stage.

The estimates obtained were checked in two ways: (1) the periods of production used were compared with the periods of production implicit in a similar (unpublished) survey based on actual cost breakdowns obtained from a sample of firms; (2) the relative magnitude of processing costs obtained for each suit was checked by asking technicians how, for instance, weaving costs for a low and a high quality worsted cloth would compare, etc. . . . how spinning costs for similar woollen and worsted yarns compared, etc. All these checks gave surprisingly satisfactory results and greatly strengthened confidence in the estimates.

[^43]Average weekly rate of production in $1946=100$

| Period | Rate of Production per working week |  | Rate per working day (adjusted for holidays) |  |  | $\begin{aligned} & \text { d } \\ & \text { a } \\ & \text { o. } \\ & \text { of } \\ & \text { a } \\ & \text { o } \\ & \text { o } \end{aligned}$ | $\begin{array}{r} \text { g } \\ \text { Sy } \\ \text { S. } \\ 0 \\ \cline { 1 - 2 } \end{array}$ |  |  |  |  | $\begin{aligned} & \text { y } 0 \\ & 1 \\ & H \\ & 0 \\ & 0 \\ & 0 \\ & 0.0 \\ & 0 \\ & 0 \end{aligned}$ |  | Building, Building Materials \& Furniture |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | A | B | A | B |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weight .. | 1000 | 1009 | $\ldots$ | $\ldots$ | 71 | 48 | 57 | 26 | 29 | 107 | 109 | 111 | 55 | 169 | 178 | 134 | 47 | 36 | $\ldots$ |
| Av. 1935* | 98 | 97 | ... | $\ldots$ | 142 | (123) | 76 | 47 | 108 | 76 | (84) | 94 | 69 | (153) | (138) | 87 | (127) | (90) | $\ldots$ |
| Av. $1946 \ldots$ | 100 | 100 | 104 | 104 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | $\ldots$ |
| Av. $1947 \ldots$ | 109 | 108 | 113 125 | 112 122 | 105 122 | 107 107 | 101 | 99 103 | 119 133 | 123 151 | 107 109 | 100 | 100 | 117 137 | 110 | 103 | 106 | 115 138 | $\ldots$ |
| Av. $1948 \ldots$ $A v .1949 . .$. | 121 | 118 | 125 | 122 | 122 | 1107 | 118 | 102 | 164 | 161 | 110 | 107 | 126 | 145 | 133 | 116 | 134 | 140 | $\ldots$ |
| $\begin{gathered} A v .1950 \\ 1946 \end{gathered}$ | 138 | 135 | 143 | 140 | 140 | 119 | 125 | 97 | 195 | 176 | 119 | 110 | 138 | 150 | 138 | 122 | 158 | 156 | $\cdots$ |
| 1s\% 1946 | 92 | 93 | 93 | 93 | 97 | 93 | 98 | 95 | 73 | 90 | 90 | 99 | 99 | 77 | 82 | 103 | 93 | 91 | $\ldots$ |
| 2ND Qr. | 97 | 98 | 101 | 102 | 99 | 99 | 102 | 101 | 97 | 98 | 98 | 100 | 100 | 91 | 94 | 97 | 95 | 98 | $\ldots$ |
| 3 md Or . | 99 | 99 | 108 | 108 | 98 | 101 | 96 | 98 | 101 | 97 | 100 | 97 | 98 | 110 | 108 | 91 | 97 | 100 | $\ldots$ |
| $\begin{gathered} \text { 4тн Qr. } \\ 1947 \end{gathered}$ | 111 | 110 | 114 | 113 | 106 | 107 | 105 | 106 | 128 | 115 | 113 | 104 | 103 | 122 | 115 | 107 | 115 | 112 | $\cdots$ |
| 18t Qr. ... | 97 | 97 | 98 | 97 | 91 | 95 | 93 | 95 | 92 | 107 | 96 | 92 | 89 | 91 | 88 | 109 | 100 | 101 | $\ldots$ |
| 2ND Qr. ... | 110 | 109 | 115 | 113 | 107 | 110 | 105 | 103 | 134 | 120 | 110 | 102 | 102 | 120 | 113 | 99 | 113 | 115 | $\cdots$ |
| 3rd Qr. ... | 108 | 107 | 117 | 115 | 106 | 110 | 99 109 | 95 102 | 122 | 118 | 105 | 102 | 99 112 | 124 | 116 122 | 92 111 | 104 | 114 | $\ldots$ |
| $\begin{aligned} & \text { \&TH Or. } \\ & 1948 \end{aligned}$ | 120 | 118 | 123 | 121 | 117 | 113 | 109 | 102 | 128 | 147 | 119 | 103 | 112 | 134 | 122 | 111 | 108 | 120 | $\cdots$ |
| 1st Qr. | 119 | 117 | 122 | 120 | 120 | 111 | 115 | 95 | 130 | 144 | 116 | 96 | 115 | 131 | 116 | 113 | 106 | 142 | $\ldots$ |
| 2nd Qr.... | 122 | 119 | 124 | 121 | 123 | 107 | 115 | 110 | 137 | 154 | 110 | 101 | 116 | 139 | 121 | 108 | 108 | 142 | $\ldots$ |
| 3RD Qr.... | 115 | 113 | 125 | 122 | 117 | 100 | 106 | 101 | 126 | 143 | 99 112 | 100 | 114 | 137 | 121 | 101 | 105 | 128 | $\ldots$ |
| $\begin{aligned} & \text { 4тн Qr. } \\ & 1949 \end{aligned}$ | 127 | 124 | 131 | 127 | 127 | 109 | 117 | 108 | 140 | 164 | 112 | 106 | 124 | 143 | 127 | 119 | 113 | 140 | 23 |
| JAN. | 124 | 122 | 125 | 123 | 127 | 110 | 119 |  | 162 | 158 | 107 | 97 | 124 | 133 | 120 | 122 | 123 | 140 | 231 |
| FEB. | 131 | 128 | 131 | 128 | 133 | 118 | 125 | 102 | 162 | 170 | 112 | 98 | 130 | 142 | 127 | 125 | 130 | 151 | 22 |
| MAR. | 132 | 128 | 132 | 128 | 132 | 117 | 125 |  | 164 | 167 | 111 | 101 | 131 | 144 | 128 | 125 | 133 | 147 | 25 |
| APR. | 123 | 121 | 132 | 130 | 121 | 105 | 116 |  | 149 | 160 | 104 | 105 | 122 | 137 | 125 | 111 | 128 | 131 | 231 |
| MAY | 134 | 131 | 134 | 131 | 134 | 116 | 123 | 104 | 172 | 175 | 114 | 115 | 127 | 149 | 136 | 115 | 138 | 139 | 24 |
| JUNE | 128 | 125 | 135 | 132 | 124 | 110 | 117 |  | 164 | 164 | 107 | 112 | 122 | 145 | 132 | 109 | 131 | 135 | 24 |
| JULY | 120 | 117 | 133 | 130 | 116 | 107 | 100 |  | 129 | 153 | 98 | 111 | 112 | 142 | 132 | 100 | 128 | 123 | 231 |
| AUG. | 118 | 116 | 133 | 131 | 121 | 103 | 107 | 100 | 154 | 138 | 99 | 107 | 113 | 137 | 128 | 99 | 134 | 120 | 25 |
| 8EPT. | 132 | 130 | 134 | 132 | 133 | 126 | 124 |  | 174 | 159 | 113 | 110 | 129 | 156 | 144 | 113 | 138 | 135 | 24 |
| OCT. | 137 | 134 | 137 | 134 | 139 | 130 | 123 |  | 186 | 160 | 120 | 111 | 135 | 156 | 145 | 120 | 141 | 156 | 231 |
| NOV. | 140 | 138 | 140 | 138 | 143 | 134 | 125 | 101 | 187 | 171 | 123 | 110 | 135 | 154 | 144 | 130 | 151 | 157 | 24 |
| $\begin{aligned} & \text { DEC. } \\ & 1950 \end{aligned}$ | 130 | 127 | 141 | 138 | 128 | 117 | 115 |  | 164 | 164 | 113 | 105 | 126 | 141 | 129 | 126 | 137 | 144 | 241 |
| JAN. | 134 | 131 | 135 | 133 | 139 | 117 | 122 |  | 187 | 165 | 113 | 102 | 132 | 145 | 134 | 129 | 153 | 150 | 24 |
| FEB. | 139 | 137 | 139 | 137 | 145 | 134 | 126 | 94 | 206 | 174 | 120 | 99 | 137 | 149 | 138 | 131 | 162 | 160 | 22 |
| MAR | 143 | 140 | 143 | 140 | 146 | 135 | 130 |  | 205 | 184 | 120 | 109 | 139 | 153 | 140 | 129 | 164 | 159 | 25 |
| APR. | 132 | 130 | 142 | 139 | 132 | 119 | 122 |  | 188 | 165 | 108 | 104 | 134 | 145 | 135 | 118 | 157 | 147 | $22 \frac{1}{2}$ |
| MAY | 136 | 135 | 142 | 141 | 141 | 121 | 125 | 100 | 206 | 169 | 114 | 115 | 134 | 148 | 137 | 122 | 163 | 152 | 25 |
| JUNE | 141 | 138 | 142 | 140 | 140 | 118 | 128 |  | 192 | 189 | 120 | 117 | 139 | 155 | 143 | 114 | 163 | 157 | 24 |
| JULY | 130 | 128 | 144 | 142 | 126 | 106 | 118 |  | 209 | 166 | 111 | 109 | 126 | 147 | 135 | 110 | 150 | 144 | $23 \frac{1}{1}$ |
| AUG. | 122 | 120 | 137 | 135 | 129 | 95 | 107 | 93 | 152 | 146 | 103 | 108 | 128 | 140 | 131 | 101 | 145 | 141 | 25 |
| SEPT. | 141 | 139 | 143 | 141 | 143 | 126 | 130 |  | 185 | 179 | 126 | 110 | 146 | 160 | 148 | 120 | 163 | 158 | 231 |
| OCT. | 148 | 145 | 148 | 145 | 152 | 134 | 133 |  | 216 | 190 | 134 | 118 | 142 | 159 | 146 | 126 | 160 | 172 | 24 |
| NOV. | 150 | 147 | 150 | 147 | 154 | 123 | 135 | 102 | 216 | 193 | 139 | 119 | 144 | 157 | 145 | 134 | 163 | 170 | 24 |
| $\begin{aligned} & \text { DEC. } \\ & 1951 \end{aligned}$ | 138 | 135 | 149 | 146 | 134 | 99 | 124 |  | 172 | 193 | 123 | 110 | 136 | 140 | 127 | 135 | 150 | 157 | $23 \frac{1}{2}$ |
| JAN. | 138 | 136 | 139 | 137 | 143 | 116 | 130 |  | 207 | 174 | 127 | 107 | 134 | 136 | 126 | 136 | 162 | 164 | 25 |
| FEB. | 148 | 146 | 148 | 146 | 151 | 144 | 138 | 94 | 202 | 195 | 136 | 111 | 142 | 147 | 136 | 142 | 163 | 176 | 22 |
| MAR. APR. | 138 | 136 | 148 | 146 | 141 | 130 | 132 |  | 172 | 174 | 126 | 109 | 136 | 142 | 129 | 134 | 151 | 163 | 241 |
| MPR. | 147 | 145 139 | 147 | 145 | 154 | 138 | 139 |  | 192 | 185 | 135 | 114 | 143 | 152 | 140 | 137 | 160 | 175 | 23 |
| JUNE ... | 146 | 144 | 147 | 145 | 152 | 125 | 130 | 104 | 194 185 | 178 | 128 | 116 | 138 142 | 149 | 137 | 126 | 157 | 167 | $\stackrel{25}{23 \frac{1}{2}}$ |

[^44]
# BUILDING AND CIVIL ENGINEERING OUTPUT 

OUTPUT OF THE BUILDING AND OIVIL ENGINEERING INDUSTRIES AND TOTAL BUILDING AND CIVIL ENGINEERING OUTPUT. ( $£ \mathrm{Mn}$.)

Sources : Professor IAN BOWEN ; Ministry of Works.

|  | 1948 | 1949 | 1950 | 1950 |  |  |  | $\begin{gathered} 1951 \\ \text { 1st } \\ \text { Qr. } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | $\begin{aligned} & \text { 1st } \\ & \mathrm{Qr} . \end{aligned}$ | $\begin{aligned} & \text { 2nd } \\ & \text { Qr. } \end{aligned}$ | $\begin{aligned} & \text { 3rd } \\ & \text { Qr. } \end{aligned}$ | $\begin{aligned} & \text { 4th } \\ & \text { Qr. } \end{aligned}$ |  |
| I. HOUSING WORK : <br> 1. Construction of new housing, temporary and permanent and site proparation <br> 2. Repairs including conversions and adaptations (*) | $224 \cdot 3$$197 \cdot 0$ | $218 \cdot 7$ | 236.6 | 55-2 | $60 \cdot 6$ | 61-2 | $59 \cdot 6$ | 53.9 |
|  |  |  |  |  |  |  |  |  |
|  |  | $200 \cdot 0$ | $154 \cdot 8$ | 42.2 | 36.7 | 36-6 | $39 \cdot 3$ | $44 \cdot 7$ |
| II. INDUSTRIAL AND <br> COMMERCLAL WORK ( $\dagger$ ) : <br> 3. Industrial promises and warehouses : |  |  |  |  |  |  |  |  |
| 3. Industrial promises and warehouses : ... ... ${ }^{\text {New work ... }}$ | $70 \cdot 0$ | $75 \cdot 2$ | $102 \cdot 1$ | 21.0 | 25-3 | 28.7 | $27 \cdot 1$ | 25.4 |
|  | $30 \cdot 6$ | $20 \cdot 9$ | 18.5 | $4 \cdot 3$ | 4.9 | 4-9 | - 4.4 | 4-0 |
| Now work ... ... ... ... | $6.7$ | $12 \cdot 7$ | 13.4 | 3-1 | $3 \cdot 7$ | 3-3 | 3-3 | $3 \cdot 1$ |
| Repairs and maintenance ... | $25 \cdot 1$ | 26.3 | 17.9 | 4.9 | 5.7 | 4-5 | 2.8 | $2 \cdot 4$ |
| III. OTHER WORK : <br> 5. Publio Utilities ( $\dagger$ ): |  |  |  |  |  |  |  |  |
| (a) Electricity, gas and transport : <br> Now work | $25 \cdot 3$ | 31.7 | 41-2 | $8 \cdot 9$ | 10-2 | 11-1 | 11-0 | 11-0 |
| Repairs and maintonance, eto. | $8 \cdot 4$ | $7 \cdot 6$ | $5 \cdot 7$ | 1.4 | 1.3 | 1.6 | 1.4 | 1-0 |
| 6. Agricultural Work ( $\dagger$ : : New work | 9.8 | $15 \cdot 9$ | 18.4 | 3.9 | 4.5 | $5 \cdot 1$ | 4-9 | 4-2 |
| 6. Agricultural Work ( $\dagger$ ) : ${ }_{\text {New work... } . . .}$... ... | 11.1 | 7-9 | 10-8 | 1.9 | $2 \cdot 7$ | 3-1 | 3-1 | $2 \cdot 3$ |
| Repairs and maintenance .... ... | 6.6 | $2 \cdot 2$ | 2.5 | 0.6 | $0 \cdot 7$ | 0.6 | 0.6 | 0-4 |
|  |  |  |  |  |  |  |  |  |
| New work... ....... | $19 \cdot 4$ | 27.9 | 40.5 | $8 \cdot 7$ | $9 \cdot 7$ | 11-2 | 10.9 | 10-4 |
| Repairs and maintenance 8. Coal mining and opencast coal production | $9 \cdot 0$ | $6 \cdot 9$ | $4 \cdot 2$ | 1.0 | $1 \cdot 1$ | 1-2 | $0 \cdot 9$ | 0.8 |
| 8. Coal mining and opencast coal production $(\dagger):$ |  |  |  |  |  |  |  |  |
| New work... ... ... ... . | $17 \cdot 2$ | $19 \cdot 9$ | $19 \cdot 1$ | 4-6 | $5 \cdot 4$ | $5 \cdot 2$ | 3.9 | $3 \cdot 5$ |
| Repairs and maintenance .... ... | 0.9 | 1-2 | $0 \cdot 9$ | $0 \cdot 2$ | $0 \cdot 2$ | $0 \cdot 3$ | 0-2 | $0 \cdot 2$ |
| 9. Other new work (of firms with operatives) <br> ( $\dagger$ ) ... | $22 \cdot 5$ | $38 \cdot 3$ | 55-0 | 11.9 | 13-1 | 14.7 | $15 \cdot 3$ | $16 \cdot 4$ |
| 10. Other repairs and maintenance, eto. (of firms with operatives) ( $\ddagger$ ) ... | 93.4 | 126.1 | $142 \cdot 6$ | $39 \cdot 2$ | $33 \cdot 8$ | $33 \cdot 1$ | 36.5 | $42 \cdot 4$ |
| 11. Output of firms without operative employoes | $22 \cdot 9$ | 24-4 | 27-4 | $5 \cdot 7$ | 6.9 | $7-5$ 7.5 | $76-5$ | 6.1 |
| TOTAL OUTPUT BUILDING \& CIVIL ENGINEERING INDUSTRIES | 800-2 | 863.8 | $911 \cdot 6$ | 218.7 | 226.5 | 233-9 | 232.5 | $232 \cdot 2$ |
| 12. Firms in the specialist trades (§) ... ... | 113-3 | 125-2 | $135 \cdot 6$ | 33.9 | 33-9 | 33-9 | 33-9 | $33 \cdot 9$ |
| 13. Work done by direct labour (II) ... | 244.9 | 258.7 | $259 \cdot 4$ | $65 \cdot 0$ | 64-9 | 64-8 | $64 \cdot 7$ | 65-1 |
| TOTAL BUILDING \& CIVIL ENGINEERING OUTPUT | 1181-3 9 | 1247•7 | 1306-6 | 317-6 | 325-3 | 332-6 | 331-1 | $331 \cdot 2$ |
| Of which-Now Work... | 544-9 | 575-2 | 680.7 | 155-2 | 171-2 | 179.5 | 174.8 | $165 \cdot 8$ |
| Repairs, etc. ... | 636-4 | $672 \cdot 5$ | 625-9 | $162 \cdot 4$ | 154-1 | 153.1 | 156 -3 | 165-4 |

(*) Work on hostels, barracks, etc., was included before August 1949 ; from 1 August, 1949 this work appears under "Other repairs" (Item 10).
$(\dagger)$ These figures exclude work carried out under annual maintenance licences and local authority licences and work exempted from authorisation and licensing. The extent of the work so excluded has varied with changes in exemption limits ; changes in certain of the limits occurred at 1 November, 1948, and at 1 February, 1950.
$(\ddagger)$ This item includes all non-housing work carried out under local authority licences and annual maintenance licencos, or exempted from authorisation licences.
(§) Constructional engineers, reinforced concrete specialists, heating and ventilating engineers, electrical contractors, asphalt and tar spraying contractors, flooring contractors and plant hire firms.
(II) Employed by local authorities, government departments, public utility undertakings, etc., and private firms outside the building and civil engineering industries.
(9) This total includes items not shown in the analysis by agency, namely work done by prisoners of war ( $\mathbf{( 5 0 - 9} \mathrm{Mn}$.) and the cost of manufacture of hulls, components and fittings for pre-fabricated houses (both temporary and permanent) in cases where these costs aro not shown elsewhere ( $£ 22 \mathrm{Mn}$.).

## WAGE RATES

By A. L. Bowley

The only change of importance in its effects on our wage-rate index between March and June this year is an increase in printers compositors' time rates. The entry for coal in December 1950 has been raised slightly, now that the average earnings per shift in the last quarter of 1950 are published. The additional increase in the minimum for miners in January 1951 (see May Bulletin, pp. 55-6) will presumably be found to have raised average earnings a little, but no allowance has been made for this in the figures here given.

CHANGES IN WEEKLY WAGE RATES Percentage of August, 1939


From September 1950 to June 1951 the general index rose $7 \%$ or $8 \%$.

An increase is announced for tram drivers and conductors in July. It appears that their index will rise about $8 \%$. The effect on the general average will be very small. Cotton operatives are to receive an addition of $5 \%$ on earnings in September ; this will raise the general index by about $\frac{1}{2}$ of 1 per cent.


* Provisional from January, 1951.


## HOME FINANCE

By G. S. Dorrance

## Government Finance

Experience shows that results for the first quarter are not a good guide to results for the whole year. For what they are worth, the results for the first quarter of 1951 are not encouraging. There was a surplus on Ordinary Account of $£ 16 \mathrm{Mn}$. as shown in Table 1. This, however, should be compared with the surplus of $£ 43 \mathrm{Mn}$. for the same quarter last year. Thus it appears that, if anything, the effect of Gov-
ernment ordinary finance on the inflationary position is less satisfactory than it was twelve months ago.

When one turns to the extra-budgetary accounts the same tendency is apparent. One should not compare the total of such payments at $£ 424 \mathrm{Mn}$. with the figure of $£ 107 \mathrm{Mn}$. for the comparable quarter of 1950 : in many respects the transfer of $£ 300 \mathrm{Mn}$. to the Exchange Equalisation Account is a bookkeeping entry.

Even allowing for this, extra-budgetary payments for the three months were still some $£ 17 \mathrm{Mn}$. larger than they were last year.

TABLE 1
ORDINARY REVENUE AND EXPENDITURE.
Weekly Average, £Mn.

|  |  | Ordinary Revenue Total | Expenditure |  | Surplus ( + ) or Deficit (-) |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Supply <br> Servioes | Total |  |
| 1945/6 |  |  | $62 \cdot 9$ | 95.7 | $104 \cdot 9$ | -42.0 |
| 1946/7 |  | $64 \cdot 0$ | $63 \cdot 9$ | $74 \cdot 9$ | $-10.9$ |
| 1947/8 |  | $73 \cdot 5$ | $50 \cdot 7$ | $60 \cdot 9$ | +12.6 |
| 1948/9 |  | $76 \cdot 9$ | $50 \cdot 5$ | $60 \cdot 5$ | +16.4 |
| 1949/50 |  | $75 \cdot 2$ | 54.4 | $64 \cdot 3$ | $+10 \cdot 9$ |
| 1950/51 |  | $76 \cdot 5$ | $52 \cdot 1$ | $62 \cdot 4$ | +12.1 |
| 1950/1 | Apr.-June | $59 \cdot 1$ | 46.7 | 55.8 | $+3 \cdot 3$ |
|  | July-Sopt. | 61.9 | $48 \cdot 4$ | $59 \cdot 2$ | +2.7 |
|  | Oot.-Dec. | 60.2 | $51 \cdot 8$ | $61 \cdot 1$ | -0.9 |
|  | Jan.-Mar. | 123.4 | $60 \cdot 3$ | $71 \cdot 6$ | $+51.8$ |
| 1951/2 | Apr.-June | $65 \cdot 1$ | 54-4 | $63 \cdot 8$ | +1-3 |
|  | Apr. 1-28 | $68 \cdot 5$ | $54 \cdot 7$ | 68-6 | $-0.1$ |
|  | May 26 | $66 \cdot 7$ | 52-1 | $59 \cdot 2$ | $+7 \cdot 5$ |
|  | May $27-$ <br> June 30 | $61 \cdot 1$ | 56.1 | $63 \cdot 7$ | $-2 \cdot 6$ |

The net effect of these transactions plus a receipt of $£ 32 \mathrm{Mn}$. on account of E.R.P. resulted in net government borrowing of $£ 374 \mathrm{Mn}$. which was more than $£ 300 \mathrm{Mn}$. in excess of the comparable issues in 1950. Here again, a correction must be made for the transactions of the Exchange Equalisation Account. A large proportion of the increase in tap Treasury Bills outstanding merely reflects an issue to the Exchange Equalisation Account. It is significant, however, that while the Government was a net borrower, the total amount of internally held long- and medium-

TABLE 2
EXTRA-BUDGETARY PAYMENTS, 1951. £Mn.

|  | $\begin{aligned} & \text { April } \\ & (28 \text { days }) \end{aligned}$ | $\begin{gathered} \text { May } \\ \text { (28 days) } \end{gathered}$ | $\begin{aligned} & \text { June } \\ & \text { ( } 35 \text { days) } \end{aligned}$ | $\begin{aligned} & \text { April- } \\ & \text { June } \\ & \text { (91 days) } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: |
| Net E.P.T. Refunds | $0 \cdot 1$ | 0.9 | $0 \cdot 6$ | 16 |
| Post-war Credits ... | $1 \cdot 3$ | 1.2 | 1.7 | $4 \cdot 2$ |
| Net War Damage Payments : |  |  |  |  |
| W.D.C. | $6 \cdot 0$ | $3 \cdot 0$ | $9 \cdot 0$ | 18.0 |
| Bd. of Trade | $1 \cdot 0$ | $1 \cdot 0$ |  | $2 \cdot 0$ |
| Housing ... | $28 \cdot 1$ | 19.1 | 41.2 | 88.4 |
| Cotton Buying ... | $4 \cdot 5$ | -6.5 | $\begin{array}{r}3.3 .0 \\ \hline 3.0\end{array}$ | 5.0 -3.0 |
| Coal Nationalisation |  |  | $3 \cdot 0$ | 3.0 |
| Overseas Develop- ment | 1.8 | $0 \cdot 7$ | $0 \cdot 7$ | $3 \cdot 2$ |
| Exchango Eqalisat'n | - | $300 \cdot 0$ | - | $300 \cdot 0$ |
| Civil Contingencies | 6.0 | 2.7 | $-0.2$ | 8.5 |
| Other | $6 \cdot 0$ | $2 \cdot 7$ | $-0.2$ | 8.5 |
| Total ... | $48 \cdot 8$ | $322 \cdot 1$ | $53 \cdot 0$ | 423.9 |

term securities outstanding declined by almost $£ 4 \mathrm{Mn}$. and that the decline was in securities usually held by institutional and "larger" investors. Small holdings appear to have risen, since

National Savings Certificates outstanding rose by over $£ 15 \mathrm{Mn}$. while the redemptions of $2 \frac{1}{2} \%$ Defence Bonds were almost exactly offset by sales of 3\% Defence Bonds.

TABLE 3
GOVERNMENT BORROWING, 1951: £Mn.

|  | $\begin{aligned} & \text { April } \\ & \text { (28 days) } \end{aligned}$ | $\begin{gathered} \text { May } \\ \text { (28 days) } \end{gathered}$ | $\begin{aligned} & \text { June } \\ & \text { ( } 35 \text { days) } \end{aligned}$ | $\begin{aligned} & \text { Total } \\ & \text { (91 days) } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: |
| Nat. Savings Certs. | $+7 \cdot 7$ | $+2.7$ | $+4 \cdot 9$ | $+15 \cdot 3$ |
| $21 \%$ Def. Bonds ... | -2.3 | -2.I | -2.1 | -6.5 |
| 2f\% Terminable Annuities | -1.6 | - |  | -1.6 |
| 3\% Def. Bonds ... | +2.2 | $+2 \cdot 0$ | $+2 \cdot 3$ | +6.5 |
| 3\% Terminable Annuities | -1.8 | $-3.2$ | -4.1 | $-9.1$ |
| $3 \frac{1}{2} \%$ Terminable Annuitios | -1.8 | -3.2 | -0.1 -0.5 | -9.1 -0.5 |
| Other Debt : |  | - | -0.5 | -0. |
| Internal ... | $-10.6$ | $+3 \cdot 9$ | -1.0 | $-7.7$ |
| External ... | $-5.0$ | $-2 \cdot 3$ | -5.9 | $-13 \cdot 2$ |
| Repayments | - | - | - |  |
| Total Long. and Medium-term borrowing | -11-4 | +1-0 | -6.4 | $-16.8$ |
| Tax Reserve Certs. T.D.R.s | $+13 \cdot 9$ $+36-0$ | $+33-2$ | $+33-7$ +25.0 | $+80-8$ $+61-0$ |
| Treas. Bills : Tender | + 40.0 | - | -10.0 | + $30-0$ |
| Tap... | -30.1 | $+253 \cdot 8$ | $+88.7$ | + 312 -4 |
| W. \& M. Advances Govt. Depts. | -12.5 | $+0.5$ | $-81 \cdot 3$ | $-93 \cdot 3$ |
| Bank of England | - | - |  |  |
| Total Short-term Borrowing | +47.3 | $+287 \cdot 5$ | $+56.1$ | $+390 \cdot 9$ |
| Total Borrowing | $+35 \cdot 9$ | $+288.5$ | $+49.7$ | $+374 \cdot 1$ |

## Other Finance

Once more net Bank Deposits rose during the quarter to $£ 5,906 \mathrm{Mn}$. at the end of June, compared with $£ 5,808 \mathrm{Mn}$. at the end of March and $£ 5,723 \mathrm{Mn}$. at the end of June, 1950. This increase was, however, at a considerably lower rate than in the earlier months. Lloyds Index of Net Deposits was almost stationary at 268 at the end of June, compared with 267 at the end of March and 260 twelve months previously. The increase of $£ 98 \mathrm{Mn}$. in Bank Deposits during the quarter was more than accounted for by an increase of $£ 128 \mathrm{Mn}$. in Advances to $£ 1,182 \mathrm{Mn}$. Despite an increase of $£ 30 \mathrm{Mn}$. in tender Treasury Bills outstanding, Clearing Banks investment in money at call and short notice and in discounts together fell by $£ 84 \mathrm{Mn}$. to $£ 1,766 \mathrm{Mn}$. at the end of June. These diverse movements are probably explained by the investment of rising overseas-owned sterling balances in Treasury Bills. It is through these channels that the increased borrowing from overseas reaches the domestic market. In general, the banks' investments in reasonably short-term Government securities stood almost constant in total. The decline in the items already mentioned is offset by an increase of $£ 56 \mathrm{Mn}$. in the holding of T.D.R.'s.

# INTERNATIONAL FINANCE 

By G. S. Dorrance

Recent developments in the United Kingdom's overseas accounts have been decidedly less favourable than in earlier quarters. As shown in Table 1 the gold and dollar holdings increased by $\$ 109 \mathrm{Mn}$. in the three months ending June 30th.

TABLE 1
STERLING AREA GOLD AND DOLLAR NET RECEIPTS \$ U.S. Mn.

|  | Net Receipts exclud- ing next 3 Cols. | Drawings on U.S. and Canadian Credits | Drawings on International Monetary Fund | $\begin{aligned} & \text { Receipts } \\ & \text { under } \\ & \text { E.R.P. } \end{aligned}$ | Change in Gold and Dollar Holdings |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1946... | -908 | 1,123 | - | - | $+215$ |
| 1947... | $-4,131$ | 3,273 | 240 |  | -618 |
| 1948... | $-1,710^{*}$ | 352 | 128 | 682 | -223 |
| 1949- |  |  |  |  |  |
| 1st Half | -962 | 60 | 32 | 665 | $-205$ |
| 2nd Half | $-570$ | 56 | 20 | 530 | +38 |
| $1950-$ |  |  |  |  |  |
| 1st Qr. | $+40$ | 27 | - | 229 | $+297$ |
| 2nd Qr. | +180 | 18 | - | 240 | +438 |
| 3 rd Qr. | +187 | - | - | 147 | $+334$ |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| lst Qr. | $+360$ | - | - | 98 | $+458$ |
| 2nd Qr. | +54 | - | - | 55 | +109 |

* Includes $+£ 80 \mathrm{Mn}$. ( $\$ 325 \mathrm{Mn}$.) gold loan from South Africa.

Source : Monthly Digest of Statistics.
While some satisfaction can be derived from the fact that our gold reserves are still increasing it should be noted that this is the smallest increase for any quarter since devaluation. Admittedly a large part of this decline in the rate of increase derives from the fact that receipts under the E.R.P. programme are now tailing off. All that is left is the overhang from commitments entered into before January 1st, after which date new Marshall Aid was suspended. Even so, the net gold and dollar earnings of the sterling area amounted to only $\$ 54 \mathrm{Mn}$., which was very much smaller than this income during the preceding four quarters.

The United Kingdom's own commodity trade figures, as shown in Table 2, give rise to some concern regarding the future. The net deficit on commodity trade (valuing imports c.i.f. and exports f.o.b.) was $£ 318 \mathrm{Mn}$. during the second quarter of 1951. This relatively large deficit was a continuation of developments which had become apparent in the preceding quarter. For the six months ending June the total difference on this account had exceeded $£ 550 \mathrm{Mn}$. which is greater than the total for any year since 1947. This shortfall results largely from the value of imports having continued to rise steadily, partly as a result of price increases. With $£ 359 \mathrm{Mn}$. as a provisional estimate for

July, they stood at an all-time record. While exports continued to be high the increase in their value was not nearly as large as the increase in import values.

TABLE 2
UNITED KINGDOM'S BALANCE OF TRADE ( $£ \mathrm{Mn}$.)

|  | 1948 <br> Year | 1949 <br> Year | 1950 |  | 1951 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | 1st half | 2nd half | 1st qtr. | 2nd qtr. |
| Imports c.i.f. <br> Exports and <br> Re-exports f.o.b. | 2,078 | 2,274 | 1,279 | 1,324 | 848 | 1,008 |
|  | 1,648 | 1,844 | 1,059 | 1,195 | 613 | 691 |
| Surplus (+) <br> Deficit (-) | $-430$ | $-430$ | $-220$ | $-129$ | $-234$ | $-318$ |
| Accounts Relating to |  |  |  |  |  |  |

Despite these rather discouraging over-all figures the regional balance of the United Kingdom's trade appears to have been surprisingly satisfactory. Exports to dollar areas in particular have been well maintained, as indicated in Table 3. For the quarter as a whole they achieved new records despite the fact that the June figures were slightly less than May and some $f_{0} 3 \mathrm{Mn}$. less than those of April.

TABLE 3
DISTRIBUTION OF U.K. TRADE
(£ Mn.)

*Revised Source: Board of Trade, Report on Overseas Trade. Imports valued c.i.f.; Exports valued f.o.b. include Re-exports.

The terms of trade continued to move against the United Kingdom, the index of average unit value of imports rising 53 points to 463 , while the comparable figures for exports only rose by

22 points to 308 . These changes appear to have been largely the result of developments which had already occurred by the early months of the year and reflect the time lag between changes in world commodity markets and changes in the prices of goods landed at British ports. On the export side the time lag is even longer, prices only rising markedly after the changes in raw material prices have worked their way through the production process. In view of the changes in the structure of world prices* it is likely that in future months our terms of trade will not worsen markedly and might even improve. While such a development would ease one of the greatest pressures which has been exerted on the British balance of payments, it may give rise to other pressures. It would be most unfortunate if we now found that once again British exports were being priced out of world markets.

While no figures are available for changes in sterling balances, the apparent worsening of the United Kingdom's over-all balance of payments position and the continued increase in our gold and dollar reserves gives rise to a suspicion that sterling-area-owned sterling balances continued to accumulate during the quarter. Corroborative

* See "World Commodity Survey."
evidence of this is to be found in the floating debt and banking figures. $\dagger$ While no sterling balance crisis is immediately in prospect, sight should not be lost of the fact that seeds of future trouble continue to remain in this sector.

Regarding the future it is practically impossible to prognosticate. It is quite likely that some of the sterling area's difficulties have arisen from a marked decline in North American demand. This reflects the changed atmosphere in American markets now that the immediate Korean war boom has come to an end. $\ddagger$ If rearmament demand should continue in the United States at its present level and no other changes occur, we might see a period of comparative stability in prices and trade volumes. If, however, American demand should increase as a result of the implementation of rearmament orders then once again we might be back in a position similar to that of a few months ago. In any event our own rearmament programme is likely to put further pressures on the balance of payments. Thus, while there does not appear to be any danger of a crisis in the near future, it is probable that the British balance of payments will once again give rise to some difficulties.

[^45]
## WORLD COMMODITY SURVEY

By C. F. Carter

During the past quarter, the movements of commodity prices have been violent and irregular, but the general tendency has been downwards. Wool prices halved between March and June ; tin has fallen by $30 \%$ since our last issue, rubber by $25 \%$; sugar, after rising from $5 \frac{1}{2} \mathrm{c}$. to over 8 c . per lb . has relapsed to 7 c . From the point of view of the United Kingdom, these movements are welcome, for they not only give promise of a lessening of the excess of imports over exports, but also of a slackening of the pressure on the internal wage and price structure. For the sterling area as a whole, the balance of advantage is doubtful, for "sterling" commodities have in general fallen more heavily than "dollar" commodities, and this may cause a renewed drain on
the gold and dollar reserves. It is therefore of some importance to consider how far the movement may go, assuming that the armistice talks in Korea are brought to a satisfactory issue and that no new international disturbances affect the economic system.

This article relates only to a group of commodity markets, namely those for textile and industrial fibres; but it is a group which is undergoing remarkable changes, and a discussion of these changes will illustrate some of the diverse influences which affect other markets also.

Since pre-war days, rayon has displaced wool as the second of the textile fibres; the other synthetic fibres are still relatively unimportant, and in particular the new direct competitors of
wool will not make a significant contribution for some years to come. The main trends are shown by the following table:-

Thousand Mn. lb.

|  | Pre-war (mainly 1934-8) | Years or seasons beginning :- |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  | 1949 | 1950 | 1951 |
| World production : <br> Raw cotton | 15•1 | 14-9 | $13 \cdot 1$ | $15 \cdot 8$ |
| Apparel wool (clean) | 1.7 | 1.8 | 1.9 | ... |
| Rayon ... ... | $1 \cdot 4$ | $2 \cdot 7$ | $3 \cdot 5$ | $\cdots$ |
| Total | $18 \cdot 2$ | $19 \cdot 4$ | 18.5 | (21-5) |
| World consumption : Raw cotton | (13-4) | $14 \cdot 0$ | $15 \cdot 7$ | (15.6) |
| Apparel wool (clean) ... | 1.7 | $2 \cdot 0$ | $2 \cdot 2$ | ... |
| Rayon consumption assumed equal to production | 1.4 | $2 \cdot 7$ | $3 \cdot 5$ |  |
|  | (16.5) | $18 \cdot 7$ | 21.4 | (21-3) |

Considering the increase in world population and the prosperity of several of the main consuming countries, the increases in production have been inadequate ; but in 1950 a period of high consumption and stockpiling happened to coincide with a small cotton crop and with the prospect of early exhaustion of wartime wool stocks, while in 1951 the limitations on rayon production caused by shortage of sulphuric acid started to be felt. The course of prices may be illustrated as follows :-

|  | Pre-war | June, 1950 | $\begin{aligned} & \text { Dec., } \\ & 1950 \end{aligned}$ | $\begin{gathered} \text { Mar., } \\ 1951 \end{gathered}$ | June, 1951 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| U.S. cotton, middling H", 10 spot markets | 11 | 34 | 43 | 45 | 45 |
| Egyptian cotton, Ashmouni Good, Alexandria* ... | (13) | $42 \dagger$ | 72 | 77 | 68 |
| 70's wool, Dominion, delivered U.K. | 56 | 170 | 274 | 370 | 206 |
| 48's wool, ditto | 27 | 72 | 170 | 250 | 123 |
| Rayon staple fibre, U.S. viscose, $1 \frac{1}{2}$ denier ... | 27 | 35 | 40 | 40 |  |

U.S. cotton prices began to decline in July, under the influence of the acreage forecasts for the 1951 crop. Large crops are in prospect both in the U.S. and in the Middle East; the world total may be 35 Mn . bales, second only to the record crop of 38 Mn . bales in 1937/38. But stocks at the beginning of the new season will be low, especially in the U.S. Given a brisk consumption demand and a moderate rebuilding of stocks, prices might be sustained at not far below recent levels until the prospects for the following year begin to come into view. The shortage of sulphur may lead to a temporary slowing-down of the progress of the rayon industry, and this would be a factor tending to sustain cotton prices.

On the other hand, it is not at all certain that
demand, even including military orders, will continue at the recent very high levels. Although raw cotton stocks are low, stocks of cotton products are generally high, and both distributors and consumers have tended to buy heavily on a rising market. Owing to the time taken in production, there should be now a period of some months when goods made from high-priced cotton will be finding their way into the shops, while the price of the raw material will be known to have fallen from its peak. This is clearly a time for pruning stocks, and in early summer quite a substantial recession was being felt at the American mills. On the other hand, there is a general expectation that cotton prices will recover when the weight of rearmament demand makes itself felt. The idea that the present is a good time for buying raw cotton, before another rise, may arrest the fall before it has gone very far. The month at the turn of the cotton year, while this Bulletin is in the press, should give some idea of what will happen. It must not be forgotten that some decline in U.S. consumption could be offset by the rapid growth of mill activity in Germany and Japan.

For wool, the decline in prices has already occurred ; by late June prices were not much above their level of a year before, though the June 1950 prices were (in terms of sterling) already five or six times pre-war. The fall is indeed a remarkable one. Wool consumption has been running some $10 \%$ above production, the difference being met largely by using up the war-time stocks. The last bale of the Joint Organisation stocks is said to have been sold; wool production, though climbing steadily, is not yet as large as the consumption in any of the seasons since 1945-46; a very substantial extra demand for military clothing will be making itself felt. The precipitate fall in prices is attributed mainly to "consumer resistance"; like other such falls, it feeds on itself, for the life of clothing can usually be prolonged, and both consumers and distributors have every reason for holding off the market at the present time.

The fact of declining consumption is not in doubt, though the pattern is not at all uniform ; thus, in the United Kingdom, consumption of raw wool has been declining for many months, but deliveries of wool fabrics are still maintained. But if, in June 1950, prices little lower than the present subsisted, with consumption running $10 \%$ ahead of production, there seems to be little hope that the same prices will now serve to abridge consumer demand till it fits production less military demand. It is reasonable to suppose that demand from final consumers (still faced by high prices)

## WORLD COMMODITY SURVEY

| Commo dity | Season | Unit | Pre-war base | WORLD PRODUCTION |  |  | WORLD CONSUMPTION |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Last season | Last season \% of pre-war | Current season \% of pre-war | Last season | Last season \% of pre-war | Current season \% of pre-war |
| Wheat... | Begins spring | Mn . bush. of 60 lb . | $\begin{gathered} \text { Average } \\ 1935-9 \end{gathered}$ | 6,310 | 105 | 104 | n.a. | - | - |
| Fats and Oils | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1935-9 \\ \text { (mainly) } \end{gathered}$ | $\begin{gathered} 22,700 \\ \text { (oil equiv.) } \end{gathered}$ | 107 | 107 | n.a. | - | - |
| Sugar ... | Begins Sept. | 000 tons | 1937-8 | $\begin{gathered} 31,297 \\ \text { (raw value) } \end{gathered}$ | 107 | 119 | n.a. | - | - |
| Tea ... | Calendar year | $\mathrm{Mn} . \mathrm{lb}$. | $\begin{gathered} \text { Average } \\ \text { 1936-8 } \end{gathered}$ | $\begin{gathered} (860) \\ \text { (exports) } \end{gathered}$ | (97) | n.a. | (845) <br> (absorption excl. local produce) | (96) | n.a. |
| Coffoo ... | $\begin{gathered} \text { Begins } \\ \text { July } \\ \text { (marketing) } \end{gathered}$ | Mn. bags of 132 lb . | $\begin{aligned} & \text { Av. 1935/6 } \\ & \text { to 1939/40 } \end{aligned}$ | $\begin{gathered} 29.6 \\ \text { (exportable) } \end{gathered}$ | 85 | 88 | n.a. | - | - |
| Cocoa ... | Begins Ootober | 000 tons | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \\ & \text { (mainly) } \end{aligned}$ | 764 | 106 | 105 | n.a. | - | - |
| Cotton... | Begins August | Mn. bales $(478 \mathrm{lb}$. net) (k) | $\begin{array}{\|l} \text { Av. 1935/6 } \\ \text { to } 1939 / 40 \end{array}$ | 27.5 | 87 | 111 | $32 \cdot 9$ | 118 | n.a. |
| Wool (apparel) | Begins July | Mn. lb. (greasy) | $\begin{aligned} & \text { Av. 1934/5 } \\ & \text { to } 1938 / 9 \end{aligned}$ | 3,145 | 105 | n.a. | (3,580) | (115) | n.a. |
| Jute ... | Begins July | 000 tons | $\begin{aligned} & \text { Av. 1934/5 } \\ & \text { to } 1938 / 9 \end{aligned}$ | (1,700) | (100) | (125) | n. | - | - |
| Sisal ... | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1934-8 \end{gathered}$ | 306 (1) | 130 | n. 6. | n.a. | - | - |
| Rubber(m) | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1936-9 \end{gathered}$ | $2,385 \text { incl. } 1,850$ | 239 | (278) | $\begin{gathered} \text { 2,285 incl. } 1,705 \\ \text { natural } \end{gathered}$ | 218 | (231) |
| Copper... | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1937-8 \end{gathered}$ | 2,440 (primary) | 114 | n.a. | 2,660 | n.e. | n.a. |
| Lead ... | Calendar year | 000 tons | 1938 | 1.685 | 101 | n.a. | 1,720 | n.a. | n.a. |
| Tin ... | Calendar year | 000 tons | Average 1936-8 | 168 (tin in concentrates) (e) | 91 | (89) | 147 (e) | 89 | (89) |
| Zinc ... | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1934-8 \end{gathered}$ | 1,915 | 144 | n.a. | 1.790 | n.a. | n.a. |

[^46]
# WORLD COMMODITY SURVEY 


marked (f), where necessary. (g) \% of early 1939. (h) \% of 1937. (i) Ministry of Food estimate of cocoa bean consumption, excluding beans transferred to oilseed stocks. (j) Civilian consumption. (k) U.S. in running bales. (l) Total production of sisal, henequen and abaca was about 525,000 tons in $1950,100 \%$ of $1934-8$ average. (m) U.S.S.R. - produced synthetic rubber excluded. (n) Trade and Govt. stocks, excluding "working stocks."
will appear weak for some time ; but again prices may be brought up out of their trough by commercial or Government decisions that this is a good time to lay in stocks.

Jute and sisal prices have also declined somewhat from their peaks. An expectation of larger crops exists for both, but this is a field in which

WORLD PRODUCTION EXCLUDING U.S.S.R.
(000 long tons)

|  | 1934-38 | 1950 | Main souree, 1950 |
| :---: | :---: | :---: | :---: |
| Jute | 1,850 | 1,535 | (600 India, 900 Pakistan) |
| Abaca | 178 | 106 | (95 Philippines) |
| Sisal | 240 | 305 | (163 Br, East Africa) |
| Henequen | 106 | 112 | (96 Mexico, rest Cuba) |
| Flax | 150 | 190 | (Various European countries) |
| Hemp | 250 | 200 | " |

it is not easy to come by up-to-date statistics ; in particular, the jute forecasts for India and Pakistan are very difficult to interpret. It may be worth while, however, to summarise the position of the chief industrial fibres in 1950, as they are given by the F.A.O.

Flax and hemp are included for completeness, but for both the U.S.S.R. (omitted) was by far the largest producer. The slow recovery in the Philippines and Indonesia loses the world 80,000 tons of abaca, and 80,000 tons of sisal, each year ; but for sisal this has been more than made up by the rise in production in Brazil, Haiti, Angola and British East Africa. Yet the three hard fibres (sisal, abaca, henequen) provide together only 520,000 tons (the same as pre-war); and this is inadequate for the post-war levels of activity.

## THE FIRST HALF OF 1951 IN THE U.S.A.

fuly 14th, 1951
The inflationary pressure which dominated the American economy in the latter part of 1950 continued into 1951. However, the developments of the second quarter have not borne out the dire forebodings of imminent runaway inflation freely expressed in late winter and early spring. Because of military success, the optimism of speculators has been repeatedly punctured by " peace scares," while an additional depressant has been the appreciable increase (in the second quarter) of the propensity to save occasioned by a sharp drop in the purchase rate of consumer durables. This development has left distributors with heavy inventories and frayed nerves. However, in the capital goods sector, prosperity continues uninterrupted with output climbing steadily due to the armament programme and a prodigious rate of capital formation.

## Production and Employment

Since January there has been but slight expansion in output and that occurring in durables, where the expansion of capital formation and munitions output has slightly more than offset the small decline in the production of consumer durables (concentrated in automobiles, television sets, refrigerators and other household durables). In part the decline in the output of consumer durables was due to material shortages, but it is very likely that growing inventories in the hands of dealers, coupled with declining sales-volume, was a contributing factor.

Employment continued virtually full, with unemployment falling steadily from the already low level of January ( 2.5 Mn .) to 1.6 Mn . in May.

By M. W. Reder, Stanford University.
There has been a slight overall increase in weekly hours as compared with one year ago, but since the beginning of the current year the overall average has been practically constant, with increases in some industries offsetting declines in others.

## Expenditure and Savings

The Expenditure table indicates the upsurge of consumption in the first quarter resulting from the "scare buying" that began last December. The peak of this expenditure wave was reached in January (as indicated by monthly data on retail sales-cols. 23 \& 24) after which it receded somewhat, although remaining high by any previous standard. About half of the increase in outlay on consumer durables from the last quarter of 1950 to the initial quarter of this year reflected an increase in physical volume with the remainder mirroring the rise in prices. The rise in spending on non-durables and services went to offset rising prices, although there was a slight increase in the volume of non-durables.

Inventory accumulation in the first quarter, although large, was below the fourth-quarter rate; inventories have continued to grow in the second quarter. In good part, the accumulation reflects partially completed military goods in the hands of manufacturers, but inventories have also piled up in the hands of distributors. At the wholesale and especially the retail level, inventories have risen steadily through April and into May, while sales have been falling. This suggests (and other indications bear out) the hypothesis that part or the growth in distributors' inventories was involuntary. Department store sales began to rise
in May and it is possible (though by no means certain) that an improved relationship between inventories and sales is under way. This should be aided by the third-quarter reduction in durable output, required by the Controlled Materials Plan.

In the first quarter, producers' durables continued the climb begun in 1950, and the second quarter should show a still further increase; present intentions imply that the second quarter rate will be maintained or exceeded in the second half of the year. Some of the increase (as compared with 1950) represents price increases, but the major part is due to a rise in volume. Virtually every major industry has expanded its rate of durable investment (or intends to do so) this year, but the largest increase has been in manufacturing. The principal incentives, apart from the high level of current demand and profits, for this burst of capital formation would appear to be (1) an attempt to beat rising costs and anticipated labour and material shortages and (2) extremely favourable tax treatment (via provision for rapid depreciation) for investments certified as necessary for the defence programme. Thus far the completion of investment projects has been hampered only slightly by shortages of labour and supplies.

The upward movement in "new construction" disguises conflicting trends among the various components of the series. Residential construction has been declining in dollar volume since February and new starts declined from March to April by about $5 \%$, reversing the usual seasonal movement and leaving April with the lowest number of starts since 1947; housing starts apparently rose slightly in May, but remained far below the number one year earlier. The decline in residential construction is due in good part to the Federal Reserve Board's restrictions on mortgage lending (Regulation X ) promulgated late last year ; the effect of this regulation was felt only after a considerable lag because it did not affect existing commitments. However, there were other contributing factors: the stringent supply of mortgage credit (see below) even within the limits permitted by Regulation X, rising construction costs, and uncertainties about materials and supplies. On the other hand, private nonresidential construction, led by industrial building, continued to climb month after month (at least up to May) without interruption. Similarly, public building continued to rise (and sharply) with highway and military construction acting as pace-setters.

Disinvestment in foreign assets continued in the first quarter, although at a slightly less rapid
rate than in the two preceding quarters; the favourable balance on account of goods and service transactions was a bit lower than in the fourth quarter of last year, but this was more than offset by the decline in grants under the various government aid programmes. Both exports and imports rose from the fourth quarter of last year to the first one of 1951, the rise in imports being the greater. About one-quarter of the rise in imports was due to greater volume with higher unit values accounting for the remainder. Although merchandise imports are not expected to rise much further in volume (under present conditions), purchases for troops stationed abroad, shipping and tourist expenditures should increase (in volume) over first-quarter levels. The increase in exports was due primarily to increased foreign dollar income and anticipatory buying; about half of this increase resulted from greater volume and about two-thirds of it in value was of manufactured goods. As foreign orders lagged behind domestic orders, export shipments have lagged also ; consequently, exports probably rose in the second quarter. The first quarter disinvestment was financed by gold sales, which exceeded net disinvestment by over $\$ 300 \mathrm{Mn}$.; gold exports fell sharply below the first-quarter rate in April and May.

Government procurement continued to rise rapidly in the first quarter and the upward trend was probably accelerated in the second. In the first quarter, all of the increases were due to the Federal government, but rising prices will soon force State and Local expenditure upward, if they have not already done so. It is significant that military expenditure by the Federal government has not yet caught up with orders, implying a sharp rise in cash payments on this account during the second half of the year.

Disposable Income continued to climb in the first quarter with all major components except dividends sharing in the rise. Payrolls rose because of both higher wages and greater employment (especially government employment) ; however, principal credit for this development is due to higher wages in private industry. This trend continued, no doubt, in the second quarter. Non-farm entrepreneurs, especially retailers, gained substantially; but the retailers, who profited from the January expenditure flood, have no doubt suffered from the spring drought. Despite the rise in farm prices, farm incomes rose but slightly in the first quarter because of the (seasonally adjusted) drop in crops marketed. The drop in dividend payments from the fourth quarter level reflects primarily the unprecedented volume of "extra dividends" paid in that

U．S．STATISTICS

| $\begin{aligned} & \text { Mouthr } \\ & \text { Morty } \\ & \text { A } \begin{array}{l} \text { voratage } \end{array} \end{aligned}$ | labour force． |  |  | ${ }_{\text {PGREOML }}^{\text {INOOME }}$ |  |  |  | industral productios． |  |  |  |  | uildisg． |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
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|  | $\stackrel{\text { M1．}}{1}$ |  | $\frac{\mathrm{yn}}{3}$ | ${ }^{8000.317}$ |  | 8 yn | ： | \％of 1035］${ }^{\text {a }}$ ． |  |  |  | 000\％ | \％of 1935／9 |  |  |  | \％ | ${ }^{5000} \mathrm{Mn}$ |  |  |
|  | 1 | 2 | 3 |  |  |  | 7 |  | 9 | 10 | 11 | 12 | 13 | 14 | 15 |  | 1 |  |  |  |  |
|  |  |  |  |  |  | 800 |  |  | 103 | 72 | ${ }^{08}$ | 302 | 146 | 198 | 121 | ${ }^{720}$ |  |  |  |  |
|  |  |  |  |  |  | 940 |  |  | 132 | ${ }^{03}$ | 107 | 382 | 204 | 213 | 200 | 830 |  |  |  |  |
| ${ }_{1}^{1932} 1$ |  |  |  | 6 |  | 400 |  |  |  |  |  |  |  |  |  | 270 |  |  |  |  |
|  |  |  |  | ${ }_{7}^{60}$ | ${ }_{6}^{63}$ | 710 |  |  | ${ }_{\text {cos }}^{108} 1$ | 86 100 | 19 |  | ${ }_{6}^{64}$ | ${ }_{91}^{51}$ | $\begin{gathered} 70 \\ 909 \\ .90 \end{gathered}$ | ${ }_{390}^{280}$ |  |  |  |  |
|  |  |  |  | \％ | ${ }_{60}^{66}$ | \％ $\begin{aligned} & 740 \\ & 480\end{aligned}$ |  | ${ }_{189}^{113}$ | ${ }_{78}^{122}$ | ${ }^{108}$ | ${ }_{9}^{112}$ | 328 187 180 | 103 <br> 112 | ${ }_{\text {100 }}^{10}$ | ${ }_{113}^{104}$ | ${ }_{420}^{440}$ |  |  |  |  |
|  |  |  |  | ${ }_{78}^{73}$ |  | 700 |  | ${ }_{125}^{109}$ | ${ }_{139}^{109}$ | 1115 | ${ }_{\substack{108 \\ 117}}$ | ${ }_{310}^{238}$ | 125 141 | 178 | ${ }_{125}^{114}$ | S10 | ${ }^{100}$ | ${ }_{11}^{10.0}$ | ${ }^{3.0}$ |  |
|  | ${ }_{8}^{8.60^{8}} 8$ |  |  |  | － | － | cine | 198 | ${ }_{270}^{27}$ | ${ }_{1}^{158}$ | ${ }_{128}^{128}$ | ${ }^{315}$ |  | ${ }_{218}^{218}$ | ${ }^{210} 120$ | cise | ${ }_{207}^{168}$ | ${ }_{\text {coin }}^{\substack{13.6 \\ 17.0}}$ | （3.8 <br> 14 |  |
|  | ¢， |  |  | 1165 | 134 148 14 | ${ }_{\substack{1690 \\ 1890}}^{\substack{\text { a }}}$ |  | ${ }_{235}^{239}$ | （300 | （171 |  | 19 | （11 | 201 | （130 | $c60340$ | 208 | ${ }_{17}^{17.6}$ | （3.5 <br> 3.7 |  |
|  |  |  |  | ${ }^{178}$ | 1154 159 159 |  | 4，4 | 203 | cos | 171 | ${ }_{\substack{140 \\ 137}}^{1}$ | $\square_{0}^{\circ}$ | 118 | －39 | － | 380 380 80 | 208 <br> 198 <br> 198 | ${ }^{17.3} 1$ | $\begin{aligned} & 3.7 \\ & 4 \\ & 4 \\ & \hline 17 \\ & \hline \end{aligned}$ |  |
|  |  |  |  | ${ }^{1917}$ | ${ }^{1775}$ | 2540 | 133 | 187 | ${ }^{220}$ |  |  |  | ${ }^{275}$ | 50 | 140 |  | 247 | ${ }_{26,4}$ | $6 \cdot 9$ |  |
|  | ${ }_{8}^{8.0}$ | 80．7 | 3.4 | 206 | 188 | ${ }_{2389}^{2387}$ | （83．2 | ${ }_{176}^{192}$ | ${ }_{202}^{225}$ | ${ }_{\substack{178 \\ 178}}$ | ${ }_{135}^{155}$ | ${ }_{420}^{320}$ | ${ }_{369}^{331}$ | ${ }^{395}$ |  |  |  | ${ }^{31 \cdot 8} 8$ | ${ }_{8.2}^{8.3}$ |  |
|  | 7.5 | 52：5 | ${ }^{3} 1$ | ${ }_{223}$ | 206 |  | 593 | 200 | 237 |  |  | 556 | 511 | 748 | 404 | 2320 | ${ }_{21-1}^{12 \cdot 1}$ | ${ }_{30.5}$ | 9.7 |  |
|  | 6 | 50.1 50.4 | ${ }_{2 \cdot 6}^{2.1}$ | ${ }_{201}^{206}$ |  | ${ }_{1830}^{2550}$ | ${ }_{\text {ck }}^{52}$ | ${ }_{194}^{193}$ | ${ }_{226}^{229}$ | ${ }_{180}^{178}$ | $1 \begin{aligned} & 158 \\ & 158 \\ & 1\end{aligned}$ | 305 |  | ${ }_{373}^{373}$ | ${ }_{313}^{313}$ | 1180 | ${ }_{251}^{251}$ | 28．3 | 7．9 | 1 |
|  | $\begin{gathered} 6.9 \\ 7.5 \\ 7.0 \end{gathered}$ | 50：3 | $\begin{aligned} & 2.4 \\ & 2: 2 \\ & 2.2 \end{aligned}$ | $\begin{aligned} & 2031 \\ & 2020 \\ & 200 \end{aligned}$ |  | 2010 | ${ }_{81.8}$ | $\begin{aligned} & 191 \\ & 188 \\ & 188 \end{aligned}$ | ${ }_{217}^{229}$ | 177 <br> 17 <br>  <br> 1 | $\begin{aligned} & 1152 \\ & 1487 \\ & 145 \end{aligned}$ | 308 | 近 $\begin{aligned} & 316 \\ & 315\end{aligned}$ | 323 377 378 | $\begin{aligned} & 3202 \\ & 2829 \\ & 288 \end{aligned}$ | cilio 1130 | ${ }_{2}^{258}$ | ${ }_{\substack{\text { and } \\ 29.8 \\ 29.2}}$ |  | 162 |
| ${ }_{\text {M }}$ | $\begin{gathered} 7.9 .9 \\ 0.9 \end{gathered}$ | ${ }^{50.8}$ | $\begin{aligned} & 1.8 \\ & 2.2 \end{aligned}$ | ${ }_{211}^{208}$ | 185 <br> 187 | 2080 2300 | Sile | ${ }_{192}^{192}$ | ${ }_{22}^{221}$ | $\xrightarrow{178}$ | $\begin{aligned} & 162 \\ & 168 \\ & 168 \end{aligned}$ | ${ }_{312}^{225}$ | cos328 <br> 350 | ${ }_{434}^{404}$ | ［ $\begin{aligned} & 290 \\ & 310\end{aligned}$ | ${ }_{1}^{1460} 1$ | ${ }_{265}^{248}$ | ${ }_{29.7}^{29.4}$ | ${ }_{8}^{7} 8$ |  |
|  |  |  |  |  |  |  |  | 186 |  |  |  |  |  |  |  |  |  |  | 8.0 |  |
|  |  |  | $\frac{1.9}{1.0}$ | $\begin{aligned} & 214 \\ & { }_{214}^{213} \\ & 0 \end{aligned}$ | $\begin{aligned} & 19191 \\ & 190 \end{aligned}$ |  | － | 192 |  | 178 | 156 |  | $\begin{gathered} 350 \\ 350 \\ 306 \end{gathered}$ | ${ }_{4}^{434}$ | $\begin{aligned} & 310 \\ & 304 \\ & 304 \end{aligned}$ | 1880 |  | ${ }^{30.4}$ |  |  |
|  | $\begin{aligned} & 8.6 \\ & 8.0 \\ & 8 \end{aligned}$ |  | $\begin{gathered} 1: 6 \\ 1: 8 \\ 1: 8 \end{gathered}$ | 213 | 191 |  | S4．6 | $\begin{aligned} & 105 \\ & \hline 105 \\ & 105 \end{aligned}$ | 2 | ${ }_{178}^{178}$ | ${ }_{\substack{161 \\ 168}}^{181}$ | 384 | ${ }_{329}^{320}$ | ${ }_{375}^{385}$ | ${ }_{205}^{290}$ | ${ }_{1}^{1750}$ | $\stackrel{249}{254}$ | － | ${ }_{8}^{8.5}$ |  |
|  |  |  | 1.9 |  |  | 2740 |  | 192 |  |  |  |  | 313 | 335 |  | 1450 | $\frac{8}{8 \times 50}$ | 31.7 | ${ }^{8.3}$ |  |
|  |  |  | 3．2 |  |  | ${ }_{1780}^{2380}$ | 54． | 18 | ${ }_{226}^{227}$ | ${ }_{173}^{178}$ | 149 149 | － | 303 294 | 320 <br> 301 | 291 | 1270 | cos | ${ }^{32.1}$ | ${ }_{8.6}^{8.5}$ | （3．8 |
|  |  |  | $\begin{aligned} & 3.2 \\ & 3.0 \\ & \hline \end{aligned}$ | $\begin{aligned} & 207 \\ & 207 \\ & 207 \\ & 207 \end{aligned}$ | $\begin{aligned} & 189 \\ & 1880 \\ & 1880 \end{aligned}$ | ${ }_{1850}^{1980}$ | $\frac{53.6}{53 \cdot 8)}$ | ${ }_{178}^{188}$ |  | 168 | $\begin{aligned} & 1396 \\ & 148 \\ & 148 \end{aligned}$ |  | － | 316 | 哏288 | （150 | （18．0 |  |  |  |
|  | 9.7 |  | $\begin{aligned} & 3 \cdot 3 \\ & 3: 8 \\ & 3: 8 \end{aligned}$ | ${ }^{208}$ |  | 1944 | cos | ${ }^{178} 1$ | 201 | ${ }_{\substack{101 \\ 161}}^{101}$ | ${ }_{1185}^{138}$ | ＋ | 308 339 315 | （ $\begin{aligned} & 395 \\ & 381 \\ & 431\end{aligned}$ | 221 | $\substack { 13720 \\ \begin{subarray}{c}{1840{ 1 3 7 2 0 \\ \begin{subarray} { c } { 1 8 4 0 } } \end{subarray}$ | $\xrightarrow{16.0} 1$ | 35．6 33 33 | （o． |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | $\begin{aligned} & 3.4 .4 \end{aligned}$ |  |  |  |  |  |  |  |  |  |  |  | $\begin{aligned} & 304 \\ & 3248 \\ & 3,28 \end{aligned}$ |  |  |  |  |  |
|  |  |  | $\begin{gathered} 3.6 \\ \substack{3.6 \\ 3.4} \end{gathered}$ |  | 186 188 188 | 3139 <br> 3050 | 寺5：3 | $\begin{aligned} & 176 \\ & 178 \\ & 178 \end{aligned}$ | ${ }_{1}^{175}$ | ${ }_{177}^{177}$ | $\begin{aligned} & 119 \\ & 1121 \end{aligned}$ |  | ${ }_{4}^{458}$ | ${ }_{\substack{659 \\ 627}}^{5}$ |  | 500 |  |  |  |  |
|  |  | ${ }_{\substack{51.6 \\ 61.8}}$ | ${ }_{3.5}^{3.4}$ | ${ }_{208}^{206}$ | ${ }_{191}^{188}$ | cos |  |  |  |  |  | ${ }_{291}^{382}$ | 456 |  | 388 | ${ }_{\substack{2080 \\ 1850}}^{200}$ | （16．0 | 288．7 | \％ 2.0 |  |
|  |  |  | 4 |  |  |  |  |  |  |  |  |  | 458 |  |  | 20 | ciro． |  | 0．0 |  |
|  |  |  | $1$ |  | 204 | $\begin{aligned} & 102 \\ & 102 \\ & 160 \end{aligned}$ |  | 187 | ${ }_{211}^{292}$ | 1881 |  |  | 498 | ${ }_{6}^{681}$ | $\begin{gathered} 389 \\ 388 \\ 38 \end{gathered}$ | 5 | $18 \cdot$ |  |  |  |
|  | 0.0 | ${ }_{\text {cter }}^{51.7}$ | $\begin{aligned} & 3.1 \\ & 3.4 \\ & 3.4 \end{aligned}$ |  | 201 |  |  |  |  |  | $\begin{aligned} & 145 \\ & 145 \\ & 150 \end{aligned}$ |  | ${ }_{606}^{47}$ | ${ }_{7}^{798}$ | － | ${ }^{2258}$ |  |  | ${ }_{9}^{9.5}$ |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | ${ }_{22}^{22}$ |  | 29 | 60 |  | 251 |  |  | ${ }_{617}$ | 559 | 813 | 40 | 830 |  |  |  |  |
|  |  |  | 1.9 | ${ }_{233}^{231}$ |  |  |  |  |  |  |  |  | － |  | ${ }_{5} 5$ | 570 |  |  |  |  |
|  |  |  | 2 | 21 | 222 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | ${ }_{24}^{24}$ |  |  | ${ }_{\text {col }}^{63.8}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 6．6 |  | 1.7 | $249^{\circ}$ | ${ }_{\substack{225 \\ 228}}$ |  |  |  |  |  |  |  |  |  |  |  |  | \％ |  |  |
| $\frac{\text { IAY }}{\text { IUN：}}$ |  |  | 1.6 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

U.S. STATISTICS


DATES-Cols. 25, 38-9, end of month ; cols, 27-9, monthly average; Current Business. Cols. 25-6, 32-9-Federal Reserve Bulletin.
SEE ALSO FURTHER NOTES ON PAGE 100 OF BULLETIN FOR AUG. 1947
quarter in anticipation of higher tax rates applicable to 1951 personal incomes, and is not indicative of a decline either of corporate earning power or " propensity to distribute" earnings.

The ratio of Saving to Disposable Income has oscillated violently since mid-1950, the sharp declines occurring in the third quarter of last year and the first of this year. In each case, the declines are attributable principally to the anticipatory buying sprees following the outbreak of hostilities in Korea last June and the accelerated defence programme announced last December; in each case the succeeding quarter showed a sharp increase in the ratio of saving to income.* One contributing factor to the increased savings ratio in the fourth quarter is the rise in the ratio of dividends to disposable income ; since dividend recipients tend to have large incomes, this rise would tend to increase the ratio of savings to income. A further and, in my opinion, more important explanatory factor is that the "expenditure bursts " involved a substitution of earlier for later expenditures resulting in subsequent expenditure declines; in addition, paying instalments on previous purchases tended to reduce income available for current expenditure. Corporate saving declined from the last quarter of 1950 to the first quarter of 1951 ; this occurred because of the decline in dividend payments and slight rise (to a new high) in pre-tax profits.

## Wages and Prices

Average hourly earnings have, in virtually all branches of private industry, risen slowly but steadily since last July ; the end of this process is nowhere in sight. In the race for wage increases workers in heavy manufacturing, metal-mining and building construction were in the van, but closely followed by many others ; clerical, sales and similar personnel brought up the rear, although clerical help (because of scarcity) has fared better than usual in a period of inflation. The Wage Stabilization Board has imposed ceilings on wage increases, but they have been designed more to avoid offending strong bargainers than to prevent inflation. The board has adopted, de facto, the principle of permitting any wage-increases necessary to keep up with the cost of living and in addition has permitted limited increases due to allegedly increased productivity, provided the employer does not use this latter class of increases as a basis for seeking relief from price ceilings.

Since the turn of the year, the rise in the cost

[^47]of living has, in most cases, reduced real hourly earnings although the reduction has been quite small. The index of consumer prices has risen steadily since last July although in recent months it has slowed its rate of ascent due to a slight drop in food prices from February through April (which was more than compensated by the May increase). All the other major components of the index (with the exception of fuel, etc., which fell slightly in March-April) climbed slowly but steadily through May.

The mounting inventories in the hands of retailers have made them very uneasy. In consequence, there have been quite a few " clearance sales, "etc., in May and June, which have brought bargains to the buyer of durables and clothing. A spectacular price war was touched off by the invalidation of the "Fair Trade Law," with " brand name" merchandise (particularly durables) being marked down severely. This price war was fought most bitterly in New York and other large cities in May and early June, but has since subsided. Consumers responded vigorously to the lure of bargains and literally (in some cases) trampled upon one another in their anxiety to buy before stocks were exhausted.

At the wholesale level, the food index reached a temporary peak in February with the "nonfarm producers" and the "all commodity" indices turning down one month later. Since March, these indices have generally tended downward, although very slowly. Price regulations may have had some part in halting the increase, but it is difficult to say how much. It is worth noting that, even under the "old" price-control law which expired June 30 (and will probably be replaced by a much weaker one), factor-price increases could, for the most part, be passed on to buyers. The controversial "roll-back " orders on meat prices will very likely be precluded by the new price control act.

## Money and Finance

In April, cash disbursements from the Federal Treasury exceeded collections for the first time since the previous October. Cash outgo should exceed intake for the next several months as armament deliveries increase. Bank credit in the form of business loans continued to rise up to the middle of May (in accordance with the usual seasonal pattern), but has since remained about constant. Beginning in March, a programme of voluntary credit restraint on "non-essential" lending was sponsored by the Federal Reserve Board with the aid of private institutions. This programme extends to banks, insurance companies and other institutional lenders and was aimed
particularly at speculative inventory holdings. It is difficult to ascertain how effective the programme has been, since distributors have been anxious to liquidate inventories for lack of sales, although bank pressure may have been a contributing factor to their recent uneasiness.

Consumer credit declined steadily from December through April (rising slightly in May). It is difficult to weigh the importance of credit controls as compared with other forces, but the rather onerous terms imposed on purchasers of durables (especially automobiles) seem likely to have had some deterrent effect on low income buyers. (The effect of controls on mortgage credit has already been mentioned.)

A development of major significance has been the removal of the Federal Reserve peg on government bond prices. After much debate, the Federal Reserve authorities began, in March, to withdraw support from the government bond market and the general level of bond yields, private and corporate, for all maturities, has tended to rise ever since. Interest rates on saving deposits and bank loans have also tended to rise. The drop in the market price of " governments" seems to have had the effect of making institutional holders very reluctant to sell (even for the purpose of re-lending at higher rates) as they are very averse, especially insurance companies, to taking paper capital losses. The refusal of these investors to sell bonds below acquisition prices is held in many quarters to be a major factor in the tightening of mortgage credit.

The violent stock market boom that began in the latter part of 1950 tapered off in mid-February; the market has since fluctuated within fairly narrow limits about the February level. Institutions which formerly eschewed the risks of common stock ownership have entered the market in considerable strength in the past eight months in search of higher yields. Another straw in the same wind is the increased percentage (as compared with 1949) of individuals who indicated* a preference for stocks or real estate as an investment outlet as compared with cash or savings bonds. It should also be noted that in

[^48]every month of the year up to April, redemptions of Series E, F \& G bonds (sold primarily to individuals) exceeded purchases.

## Prospects for the Second Half of 1951

At the present writing, crystal balls are unusually murky. On the inflationary side, there is the huge armament programme which is only just beginning to roll and the enormous projected capital outlays. Furthermore, the prospective armistice in Korea has provoked a wave of Congressional sentiment for relaxation of all anti-inflationary measures. The new price control measure will be, by all present indications, a very weak one. However, few of the anticontrol advocates appear to want the political onus of opposing controls as such; they want the symbol of controls but not the substance. Not only are direct controls threatened, but it appears likely that the proposed tax increases (already passed by the House of Representatives) will be reduced in the Senate. Furthermore, there is a strong pressure from sellers against credit regulations and a tight money policy generally. With wages effectively tied to the retail price level, any price increases are quickly transferred into cost increases, generating further inflationary pressure. Finally, there are sharp reductions scheduled in the production of consumer durables during the third quarter because of material shortages ; this should begin to strengthen the sagging prices of these items within the next two or three months.

On the other hand, it seems likely (despite official denials) that the expenditure rate of the armed services will accelerate more slowly if actual hostilities end. Indeed, in view of the oft-expressed concern of the military with economic stability, it is possible that the actual rate of orders (and, with a lag, spending) may be varied to suit economic conditions.

For the immediate future, past commitments will keep expenditure rising. It would seem probable that in the third quarter inflationary pressure will continue to be the major problem of the economy, but by the fourth quarter a diminished sense of urgency may slow up capital accumulation and munitions production.

FINANCE



PRODUCTION \& RAILWAY TRAFFIC


| Totals for <br> Period | TOTAL IMPORTS (Declared Values, c.i.f.). |  |  | EXPORTS (Declared Valuos, f.o.b.). |  |  |  | TRADE WITH WESTERN HEMISPHERE. ${ }^{\\|}$ |  |  | IMPORTS <br> (TOTAL) |  | EXPORTS (U.K.). |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { ذ } \\ & \stackrel{y}{0} \end{aligned}$ |  |  |  |  | $£ \mathrm{Mn}$. |  | Percentage of |  |  |  |  | $\begin{aligned} & \dot{\Phi} \\ & \stackrel{1}{0} \\ & \stackrel{1}{\circ} \end{aligned}$ |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | olum |  |  |
|  | ¢ Mn. | \& Mn. | ¢ Mn, |  |  |  |  |  |  |  |  | ndex | Number | -\% | 1938 |  |  |  |
|  | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 |  | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 |
| 1913 | 769 | 290* | 282* | 525 | 411* | 110 | 134 | 32 | 20 |  | 104 |  | 97 | . . | 68 | 142 |  | . |  |
| 1919 | 1626 | $\left\{\begin{array}{l}707 * \\ 719\end{array}\right.$ | $\left\{\begin{array}{l}646{ }^{*} \\ 607\end{array}\right.$ | 799 | $\left\{\begin{array}{l}632 * \\ 641\end{array}\right.$ | 165 | 663 | 49 | 12 | 671 |  | 233 | $\cdots$ | 189 | 123 | $\cdots$ | $\cdots$ |  |
| 1920 | 1933 | 766 | 710 | 1334 | 1120 | 223 | 376 | 45 | 17 | 582 |  | 277 |  | 245 | 113 | $\cdots$ |  |  |
| 1921 | 1086 | 567 | 271 | 703 | 589 | 107 | 275 | 41 | 16 | 300 |  | 185 |  | 184 | 101 |  |  |  |
| 1922 | 1003 | 472 | 298 | 720 | 569 | 104 | 180 | 37 | 18 | 219 |  | 148 | $\cdots$ | 136 | 109 |  |  |  |
| 1923 § ... | 1096 | 509 | 325 | 767 | 580 | $\Pi 19$ | ${ }^{210}$ | 34 | 19 | 195 | $\cdots$ | 145 | . | 130 | 112 | $\cdots$ | $\cdots$ |  |
| 1924 ... | 1277 | 571 | 401 | 801 | 620 | 140 | 336 | 34 | 18 | 269 |  | 150 |  | 129 | 116 |  | $\cdots$ |  |
| 1925 1926 $\cdots$ | ${ }_{1241}^{1321}$ | 570 530 | 426 393 | 773 653 | ${ }_{540}^{618}$ | 125 | 393 463 | 33 32 | 19 20 |  |  | 151 138 | $\because$ | 126 | 120 |  |  |  |
| $\begin{array}{ll}1926 \\ 1927 & . . . \\ 1928\end{array}$ | 1241 1218 | 530 538 | 393 353 | 653 709 | 540 | 125 123 | 463 386 | 32 31 | 20 19 | ${ }_{217}^{241}$ |  | 138 132 | . | 1118 | 116 |  | $\ldots$ |  |
| 1927 … | 1218 1196 | ${ }_{531}^{538}$ | 353 336 | 729 | 565 | 123 | 386 <br> 352 | ${ }_{31}^{31}$ | 19 20 | 202 |  | 133 | $\cdots$ | 111 | 120 | $\cdots$ | $\ldots$ |  |
| 1929 | 1221 | 535 | 340 | 729 | 575 | 110 | 382 | 31 | 20 | 208 | $\cdots$ | 130 | $\ldots$ | 109 | 119 | $\ldots$ | . |  |
| 1930 | 1044 | 475 | 251 | 571 | 441 | 87 | 386 | 28 | 19 | 170 |  | 114 | $\cdots$ | 104 | 110 | $\ldots$ |  |  |
| 1931 | 861 | 417 | 174 | 391 | 293 | 64 | 407 | 25 | 17 | 144 |  | 92 |  | 93 | 98 |  |  |  |
| 1932 | 702 | 373 | 165 | 365 | 276 | 51 | 286 | 29 | 14 | 144 | $\cdots$ | 86 | $\cdots$ | 87 | 98 | $\cdots$ |  |  |
| 1933 .. | 675 | 340 | 181 | 368 | 282 | 49 | 258 | 28 | 17 | 119 |  | 83 |  | 87 | 95 | . |  |  |
| 1934 .. | 731 | 347 | 210 | 396 | 305 | 51 | 284 | 29 | 16 | 139 |  | 86 |  | 88 | 98 |  |  |  |
| 1935 | 756 | 355 | 212 | 426 | 329 | 55 | 275 | 29 | 17 | 137 | 93 | 89 | 103 | 89 | 100 | 95 | 96 | 102 |
| 1936 | 848 | 382 | 248 | 441 | 341 | 61 | 346 | 30 | 18 | 160 | 99 | 93 | 104 | 91 | 103 | 96 | 105 | 103 |
| 1937 | 1028 | 431 | 315 | 521 | 405 | 75 | 431 | 29 | 19 | 194 | 105 | 107 | 113 | 98 | 109 | 97 | 112 | 112 |
| 1938 | 920 | 430 | 248 | 471 | 365 | 62 | 387 | 30 | 16 | 185 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1939 . | 886 | 398 | 241 | 440 | 338 | 46 | 400 | 32 | 19 | 187 | ${ }_{95}^{95}$ | 101 (140) |  | $\begin{array}{r} 100 \\ (120) \end{array}$ | 101 | 94 | 96 | 94 |
| 1940 1941 | 1082 986 | 420 422 | 338 227 | 292 324 | 315 275 | 26 8 | 664 654 | 47 61 | 24 27 | 432 598 | (85) | (140) $(160)$ | (70) | (120) | $\cdots$ |  |  |  |
| 1942 … | ${ }_{997}^{986}$ | 435 | 236 | 271 | 237 | 8 | 721 | 66 | 21 | 715 | (65) | (165) | 35 | 160 | (103) | (75) | (60) | 40 |
| 1943 ... | 1234 | 513 | 263 | 234 | 201 | 6 | 994 | 80 | 21 | 1424 | (70) | (185) | 30 | 170 | (109) | (78) | (60) | 32 |
| 1944 ... | 1309 | 521 | 280 | 266 | 230 | 13 | 1030 | 81 | 17 | 1853 | (75) | (190) | 30 | 180 | (104) | (75) | (60) | 35 |
| 1945 ... | 1104 | 490 | 294 | 399 | 307 | 51 | 654 | 68 | 14 | 972 | 61 | 198 | 46 | 185 | 101 | 61 | 56 | 45 |
| 1946 ... | 1301 | 638 | 390 | 915 | 786 | 50 | 336 | 44 | 13 | 456 | 67 | 211 | 99 | 196 | 108 | 68 | 69 | 111 |
| 1947 ... | 1795 | 803 | 567 | 1138 | 1000 | 61 | 596 | 43 | 15 | 590 | 76 | 258 | 109 | 222 | 116 | 73 | 81 | 124 |
| 1948 ... | 2078 | 883 | 684 | 1583 | 1377 | 64 | 432 | 30 | 16 | 367 | 78 | 289 | 136 | 247 | 117 | 73 | 84 | 155 |
| 1949 ... | 2274 | 971 | 773 | 1786 | 1560 | 58 | 430 | 27 | 15 | 349 | 84 | 294 | 151 | 251 | 117 | 79 | 93 | 171 |
| ${ }_{1950} 1947$ | 2603 | 1024 | 997 | 2170 | 1882 | 85 | 348 | 24 | 17 | 244 | 87 | $\stackrel{\text { 330 }}{+}$ | $\overline{177}$ | $\stackrel{262}{\dagger}$ | 126 | 78 | 97 | 199 |
| 1 lst Qtr. | 364 | 185 | 104 | 250 | 218 | 18 | 96 | 44 | 14 | 120 | 67 | 238 | 101 | 212 | 112 | 70 | 68 | 114 |
| 2nd Qtr. | 457 | 214 | 141 | 265 | 232 | 18 | 174 | 44 | 15 | 157 | 76 | 253 | 102 | 221 | 115 | 76 | 81 | 116 |
| 3rd <br> 4th <br> Atr. | 518 456 | $\stackrel{228}{176}$ | 166 | 303 | 268 | 11 | 204 | 43 | 15 | 176 | 85 | ${ }_{2}^{269}$ | 114 | 220 | 122 | 81 | 92 | 131 |
| $\begin{aligned} & \text { 4th Qtr. } \\ & 1948 \end{aligned}$ | 456 | 176 | 155 | 321 | 282 | 13 | 123 | 41 | 15 | 136 | 75 | 272 | 118 | 236 | 115 | 66 | 81 | 133 |
| 1st Qtr. | 488 | 207 | 157 | 353 | 308 | 15 | 119 | 33 | 16 | 102 | 78 | 276 | 126 | 241 | 115 | 72 | 85 | 143 |
| 2nd Qtr. | 538 | 220 | 185 | 390 | 337 | 16 | 132 | 28 | 15 | 91 | 78 | 290 | 134 | 245 | 119 | 71 | 86 | 152 |
| 3rd Qtr. | 524 | 220 | 169 | 407 | 358 | 16 | 101 | 31 | 15 | 98 | 79 | 293 | 138 | 249 | 118 | 73 | 83 | 159 |
| $\begin{aligned} & \text { 4th Otr. } \\ & \quad 1949 \end{aligned}$ | 528 | 236 | 173 | 431 | 374 | 17 | 80 | 29 | 17 | 78 | 78 | 297 | 147 | 251 | 118 | 77 | 83 | 166 |
| 1st. Qtr. | 538 | 227 | 181 | 460 | 405 | 15 | 63 | 27 | 15 | 71 | 79 | $\overline{296}$ | 156 | $\overline{249}$ | 119 | 73 | 85 | 178 |
| 2nd Qtr. | 584 | 242 | 206 | 432 | 382 | 15 | 136 | 25 | 12 | 90 | 85 | 292 | 146 | 250 | 117 | 78 | 96 | 168 |
| 3 3rd Qtr. | 564 | 238 | 195 | 423 | 373 | 12 | 129 | 28 | 15 | 98 | 87 | 282 | 142 | 251 | 112 | 81 | 99 | 163 |
| 4th Qtr. | 58 | 264 | 192 | 471 | 400 | 16 | 101 | 30 | 16 | 97 | 85 | 305 | 159 | 253 | 121 | 85 | 92 | 177 |
| 1 st Qtr. | 605 | 257 | 210 | 516 | 444 | 18 | 71 | 24 | 15 | 64 | 83 | $\overline{306}$ | $\overline{171}$ | $\overline{254}$ | 120 | 79 | 88 | $\overline{192}$ |
| 2nd Qtr. | 675 | 261 | 262 | 508 | 444 | 18 | 149 | 24 | 17 | 71 | 92 | 321 | 167 | 259 | 124 | 81 | 108 | 189 |
| 3rd 4th Qtr. | 629 | 241 | 245 | 543 | 472 | 23 | 64 | 26 | 18 | 60 | 84 | 332 | 175 | 263 | 126 | 73 | 99 | 197 |
| 4th Qtr. | 694 | 265 | 279 | 603 | 521 | 27 | 65 | 24 | 19 | 49 | 84 | 364 | 191 | 272 | 134 | 77 | 94 | 215 |
| 1st Qtr. | 848 | 283 | 388 | 580 | 506 | 33 | 234 | 18 | 16 | 52 | 91 | 410 | 174 | 286 | 143 | 80 | 102 |  |
| 2nd Qtr <br> July $\ddagger$ | 1008 359 | 455 119 | 420 158 | 660 222 | 582 196 | $\begin{aligned} & 30 \\ & 10 \end{aligned}$ | $\begin{aligned} & 318 \\ & 127 \end{aligned}$ | ${ }_{23}^{21} \ddagger$ | ${ }_{23}^{18} \ddagger$ | $79 \pm$ | 101 | 463 469 | 189 | $\begin{aligned} & 308 \\ & 320 \end{aligned}$ | 150 147 | 91 | 107 | 218 |

SOURCE : Board of Trade throughout
(Board of Trade Journal and Accounts of Trade.)
$=$ Not available. $\quad(\quad)=$ Approx. only. $\quad 56-62$ and $66-73$ exclude most munitions from 1940-5. 63-65 include munitions.

* Change of classification in 1919. Italics show 1913 classification. § Eire excluded from U.K. from April, 1923
$\dagger$ The quarterly movements are interpolated for each year from the B/T import and export current price series.
$\ddagger$ Provisional fil chief countries only. For other notes on this table, see Bulletin, February, 1949, p. 29.

FINANCE

| $74,75,78$ Av．for period；76，79：Totals 77 ：Av． | Yiold on Govt．Securities |  |  |  |  <br> \％ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{aligned} & \text { 號感 } \\ & \text { } \end{aligned}$ |  |  |  |  |
| 1935 | $\begin{gathered} 74 \\ 2 \cdot 46 \end{gathered}$ | $\begin{gathered} 75 \\ 3.03 \end{gathered}$ | ${ }^{76}$ | ${ }_{7}^{77}$ | ${ }_{7}^{78}$ | －79 ${ }^{79}$ |
| 1938 | 2.73 | $3 \cdot 27$ | 55 | 100 | （9．8） | － 140 |
| 1939 | 3.30 | 3．66 | 98 | $\underline{23}$ | （8．5） | － 781 |
| 1940 | $\frac{2.78}{2+4}$ | 3．26 | 474 | ${ }^{9}$ | 10.8 | －2489 |
| 1941 | ${ }^{2.47}$ | 2.95 | ${ }_{603}^{611}$ | ${ }_{93}^{92}$ | 10.6 | －2794 |
| 1943 | 2．45 | $\frac{2.89}{3.03}$ | ${ }_{722}$ | ${ }_{97}^{93}$ | 10.0 10.6 | -2894 <br> -2827 |
| 1944 | 2．37 | 3.02 | 710 | 101 | 11.6 | －2910 |
| 1945 1946 | $\underset{\substack{2.44 \\ 2.09}}{ }$ | ${ }_{2}^{2.95}$ | ${ }_{651}^{651}$ | 1109 | 11.2 | －2201 |
| 1947 | 2．18 | 2．67 | $\frac{117}{113}$ | 168 | 15.5 | $\begin{array}{r}\text { ¢ } \\ \hline \\ +117 \\ \hline\end{array}$ |
| 1948 | 2．02 | $\frac{2}{2.79}$ | ${ }^{26}$ | ${ }^{183}$ | 14.8 | ＋ 545 |
| 1949 1950 | $\frac{1.94}{2.03}$ | 2.83 2.99 | 61 | 191 | 14.5 14.9 | $\begin{array}{r}\text {＋} 364 \\ +\quad 472 \\ \hline\end{array}$ |
| 1949－ |  |  |  |  |  |  |
|  | 1.82 <br> 2.38 | 2.60 3.04 3.04 | 14 | 189 191 | 13.8 13.3 | $\begin{array}{r}\text {［ } \\ \hline \\ \hline\end{array}$ |
| 4th Qr． | 2．00 | 3．09 | － 12 | 198 | 13.3 14.9 |  |
| ${ }_{1 s t}{ }^{\text {O }}$ Or |  |  |  |  |  |  |
| 2nd Qr | 2.09 | ${ }_{2.98}$ | － 6 | ${ }_{222}^{202}$ | 17.1 13.4 | ［ <br> $+\quad 562$ <br> $-\quad 59$ |
| 3rd Qr． | ${ }_{1}^{1.98}$ | ${ }_{3}^{3.00}$ | － 17 |  | 16.0 | － 36 |
| 4 th Qr． | 1.80 | $2 \cdot 89$ | $-13$ |  | 15.1 |  |
| 1st Qr． | 1.76 1.90 | $\stackrel{3}{3.35}$ | 38 |  | 18.5 16.2 | $\begin{array}{r} \\ +\quad 579 \\ +\quad 31 \\ \hline\end{array}$ |

POPULATION \＆EMPLOYMENT

|  | U．K． |  | population，great britain |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Total |  | Working |  | Employed |  |
|  | $\qquad$ |  | $\frac{8}{d}$ | $\begin{aligned} & \frac{\pi}{4} \\ & \frac{y}{3} \\ & \hline \end{aligned}$ | $\frac{8}{4}$ | $\begin{aligned} & \frac{8}{6} \\ & \frac{\pi}{6} \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { ge } \\ & \text { gixy } \\ & \text { Heg } \end{aligned}$ |  |
|  |  |  | Mid－year and End－of－quartor Estimates |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| 1935 | 90， <br> 15.2 <br> 1 | ${ }_{121}^{91}$ | ${ }_{21.9}^{92}$ | 93， 23 | 94 | 95 | 96 | 97 |
| 1938 | 15.5 | 11.8 | 22.2 | 24.0 | 14.48 | $5 \cdot 00$ |  |  |
| 1939 | 15.3 | 12.2 | 22.3 | 24.1 | 14．66 | 5.09 | 17．92 | 6．82 |
| ${ }_{1941}^{1940}$ | 14．9 | 14.0 <br> 13.0 <br> 1 | ${ }_{22}^{22.6}$ | ${ }^{24 \cdot 3}$ | 15．10 | $5 \cdot 57$ | 17.38 |  |
| 1941 1942 | 14.6 16.0 | lis $\begin{gathered}13.0 \\ 11.6\end{gathered}$ | ${ }_{22.7}^{22.6}$ | ${ }_{24 \cdot 4}^{24 \cdot 3}$ | 15．22 | 6.11 6.91 | ${ }_{17.49}^{17.37}$ | ${ }_{7}^{7.40}$ |
| 1943 | 16.6 | 12.0 | 22.8 | ${ }_{24 \cdot 5}^{24}$ | 15：03 | ${ }_{7} 7.25$ | 17．12 | ${ }_{7 \cdot 75}$ |
| 1944 | ${ }_{16.8}^{17.8}$ | 11.7 | 23.0 | 24.7 | 14.90 | 7.11 | 16.68 | 7.43 |
| 1945 1946 | $\xrightarrow{19.3} 1$ | ${ }_{11.6}^{11.5}$ | ${ }_{23.1}^{23.0}$ | ${ }_{24.7}^{24.8}$ | ${ }_{1}^{14.88}$ | ${ }_{\substack{6.77 \\ 5.89}}$ | 16．29 | 6．82 |
| 1947 | 20.8 | 12.1 | ${ }_{23 \cdot 3}$ | ${ }_{24 \cdot 9}^{2 \cdot 9}$ | ${ }_{14.63}$ | ${ }_{5}^{5.74}$ | ${ }_{18,56}^{17.33}$ | ${ }_{7}^{6.59}$ |
| 19 | 18.1 | 10.9 | 23.6 | 25.1 | $\left\{\begin{array}{l}14 \cdot 63 \\ \frac{15 \cdot 81}{}\end{array}\right.$ | $\frac{5.73}{57.09}$ | 18.97 | 7．25 |
| 1949 | 17.0 | 11.7 | 23．8 | 25.2 | 15．79 | ${ }_{7} 67.08$ |  |  |
| 1950 | $16 \cdot 1$ | 11.7 | $23 \cdot 9$ | $25 \cdot 3$ | 15.82 | 7.24 | 22.08 | 8.47 |
| ${ }_{3 \mathrm{c}}^{1949}$ Or． | 17.0 | 9.3 |  |  | 15.85 |  |  |  |
| 4 4th Qr． | 15.8 | 11.7 | 23.9 | $25 \cdot 3$ | 15.85 | 7.17 | 21.90 | 8.41 |
| ${ }_{\text {1st }}$ |  |  |  |  |  |  |  | 8.45 |
| 2nd Qr． 3rd Or． | 16.9 16.8 | 11.0 9.4 | 23.9 | $25 \cdot 3$ | 15.82 15.89 | ${ }_{7}^{7.24}$ | ${ }_{22.18}^{22.10}$ | ${ }_{8}^{8.47} 8$ |
| 4 4th Qr． | $14 \cdot 9$ | $12 \cdot 3$ | 24.0 | 25.4 | 15.89 | 7.29 | ${ }_{22} \cdot 10$ | 8.62 |
| ${ }_{1} \mathrm{st}$ Q | $16 \cdot 3$ | 18.5 |  |  | ． 95 | 7.38 | $22 \cdot 30$ | 8.68 |

PRODUCTION，CONSUMPTION，ETC．


INDUSTRIAL EARNINGS \＆HOURS

| Last pay． week of months | Earnings per week |  |  | Hours per week |  |  | Hourly Earnings |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | ₹ | $\frac{8}{8}$ | E 8 8 8 | そ | $\frac{5}{4}$ | E 8 8 8 |
|  | s．d．per week |  |  | Hours |  |  | Index Nos． $\%$ of Oct．， 1938 |  |  |
|  | 98 | 99 | 100 | 101 | 102 | 103 | 104 | 105 | 106 |
| 1935 Oct． | 48／11 | 64／6 | $31 / 3$ | $47 \cdot 8$ |  |  | 88 |  |  |
| 1938 Oct． | 53／3 | 69 － | 32／6 | $46 \cdot 5$ | $47 \cdot 7$ | 43－5 | 100 | 100 | 100 |
| 1940 July | $69 / 2$ $75 / 10$ | $89 /-$ $99 / 5$ | $38 / 11$ $43 / 11$ | ．．． | ．． | ．． | ．． | ．． | ．． |
| 1942 July | 85／2 | $99 / 5$ $111 / 5$ | 43／2 |  |  | $\ldots$ |  |  |  |
| 1943 July | 93／7 | 121／3 | 62／2 | 50.0 | 52－9 | 45．9 | 163 | 158 | 181 |
| 1944 Jan． | 95／7 | 123／8 | 63／9 | $49 \cdot 2$ | $52 \cdot 0$ | 45－2 | 170 | 164 | 189 |
|  | 96／8 | 124／4 | 64／3 | $48 \cdot 6$ | $51 \cdot 2$ | $44 \cdot 6$ | 174 | 168 | 193 |
| $\begin{aligned} & 1945 \mathrm{Jan} . \\ & \text { July } \end{aligned}$ | 93／9 | 119／3 | $63 / 2$ | $47 \cdot 0$ | 49－4 | $43 \cdot 1$ | 174 | 167 | 196 |
|  | $96 / 1$ | 121／4 | 63／2 | 47－4 | $49 \cdot 7$ | $43 \cdot 3$ | 177 | 169 | 195 |
| $1946 \mathrm{Jan} .$Oct. |  |  | 59／10 |  | 47－4 |  | 177 | 166 |  |
|  | 101／－ | 120／9 | 65／3 | 46－2 | $47 \cdot 6$ | $42 \cdot 6$ | 191 | 175 | 205 |
| 1947 Apr． | 103／6 | 123／5 | 67／4 | 45－0 | $46 \cdot 3$ | $41 \cdot 5$ | 201 | 184 | 217 |
|  | 108／2 | 128／1 | 69／7 | 45－2 | $46 \cdot 6$ | 41.5 | 209 | 190 | 224 |
| 1948 Apr | 114／－ | 134／－ | 72／11 | 45－3 | $46 \cdot 5$ | 41.6 | 220 | 199 | 234 |
|  | 117／4 | 137／11 | 74／6 | 45－3 | $46 \cdot 7$ | 41－6 | 226 | 204 | 240 |
| 1949 Apr | 119／4 | 139／11 |  | 45－3 | 46－6 | 41.8 | 231 | 207 | 247 |
|  | 121／9 | 142／8 | 78／9 | 45－4 | $46 \cdot 8$ | $41 \cdot 7$ | 235 | 210 | 252 |
| 1950 Apr． | 124／1 | 145／9 | 80／6 | 45－6 | 47－0 | 41－9 | 239 | 214 | 257 |
|  | 128／－ | 150／5 | 82／7 | $46 \cdot 1$ | $47 \cdot 6$ | $42 \cdot 0$ | 243 | 218 | 262 |

SOURCES ：74－75 Bank of England．77．78 L．C．E．S．calculations from＂Economist＂data．76，79 L．C．E．S．calculations． 80.88 Board of Trade．
＊Years onding 3 months afler calendar year．$\quad \ldots=$ Not available，tImports only，prior to 1940．$\dagger \dagger(77$ ）relates（approx．）to date of earning profits，（78）to date of declaring dividends．§New series，see footnote on p．107，Aug．，1949．For other notes see Bulletin，Feb．，1949，p．29－30．

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## THE ECONOMIC POSITION

1st November, 1951.
The third quarter of 1951 has seen a serious worsening of the balance of payments position, both of the U.K. itself against the rest of the world including the Sterling Area, and of the Sterling Area as a whole, especially against Europe and North America. The worsening of the whole Sterling Area's position, which has resulted in net gold sales by the Exchange Equalisation Account of $\$ 598 \mathrm{Mn}$., and the conversion of a credit balance with E.P.U. of $£ 41 \mathrm{Mn}$. to a debit balance of $£ 51 \mathrm{Mn}$., has been due partly to lower prices of raw materials and seasonally smaller imports of them by Europe and North America, and partly to heavier imports of European and dollar goods. Recently, the drain has probably been intensified by speculation, partly in the form of accelerated payments for imports and retarded payments for exports. The Sterling Area's balance of payments is likely to show some improvement in the fourth quarter, though probably not enough to obviate the necessity for further large sales of gold.

The position of the U.K.'s own balance of payments is even more difficult. It is estimated that, despite some improvement in the terms of trade, the adverse balance on current transactions for the second half of the year will exceed $£ 300 \mathrm{Mn}$., bringing the adverse balance for the whole year to something like $£ 450 \mathrm{Mn}$. or a worsening of over $£ 650 \mathrm{Mn}$. as compared with 1950. This is roughly equal to the increase in
the volume of imports valued at 1950 prices, plus the loss due to the worsened terms of trade. Thus, the more adverse terms on which we can exchange exports for imports have so far been reflected only in the rising short-term debts to the rest of the world and falling gold reserves. Little or none of it has yet been borne internally.

That during the first half of the year the people of this country had been shielded from the impact of the worsened terms of trade is suggested by the fact that personal consumption, so far from falling, had risen by over $3 \%$, or an amount more than equal to the estimated increase of nearly $4 \%$ in industrial production. There was, however, some indication of a check to consumption in the third quarter, though it may be doubted whether this was more than sufficient to offset the increased demands of the now rapidly rising expenditure on defence. Unless production rises much more rapidly than has been the case this year, which seems unlikely, the defence programme can be carried through without a continued balance of payments deficit only by means of a substantial reduction in other internal expenditure, whether on personal consumption, government consumption or capital formation.

Anxiety must be increased by the possibility of shortages of essential materials during the coming months, especially of coal, coke, steel and electricity, supplies of which seem doubtfully adequate for the existing level of output, and less than adequate for any substantial increase in industrial activity.

# CLEARING BANK HOLDINGS OF PUBLIC DEBT, 1930-1950 

By H. G. Johnson

This article represents an attempt to arrive at some quantitative estimation and analysis of clearing bank holdings of public debt during the period 1930 to 1950, on the basis of information compiled from the statutory statements published semi-annually by the banks. The unsatisfactory nature of this balance-sheet information is obvious, and has been frequently commented on: two days are not representative of a year's business, particularly when the Treasury Bill totals on those days have (until 1947) been artificially reduced below normal by " window-dressing." Also, not all of the " Big Five" give the required information, a serious problem when it comes to estimating, since the policies of the others may be very different. Nevertheless, it has seemed worth while to make the attempt, since the available information covers a substantial part of the clearing banks' portfolios, and no other statistical information is available. The statistical results are given in the Table below and are the source of Charts I to V (pp 107-9).

The study is concerned only with clearing bank holdings of public debt, i.e., Treasury Bills, Government and Government-guaranteed Securities, and (from 1940 on) Treasury Deposit Receipts. Government finance provided by the clearing banks would also include a proportion (growing over the period) of money at call and
short notice, and almost the whole of the banks' cash reserves. It must also be observed that the clearing banks are not the whole of the banking system.

Part I below deals with clearing bank discounts of Treasury Bills, and Part III with investments in Government and Government-guaranteed Securities. In each case the difficulties and methods of estimation are explained in considerable detail, so that the reader may form his own opinion of the reliability of the figures; interpretation of the resulting series is necessarily abbreviated by limitation of space. Part II deals briefly with Treasury Deposit Receipts, statistics of which are readily available in the Clearing House monthly averages. Part IV assembles the three series in an estimate of the relative importance of public debt in clearing bank operations.

## I-Clearing Bank Discounts of Treasury Blles

The available information on clearing bank discounts at half-year ends is of three sorts. First, some banks state their Treasury Bills and other discounts separately. Second, Chairmen's Annual Statements to Shareholders give Treasury Bill figures at year-ends for the Midland from 1930 to 1933, inclusive, and for Barclays for 1936-39 and 1941. These two sources cover

TABLE I. ESTIMATED CLEARING BANK DISCOUNTS AND INVESTMENTS, 1930-51
( EMn .)

| Half-year ending | DISCOUNTS |  | INVESTMENTS |  | Half-year ending | DISCOUNTS |  | LNVESTMENTS |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Treasury Bills | Other Bills | British Govt. and Govt. guaranteed Socuritios | Other Investments |  | Treasury Bills | Other Bills | British Govt. and Govt.guaranteed Seourities | Other <br> Investment |
| 1930 June |  |  | 226-7 | 21-3 | 1941 June | 177-1 | $18 \cdot 0$ | $830 \cdot 8$ | 49-4 |
| 1030 Deo. | 175-9 | $129 \cdot 2$ | $265 \cdot 0$ | $25 \cdot 9$ | Dec. | 160-5 | $13 \cdot 0$ | 953.0 | 45-8 |
| 1931 Juno |  |  | 262.5 | 28.5 | 1942 June | $285 \cdot 4$ | 10.0 | 1013.6 | $44 \cdot 7$ $43 \cdot 8$ |
| Dec. | $135 \cdot 4$ | $91 \cdot 2$ | 262.0 | 26.8 30.1 | 1943 June. | 188.6 | 13.2 10.7 | 1076.6 1116.0 | 43.0 |
| 1932 June |  |  | $317 \cdot 7$ $440 \cdot 3$ | $30 \cdot 1$ $35 \cdot 1$ | 1943 June | 123.9 | $14 \cdot 3$ | 1108.0 | $45 \cdot 8$ |
| 1933 Dec. | $319 \cdot 0$ | $60 \cdot 3$ | $515 \cdot 1$ | $36 \cdot 3$ | 1944 June | 193-1 | $15 \cdot 2$ | 1123-1 | $46 \cdot 1$ |
| Deo. | 229-3 | $55 \cdot 7$ | $521-6$ | $40 \cdot 9$ | Dec. | 133-8 | $20 \cdot 1$ | 1117.6 | $47 \cdot 1$ 60.5 |
| 1934 June |  |  | 507.8 | 42-2 | 1945 June | 120.6 357.0 | 22.6 | 1169.2 | $64 \cdot 8$ |
| Dec. | 187-8 | 58.8 | $546 \cdot 1$ | $38 \cdot 6$ 46.6 | 1946 June | $357 \cdot 0$ $517 \cdot 2$ | 21.8 17.3 | $1315 \cdot 6$ | 66.1 |
| 1935 June | $148 \cdot 1$ | 84.8 81.9 | $568 \cdot 0$ 550.5 | $46 \cdot 6$ $52 \cdot 0$ | 1946 June | 517.2 | 28-9 | $1356 \cdot 0$ | $71 \cdot 0$ |
| 1938 Dec. | $210 \cdot 9$ | $81 \cdot 9$ 66.6 | $558 \cdot 5$ $587 \cdot 2$ | $52 \cdot 0$ $55 \cdot 2$ | 1947 June | 660-7 | 21.1 | 1401.7 | 77.5 |
| 1936 June | $237 \cdot 1$ 223.4 | $66 \cdot 6$ 64.5 | $587 \cdot 2$ $607 \cdot 6$ | 55-5 | 1947 Dec. | $746 \cdot 0$ | $57 \cdot 0$ | 1407-7 | $75 \cdot 1$ |
| 1937 Dune. | $223 \cdot 4$ 169.5 | 64.5 82.4 | $607 \cdot 6$ $590 \cdot 5$ | $55 \cdot 9$ | 1948 June | $594 \cdot 6$ | $72 \cdot 3$ | 1401-7 | $76 \cdot 4$ |
| Dec. | 202-2 | 78.5 | $586 \cdot 4$ | $53 \cdot 5$ | 1949 Dec. | 681.1 730.8 | $66 \cdot 9$ 63.9 | $1400 \cdot 3$ 1421.5 | 77.8 80.6 |
| 1938 June | 192-9 | $75 \cdot 7$ | $576 \cdot 3$ | 53.6 | 1949 June | $730 \cdot 8$ 1046.8 1 | 71-3 | 1432-1 | 80.1 |
| ${ }^{\text {Dec. }}$ | 158.5 | 76.0 98.5 | $573 \cdot 3$ $543 \cdot 4$ | $54 \cdot 2$ 53.0 | 1950 June | $1273 \cdot 8$ | $72 \cdot 0$ | 1414.8 | $82 \cdot 6$ |
| 1939 June | $138 \cdot 4$ 268.6 | $98 \cdot 5$ $67 \cdot 3$ | $543 \cdot 4$ $551 \cdot 0$ | 53.0 58.2 | 1950 Dec. | $1324 \cdot 5$ | 91.0 | 1446.5 | $81 \cdot 2$ |
| 1940 June | $320 \cdot 0$ | $65 \cdot 7$ | $579 \cdot 5$ | $56 \cdot 9$ | 1951 June | 1070-7 | $107 \cdot 6$ |  |  |
| Deo. | $235 \cdot 9$ | $30 \cdot 7$ | 715.5 | 56.2 |  |  |  |  |  |

upwards of $80 \%$ of total clearing bank discounts at five year-ends, and yield a homogenous series covering $60 \%$ or more of the aggregate at yearends throughout. Third, the National Bank throughout entered its Treasury Bills in Money at Call and Short Notice, and another bank put its Treasury Bills among Investments from 1930 to 1939, so that their Discounts exclude Treasury Bills. The latter bank has provided unpublished figures of bills so held from 1935 on, as well as the distribution of its discounts from 1940.*

Owing to the desirability of estimates for midyears as well as year-ends, and the necessity of a homogenous estimating series, the estimates below do not employ all this information. From June, 1935, on they are derived by applying the percentage distribution of the combined holdings of Lloyds, Martins, the Midland, and the bank mentioned above to the aggregate discounts of the clearing banks excluding the National. Twothirds of the National's Money at Call and Short Notice is added to the resulting Treasury Bill total, and the National's Discounts are added to the remainder to give estimated other discounts. Before 1935 the data do not warrant mid-year estimates ; the year-end estimates are formed by applying the percentage distribution of Lloyds, Martins and the Midland to the clearing bank aggregate, excluding both the National and the other bank. The National's Treasury Bills are estimated as before, and both banks' discounts are added to estimated other discounts ; but no allowance is made for the other bank's Treasury Bills (which may run as high as $£ 4 \mathrm{Mn}$., with a corresponding error in "Investments"). The estimating series cover between $45 \%$ and $50 \%$ of the clearing banks' total discounts throughout the period.

Comparison of the results with the total information available indicates that the Treasury Bill estimates may be on the high side during the 'thirties, and on the low side during the 'forties. $\dagger$

[^49]It must also be remembered that during the middle 'thirties certain banks, among them Martins and the Midland, included Treasury and other bonds maturing within a few months among their discounts; no attempt has been made to correct the discount and investment estimates for this.

The estimates of clearing bank discounts of Treasury Bills are presented in the lower curve of Chart I, and the estimated total discounts in the upper curve ; the latter are higher than the Clearing House figures, owing to the method of estimating. The admission of the District Bank to the Clearing House in 1936 makes the figures before and after that year not strictly comparable, but the dotted lines, which show the 1936 estimates on the previous ten-bank basis, indicate that the discrepancy is negligible.

Clearing bank discounts of Treasury Bills from 1932 on were largely determined by two factors: government debt policy, which determined the amount of Treasury Bills issued by tender, and international capital movements, which largely determined the "outside" competition for Treasury Bills. * The detailed movements of the series can, at any rate, largely be explained by changes in the total of tender bills outstanding and in the flow of short-term funds to or from London.

The initial decrease during 1931 is accounted for partly by a reduction in the tender total, and partly by the monetary stringency which immediately followed the abandonment of the gold standard. The more-than-doubling during 1932 is partly accounted for by a rise of $£ 126 \mathrm{Mn}$. in the tender total, attributable to the repayment of foreign credits and the use of Departmental funds to support the War Loan Conversion; the remainder is probably due to the effects of plentiful cash reserves in encouraging freer discounting. The rapid decline from December, 1932, to June, 1935, is attributable for 1933 to debt-funding and capital inflow, and for 1934 to a heavy reduction in the tender issue due to increased Departmental holdings of tap bills;

[^50]the further decline to June, 1935, which occurred despite an increase in the tender total, is probably the short-period effect of the banks' agreement with the discount market not to tender directly for bills. The rise from June, 1935, to June, 1936, reflects a rising tender total ; the decline to December, 1936, occurred despite a further rise in the tender total, and reflects a temporary financial stringency in early December caused by the $23 \%$ Funding Loan; the sharper decline to June, 1937, reflects a reduction in the tender total produced by the Funding Loan and seasonal factors, and the subsequent rise is attributable to a further rise in the tender total. The decline from December, 1937, to June, 1939, corresponds to a period of capital outflow, gold losses, and dwindling tender total.

The rapid expansion from June to December, 1939, corresponds to a rapid expansion of the tender issue to meet rearmament and war needs; the further expansion to June, 1940, greatly exceeded the small contemporary rise in the tender total, the difference probably being attributable to the issue of bills to the banks direct through the tap. From June, 1940, to June, 1945, the Government's floating debt requirements from the banking system were mainly met by the issue of Treasury Deposit Receipts ; the banks' discounts of Treasury Bills fell by more than a half, despite the near doubling of the tender total, the decline being largely explained by the growth of the share in the weekly tenders taken by "outside" (domestic and foreign) demand. The increases from December to June, 1942-44, are somewhat puzzling ; since they correspond with reductions in bank holdings of TDRs (see below) it seems likely that the banks ran off their TDRs (probably by prior encashment) and replaced them by Treasury Bill holdings.

The rapid increase from June, 1945, to December, 1947, is largely due to the rapid rise in the tender total associated with the first two phases of the switch from TDRs to Treasury Bills and the requirements of the cheaper money policy; some of it may also be attributable to the larger share secured by the discount market syndicate in the weekly tenders, and the strains on the market in its capacity as a holder of short bonds in the initial and final stages of the Dalton experiment. The 1948 movements reflect (and exaggerate) seasonal movements in the tender total ; the rise to June, 1949, occurred despite a fall in the tender total, and may reflect the outflow of short-term capital in anticipation of devaluation, as well as the effects of the beginning of the third phase of the switch out
of TDRs on the banks' desire for discounts. The subsequent rise to December, 1950, corresponds to the third phase of the switch from TDRs to Treasury Bills, probably assisted by the improving balance-of-payments position and the releases of sterling balances. The sharp drop in the first half of 1951 -over five times the reduction in the tender total-is probably attributable to increased competition for bills from overseas banks, whose sterling balances have been swollen by the rise in primary prices.

Chart II shows the Treasury Bill estimates as percentages of total discounts, Treasury Bills outstanding, and estimated tender Treasury Bills outstanding. Since the latter can only be estimated reasonably accurately for Saturdays, the percentages are trustworthy only for yearends falling on Saturday or Sunday ; these are marked by asterisks. Otherwise, the estimate for the preceding Saturday is used; owing to the effects of "window-dressing" on the days of taking up Treasury Bills, these percentages are likely to be too low, at least until 1947.

The decline in the Treasury Bill proportion of total discounts from 1932 to 1939 is due more to falling Treasury Bill holdings than to reviving supplies of commercial bills; the decline from June, 1941, to June, 1945, is largely due to the growth of Lloyds' discounts of Indian Treasury Bills; the movements since the war reflect the opposing influences of increasing tender issues and reviving supplies of commercial bills. The short-period movements of the other two series conform fairly closely to the changes in clearing bank holdings of Treasury Bills, tending to indicate that the banks are the residual holders; over the whole period, the significant changes are the decline in the banks' share in the bill total from between $30 \%$ and $40 \%$ of the "tender" total in the 1930s-what would be expected from the structure of the market-to less than $10 \%$ of tender bills outstanding and less than $4 \%$ of the total issue in 1944-45, and the subsequent recovery of the share to the level of the later 1930s.

## II-Clearing Bank Holdings of Treasury Deposit Receipts

The facts about Treasury Deposit Receipts are well known, and statistics on clearing bank holdings of them are readily available in the monthly statements issued by the Bankers' Clearing House, so that little comment is required. The lower curve in Chart III shows the clearing bank holdings at half-year ends, and the upper curve shows the total amounts outstanding : the latter curve is mainly interesting in revealing that
the share allotted to non-clearing banks, which ran between $7 \%$ and $9 \%$ until December, 1949, has since increased to about $15 \%$ on the three subsequent half-years ends.

The left side of the Chart shows the rapid increase in TDRs during the war (the scale is half that of the previous two series); the June troughs in 1942-44 are attributable partly to clearing bank policy, mentioned in the previous section, partly to the re-emergence of the normal seasonal pattern of government financial requirements from the banking system as war revenues and expenditures were brought into better balance. The right side of the Chart shows, though rather roughly, the three stages of the switch in floating debt policy from Treasury Deposit Receipts back to Treasury Bills: August, 1945, to June, 1946, December, 1946, to October, 1947, and January, 1949, to June, 1950.

## III-Clearing Bank Investments in

 Government and Government - Guaranteed
## Securities

All the banks state their Government and Government-Guaranteed Securities separately at year-ends; most also do so at mid-years. The exceptions are the Westminster (1930-50), the National Provincial (1930-33), the Midland (1940-42), the National (1948-50), and another smaller bank (1943-50). For the first three the mid-year holdings have been estimated by subtracting the average of " other investments " at surrounding year-ends from the stated total of investments ; since the National's Government Securities remained relatively constant while its Other Securities changed considerably, its midyear holdings have been estimated by averaging its Government Securities at surrounding yearends. The remaining bank has kindly provided the unpublished figures. In December, 1934, and June, 1935, Martins lumped its short-term Government and Other Securities together; these have been divided in the same ratio as the (disclosed) longer-term securities.

The resulting figures are presented in the middle curve of Chart IV ; they are exact for all year-ends except 1934, and the error at mid-years is probably small. The balance-sheet information, however, is not itself a reliable picture of clearing bank holdings of gilt-edged securities : until 1940 it contains an unknown amount of Treasury Bills held by one bank ( $c f$. Part I); in the mid-thirties some banks included very short Treasury bonds among their Discounts; and the National's figures may include some Irish Govern-
ment debt. The resulting errors in the aggregates are probably small ; a more important source of error is the banks' methods of valuing their investments, which understate their holdings to an unknown extent.

The upper curve in Chart IV represents aggregate clearing bank investments; it differs from the Bankers' Clearing House figures by the subtraction of the Treasury Bills included from 1935 to 1939, and by the addition of certain items not included in he official total at various times.* The difference between the two curves comprises two items : the first, and much larger, is "other Securities," and consists almost entirely of Dominion, Colonial and Foreign Government Securities, and Stocks of British Public Boards and Municipal Corporations; the second is "Trade Investments, other than Subsidiary Companies." The proportion of these two items in aggregate clearing bank investments varied over the period between $9.8 \%$ and $3.7 \%$ and is currently about $5.3 \%$; since their total often moved in the opposite direction to the gilt-edged total-most notably, it declined from December, 1939, to June, 1943-the movement of aggregate investments was not a reliable guide to the magnitude of changes in the banks' gilt-edged portfolios during the period. $\dagger$

Clearing bank investments are largely determined by two factors: the banks' liquidity position-primarily dependent on their cash reserves, though in the latter 'thirties also dependent on the availability of bills, due to the operation of the second $(30 \%)$ liquidity ruleand the demand for advances. Their investments in Government and Government-Guaranteed Securities are also largely determined by these factors, owing to the banks' narrow eligibility rules, and the movements of the series can largely be explained in terms of them.

The increase in the second half of 1930 and the stability during 1931 reflect the easing and subsequent tightening of credit against the back-

[^51]ground of a falling demand for advances. The increase of approximately $£ 60 \mathrm{Mn}$. in the first half of 1932 reflects monetary expansion and further contraction in advances, and represents the banks' contribution to the buoyancy in the gilt-edged market which made the 5\% War Loan Conversion feasible ; the subsequent rapid increase to June, 1933 (over $£ 200 \mathrm{Mn}$.) was the banks' contribution, under the pressure of cheap money, to the success of this and other Conversion operations. Under the influence of cheap money and a restricted demand for advances the banks' holdings continued to increase until December, 1936, although at a much slower pace and with checks in the first half of 1934-due to the banks' timidity in face of high gilt-edged prices and a heavy commitment-and in the second half of 1935-due to the alternative opportunities offered by an increase in " tender " bills. From December, 1936, until June, 1939, the banks' holdings declined gradually, under the influence of a reviving advances demand and possibly (in 1938-39) the dwindling supply of Treasury Bills and the $30 \%$ rule ; this decline was probably partly responsible for the increasing difficulty of the cheap money policy during the period. The increase over the whole period 1931-39 was largely the effect (and part of the mechanism) of cheap money ; but partly it was a logical corollary of the debt-funding policy, the increased holdings of gilt-edged replacing the decreased discounts of Treasury Bills.

The doubling of the banks' gilt-edged holdings between June, 1939, and December, 1945, was the outcome of continued cheap money, the requirements of the war, and the severe war-time contraction of advances ; the relatively small increase in the first year suggests that the banks played little part in supporting the market during the period of official minimum prices, while the slackening of the rate of growth in 1943 and 1944 reflects the improving efficiency of war finance and controls. The sharp fall to June, 1945, was the effect of the post-war urge to increase liquidity, the banks being unwilling to reduce their small discount portfolios. The rapid increase from June, 1945, to June, 1947, is amply accounted for by the Dalton experiment ; the relative stability from then to the end of 1948 reflects the "disinflationary budget" and the reviving demand for advances, while the subsequent increase is probably an indication of the weakening of disinflationary policy.

The lower curve in Chart IV (to be read against the right-hand scale) shows the banks' holdings of gilt-edged securities as a percentage
of the total amount outstanding at year-ends ; * for reasons already given, these percentages are likely to be too low. The Chart shows an increase in the banks' share of the total from just under $4.4 \%$ to $7.3 \%$ during 1932, a further increase to a peak of $9.5 \%$ at the end of 1936, and a subsequent decline to just under $8.5 \%$ at the end of 1939. During the first two years of the war the banks' share rose rapidly to a peak for the series of almost $11.4 \%$ at the end of 1941 ; it then declined to a post-war low of under $9.3 \%$ at the end of 1945. During the Dalton era it rose to $10.8 \%$ at the end of 1947 ; it has since declined to just over $9.6 \%$ at the end of 1950 . Most of these movements can be accounted for by what has been said above; the post-war changes, however, have also been strongly influenced by the growth of the gilt-edged market with the various nationalisation issues.

## IV-Clearing Bank Holdings of Public Debt in Relation to Bank Operations

The previous sections have dealt with clearing bank holdings of the three major kinds of public debt considered eligible by them, with primary reference to the amounts of debt held and their relation to the totals of debt outstanding. This section assembles the information already outlined in an attempt to assess the importance of public debt in the operations of the clearing banks.

Chart V shows the proportion of public debt, divided according to type, to total bank deposits on December 31st, 1930 to 1934, and at half-year-ends thereafter. This calculation overstates the proportion of public debt to total bank assets, which exceed deposits to the extent of capital and reserve accounts ; but the difference is relatively small, and in any case bank premises and the riskier private debt, rather than public debt, should be set off against bank capital.

The main movements shown in the Chart are a jump from about $22 \frac{1}{2} \%$ of deposits in 1930-31 to slightly over $38 \%$ in 1932-33, coincident with the introduction of cheap money ; a gradual decline in the ratio towards $30 \%$ in the later 1930's, corresponding to partial economic recovery and the revival of private lending through advances and the commercial bill : a rapid rise in the ratio to a peak of $65 \%$ at the end of the war, as a result of government financing through

[^52]
monetary expansion, the virtual disappearance of the commercial bill and the attenuation of opportunities for making advances to private industry, the pace of rise slackening with the firmer control on war finance achieved after 1941 ; and a gradual reduction in the proportion towards $50 \%$ since the war, attributable almost entirely to the revival of private lending on bills and advances and very little indeed to "de monetization" of the debt itself.

Roughly speaking, public debt rose from one quarter to one third of bank deposits in the thirties, from one third to two thirds during the war, and has since fallen to about one half. In view of the substantial proportion of other bank assets which indirectly provide finance to the government, it may safely be concluded that much the larger part of banking operations over the past decade has consisted in the creation of deposits against government debt.

CHART II
ESTIMATED CLEARING BANK DISCOUNTS OF TREASURY BILLS AS PROPORTION OF OTHER SERIES


* Mint accurate estimates. See text, D. 104.

CHART III
TREASURY DEPOSIT RECEIPTS 1940-1950


CHART IV
CLEARING BANK INVESTMENTS, 1930-1950


CHART V
CLEARING BANK HOLDINGS OF
PUBLIC DEBT AS PROPORTION OF TOTAL DEPOSITS, 1930-1950


# THE BALANCE OF PAYMENTS 

By A. C. L. DAY ${ }^{\star}$

Britain's position as banker to the Sterling Area means that a survey of her international finances involves two separate (though connected) questions, namely : that of the British balance of payments, and that of the Sterling Area hard currency reserve. Recent months have seen a serious deterioration in Britain's external finances in both respects. Simultaneously the Sterling Area as a whole is suffering from a serious dollar problem and Britain has a general balance of payments problem. Such a concurrence has not existed since the evil days of 1947.

TABLE 1

|  | $\begin{aligned} & 1949 \\ & \text { Year } \end{aligned}$ | 1950 |  | 1951 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{aligned} & \text { Ist } \\ & \text { half } \end{aligned}$ | $\begin{aligned} & \text { 9nd } \\ & \text { half } \end{aligned}$ | 1st qtr. | 2nd qtr. | 3rd qtr. |
| Imports e.i.f. | 2,274 | 1.279 | 1,322 | 848 | 1.008 | 1.063 |
| Exports and <br> Re-export - f.o.b. | 1,844 | 1.059 | 1,195 | 614 | 691 | 689 |
| Surplus ( + ) or Deficit (-) | $-130$ | -290 | -128 | 234 | $-318$ | $-373$ |
| Source: Account the United Kingdom. | Relat | ng to | $\text { the } T r$ | and | Nari | tion of |

TABLE 2
STERLING AREA GOLD AND DOLLAR NET RECEIPTS § U.S. Mn.


The main reason for a British balance of trade so much more adverse than had been forecast has been the unexpectedly unfavourable terms of trade. Broadly speaking, import and export

[^53]plans in real terms have been fulfilled. Since June, however, export prices have tended to rise in relation to import prices, as the effects of rising raw material prices have worked through the economic system.

TABLE 3*
AVERAGE PRICES OF COMMODITY TRADE

|  | Board of Trade |  | $\begin{aligned} & \text { ㅇ } \\ & 0 \\ & \text { E } \frac{0}{4} \\ & 6 \end{aligned}$ | Commodities in Sample Survey of Importa |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Av. Price Indexes |  |  | $\begin{aligned} & \text { E. } \\ & \text { 릉 } \\ & 0 \\ & 0 \\ & =8 \end{aligned}$ |  | 喜 | $\frac{\overline{5}}{6}$ |
|  | $\begin{aligned} & \frac{\pi}{2} \\ & 0 \\ & \frac{\pi}{K} \\ & 4 \end{aligned}$ | $\begin{aligned} & \frac{3}{2} \\ & 0 \\ & \frac{0}{g} \\ & \hline \end{aligned}$ |  |  |  |  |  |
| 1947 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1948 1st Qr. | 106 | 106 | 100 |  |  |  |  |
| 2nd Qr. | 109 | 115 | 106 |  |  |  |  |
| 3 rdQr . | 111 | 111 | 100 |  |  |  |  |
| 4th Qr. | 111 | 112 | 101 |  |  |  |  |
| 1949 1st-Qr. | 112 | 114 | 102 | 120 | 133 | 122 | 125 |
| 2nd Qr. | 112 | 113 | 101 | 118 | 134 | 125 | 126 |
| 3 rd Qr. | 113 | 107 | 95 | 112 | 121 | 116 | 116 |
| 4 thQr. | 112 | 115 | 103 | 130 | 146 | 119 | 128 |
| 1950 lst Qr. | 115 | 129 | 107 | 141 | 158 | 126 | 138 |
| 2ndQr. | 116 | 129 | 112 | 146 | 181 | 131 | 147 |
| 3rd Qr. | 119 | 127 | 107 | 149 | 188 | 126 | 148 |
| 4th Qr. | 121 | 142 | 117 | 160 | 259 | 137 | 180 |
| 1951 Ist Qr. | 127 | 158 | 124 | 147 | 348 | 159 | 231 |
| 2nd Qr. | 134 | 169 | 126 | 163 | 365 | 178 | 242 |

Source: Board of Trade.

* Details of the construction of this Table ane contained in the August. 1950, issue of the Bulletin.

Looking at the balance of trade with major areas, the strongest feature in the months AprilSeptember has been a sharp increase in the adverse balance of trade with O.E.E.C. countries

and their possessions, predominantly resulting from rises in imports. This has caused a serious weakening of our position vis-à-vis the European Payments Union; at the same time recent developments in the balance of trade between the rest of the Sterling Area and the E.P.U. countries have caused further strain. One half of the increase in the adverse balance between the U.K. and O.E.E.C. countries (in the period April-July, during which analysis by commodity is possible) has been the result of increased value of imports of paper and paper-making materials, wood and timber, and textile manufactures. During the second and third quarters, the U.K. trade balance with the Dollar Area became more adverse, because of a continuing rise in the value of imports, and a fall in the value of exports in the third quarter.

TABLE 5
GOLD AND DOLLAR RESERVES

| Date | Actual Reserves in terms of: |  | Revalued* by Price Indexes of: |  |
| :---: | :---: | :---: | :---: | :---: |
|  | £ Mn. | \$ Mn. | U.K. <br> Imports $\dagger$ <br> £ Mn. | U.S. Exports \$ Mn. |
| 1939 Aug. 31 | 560 | 2,623 | 2,132 | 5,918 |
| 1945 Dec. 31 | 610 | 2,476 | 1,508 | 3,466 |
| 1946 Dec. $31 .$. | 664 | 2,696 | 1,453 | 3,235 |
| 1947 Dec. 31. | 512 | 2,079 | 965 | 2,141 |
| 1948 Dec. $31 . .$. | 457 | 1,856 | 743 | 2,004 |
| 1949 June $30 .$. | 406 | 1,651 | 690 | 1,816 |
| Sept. $18 \ldots$ | 330 | 1,340 | 561 | 1,474 |
| Sept. $30 .$. | 509 | 1,425 | 865 | 1,564 |
| Dec. 31 ... | 603 | 1,688 | 965 | 1,856 |
| 1950 March 31 | 709 | 1,984 | 1,064 | 2,380 |
| June $30 \ldots$ | 865 | 2,422 | 1,298 | 2,906 |
| Sept. $30 \ldots$ | 984 | 2,756 | 1,377 | 3,031 |
| Dec. 31 ... | 1,178 | 3,300 | 1,531 | 3,596 |
| 1951 March 31 | 1,342 | 3,758 | 1,476 | 3,870 |
| June 30 ... | 1,381 1,167 | 3,867 3,269 | 1,381 | 3,867 |

* To show how much the reserves at any date would have purchased in terms of June, 1951, prices.
+ On the basis of Board of Trade Indexes of average value of imports.
$\ddagger$ On the basis of index of unit value of exports of merchandise, U.S.A. Dept. of Commerce, Survey of Current Business.

The Sterling Area's gold and dollar reserves reached a peak figure of $\$ 3,867 \mathrm{Mn}$. at the end of June, and in the following three months fell by $\$ 598 \mathrm{Mn}$. If this rate of loss were to continue for a little over nine months, hard currency reserves would fall to the September 1949 level. The official view is that about half of the loss during the third quarter was the result of nonrecurring or seasonal factors. There appears to have been a considerable amount of conversion into dollars of sterling held by Americans and Canadians, following the mild improvement in the reserve position in the second quarter. The
amounts involved may be of the order of $\$ 100 \mathrm{Mn}$. Once such a conversion has taken place, it cannot be repeated, but on the other hand a serious loss of confidence in sterling can result in speculation through delaying and hastening payments ; it needs more than the reduction of American sterling accounts to a working minimum to remove the danger of speculation. Net payments of gold to the E.P.U. amounted to $\$ 106 \mathrm{Mn}$. during the quarter. No payments were made in September, but the adverse balance has been running at such a rapid rate that further gold payments are likely to be necessary well before the end of the year.

The extra dollar expenditure arising from the Persian oil situation may be regarded as nonrecurring sub specie aeternitatis, but is nevertheless likely to cause a serious loss for some time to come ; the official estimate is a rate of around $\$ 75 \mathrm{Mn}$. a quarter. The cessation of tin purchases by the U.S. Government has caused a serious loss of earnings ; and finally the seasonal nature of Sterling Area trade has once again given the Chancellor a summer-time headache. Re-

TABLE 6

|  |  |  |  |  | 1951 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1948 | 1949 | $\begin{aligned} & \text { 1st } \\ & \text { Half } \end{aligned}$ | $\begin{aligned} & \text { 2nd } \\ & \text { Half } \end{aligned}$ | $\begin{gathered} 1 \mathrm{st} \\ \text { Half } \end{gathered}$ |
| Dollar Reserves |  |  |  |  |  |
| increased by : <br> U.K. Current dollar receipts | 916 | 822 | 536 | 619 | 687 |
| U.K. Capital dollar receipts | 463 | 426 | 189 | 272 | 143 |
| R.S.A. surrender of gold ... | 547 | 234 | 149 | 132 | 115 |
| U.K. and R.S.A. drawings on I.M.F | 128 | 52 | - |  |  |
| Gold and dollar receipts from non - sterling, non dollar countries | 37 | 45 | 24 | 55 | 130 |
| E.R.P. (net, other than |  |  |  |  |  |
| loans to U.K.) | 583 | 925 | 443 | 284 | 133 |
| Total | 2,674 | 2,504 | 1,341 | 1,362 | 1,208 |

Dollar Reserves

| ments ... ... ... | 1,977 | 1,931 | 692 | 762 | 992 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| U.K. Capital dollar payments | 236 | 56 | 46 | 57 | 41 |
| R.S.A. deficit with dollar area | 310 | 381 | $-175$ | $-256$ | -415 |
| R.S.A. and U.K. gold and dollar subscription to I.M.F. and Bank | 26 |  |  | 7 |  |
| Gold and dollar payments to non-sterling, non-dollar countries | 350 | 334 | 45 | 48 | 3 |
| Total | 2,899 | 2,702 | 608 | 618 | 621 |
| Net Change | -225 | $-198$ | $+733$ | $+744$ | $+587$ |
| Change in S.A. liabilities with dollar area... |  | + 31 | + 2 | $+133$ |  |
| Change in Gold or dollar Reserve | -223 | $-167$ | $+735$ | $+877$ | $+568$ |

[^54]ceipts from sales of wool and cocoa tend to be low in the third quarter, and this year British cotton and tobacco purchases have been heavy.

There remains a heavy loss of reserves which cannot be explained by transitory factors. The main influence at work here appears to have been a change in the terms of trade between Sterling Area exports of primary products to the Dollar Area on the one hand, and Dollar Area exports to the Sterling Area on the other. Between April and September there was a marked tendency towards a decline in the prices of certain important Sterling Area exports (including cocoa, wool, rubber and jute), while the prices of dollar raw materials and manufactures have remained at high levels or increased.

TABLE -
FACTORS AFFECTING CHANGES IN UNITED KINGDOM OVERSEAS LIABILITIES January, 1948 to June, 1951. (£ Mn.)


Corresponding to Britain's adverse balance of payments and to the Sterling Area export surplus in the first half of the year, there has been a sharp rise in Britain's sterling liabilities
(see Table 7). The sharp increase in indebtedness to the Sterling Area which has accompanied the high raw material prices of recent months is a source of weakness both to the position of Britain and to the unity of the Sterling Area.

## Prospects

A period of serious strain is likely to continue, although it can be hoped that the rate of loss of gold and dollar reserves will fall considerably in the next few months. The last quarter is usually favourable to Sterling Area exports ; in particular the wool and cocoa markets are active. Speculation against the pound should not cause serious losses; in America, at least, a further devaluation of sterling does not seem to be expected in the near future. On the other hand, recent overseas price movements will not operate very actively in favour of the gold reserve, and the decline in the third quarter of U.K. exports to the dollar area does not hold out favourable prospects. As we have seen, a further gold drain to E.P.U. seems likely before the end of the year ; at the same time the abnormal dollar expenditure arising from the loss of Persian oil will continue. A further strain will be imposed at the end of the year by the need to repay the capital sum of the American loan to the extent of $\$ 75 \mathrm{Mn}$., and in addition to pay $\$ 100 \mathrm{Mn}$. in interest, unless the Government is able successfully to invoke the waiver clause on the latter sum. It appears, then, that such improvement as may occur in the gold and dollar position will be a result of larger earnings by the non-metropolitan Sterling Area, and that, to the extent that the dollar situation improves, sterling balances will increase.

At the same time, the prospects for the general balance of payments of the United Kingdom are not good. The trade deficit rose sharply in the spring and summer, and in the third quarter the deficit was running at a monthly rate of approximately $£ 86 \mathrm{Mn}^{\star}$. In the last three months of the year, some reduction of this rate is to be expected because of favourable price movements (mainly in the form of rising export prices). It is unlikely, however, that the monthly rate of deficit for the last quarter can be much less than $£ 80 \mathrm{Mn}$., and so the total deficit for the year on visible items can be expected to be at least $£ 835 \mathrm{Mn}$. In the first half-year the invisible surplus was $£ 216 \mathrm{Mn}$. This figure is not likely to be equalled in the second half-year, since some

[^55]loss must result from the Persian oil situation. A broad estimate is that the deficit for the whole year will be appreciably more than $£ 400 \mathrm{Mn}$., and may very well be more than $£ 450 \mathrm{Mn}$.

## Postscript

Since this article was written the statements by the new Chancellor have brought to light further information about the seriousness of the position. The payments deficit of the U.K. has been running in the second halfyear at a monthly rate of about $£ 58 \mathrm{Mn}$. If this were to continue to the end of the year, the deficit for the full year would be around $£ 470 \mathrm{Mn}$. The import cuts announced by the Chancellor can be expected to show some effect before the end of the year so that the actual deficit may not be much more than $£ 450 \mathrm{Mn}$. More serious, however, has been the further deterioration of the gold and dollar position. In October, $\$ 320 \mathrm{Mn}$. were lost ; this was
nearly $10 \%$ of the reserves on September 30th. Despite an adverse balance with the EPU of $£ 89 \mathrm{Mn}$. in October, no gold payments appear to have been made to EPU during October. The enormous increase in the deficit is the result, partly, of a continuance of the factors which were believed in the summer to have been temporary, and partly of speculation (through delay in payments, etc.) which is now very active.

How far the drastic measures proposed by the Chancellor will be effective remains to be seen. On the one hand, confidence in sterling must be restored so that speculative movements are reversed. The import cuts will help to reduce the gold losses to E.P.U. that we must expect in the near future, and the reduction of "stockpiling" should also reduce dollar expenditure. At the same time, the import cuts involve an equivalent increase in inflationary pressure at home, and until this pressure can be removed the situation will remain extremely disturbing.

## THE RISE IN PRICES

By R. G. D. Allen

The upward pressure on prices has continued during the past year, but by no means uniformly either over the whole period or on prices in different parts of the economy. To assess recent movements, we must go back to two dates in previous years. The earlier is September, 1949, when sterling and other currencies were devalued. The forces set at work by devaluation, though greatly modified by the effects of other factors, have scarcely exhausted themselves even now. The other date is June, 1950, at the outbreak of war in Korea. The fluctuating fortunes of the war, and the varying impacts of the defence programmes and the stockpiling policies of the Atlantic Powers, are correspondingly reflected in price movements during the past year.

Commodity Prices. Table 1 shows the changes in the sterling prices of some important commodities in the list of basic imported materials. The changes are shown first for successive periods (two of nine months each and the last of six months), and then for the whole period of 24 months from devaluation, and for the interval of 15 months from the outbreak of the Korean war, to September of this year.

Prices of non-ferrous metals (except tin) show what is generally the largest and most sustained rise since devaluation; increases have

TABLE 1
BRITISH WHOLESALE PRICES, CERTAIN COMMODITIES

| Commodity | \% Increase or Decrease (-) in period* ${ }^{*}$ |  |  | \% Increase or Decrease (-) to $11 / 9 / 51$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & 13 / 9 / 49 \\ & \text { to } \\ & 13 / 6 / 50 \end{aligned}$ | $\begin{aligned} & 13 / 6 / 50 \\ & \text { to } \\ & 20 / 3 / 51 \end{aligned}$ | $\begin{aligned} & 20 / 3 / 51 \\ & \text { to } \\ & 11 / 9 / 51 \end{aligned}$ | $\begin{gathered} \text { from } \\ 13 / 9 / 49 \end{gathered}$ | $\begin{aligned} & \text { from } \\ & 13 / 6 / 50 \end{aligned}$ |


| Copper, electro | 73 | 9 | 16 | 118 | 26 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Lead, soft ... | 10 | 42 | 32 | 106 | 87 |
| Zinc, g.o.b. ... | 101 | 18 | 26 | 199 | 49 |
| Tin, cash (buyers) | 6 | 115 | 27 | 66 | 57 |
| Cotton : |  |  |  |  |  |
| Mid-American | 37 | 49 | -21 | 62 | 18 |
| Giza | 25 | 76 | -36 | 41 | 13 |
| Wool, tops, | 61 | 113 | -60 | 39 | -14 |
| Sisal, African, No. 1 | 35 | 87 | -1 | 150 | 85 |
| Jute, Daisee... | 36 | 61 | $-26$ | 60 | 18 |
| Rubber, <br> R.S.S. (spot) | 108 | 170 | -22 | 336 | 110 |
| Copra, S.D. |  |  |  | 380 | \% |
| Straits | 22 | 66 | -30 | 42 | 16 |
| Coffee, Brazil |  | 64 | 27 | 107 | 107 |

*Percentage calculated on price at beginning of period named
been registered in each of the three periods. By this September, prices were two to three times the levels just before devaluation, and around $50 \%$ above those of June, 1950. Among textile materials, wool has shown the greatest variation
in price. After the fall from the peak of March, wool prices in September were below the preKorean level though still some $40 \%$ above the prices just before devaluation. In October they were violently irregular, closing 30 to $50 \%$ above the September level. Other textile materials have moved in price in the same general directions but not so violently; they were standing a little above (sisal considerably above) the pre-Korean points in September. The largest increases have been in rubber prices though (as with tin) there has been a decline in the last six months.

In the month or so since mid-September, wool prices have continued to be most erratic, though there is some sign that they are settling down at about the level before the outbreak of war in Korea. Prices other than those of wool have moved moderately-rubber down, tin and cotton up.

Terms of Trade. At the time of devaluation, the terms of trade were more favourable than in any year since the war. The effect of devaluation was almost immediate and the terms of trade became progressively worse with the outbreak of the Korean war and the subsequent defence and stockpiling boom in basic materials. In June, the terms were $33 \%$ worse than at devaluation in September, 1949. After June, the fall in world commodity prices began to show itself in British import prices and, with a continued rise in British export prices, the terms of trade began to improve. The movements are shown in Table 2.


The significance of the unfavourable terms of trade is best seen in terms of the loss of national income. When the terms move adversely a gap is opened up between the real national product of the U.K. and the real national income or expenditure; some extra part of what is produced must be devoted to paying for dearer imports. In 1950 as a whole, when the terms of trade were only some $10 \%$ worse than before devaluation, the loss of real product has been estimated at about $£ 150 \mathrm{Mn}$. or more than $1 \%$ of total national product (this Bulletin, August, 1951, p. 76). In 1951, even if the improvement continues, the terms of trade will be on the average $25 \%$ or more worse than before devaluation.

It is to be noticed that, though import prices of industrial materials have risen most rapidly, imported foodstuffs have also cost more both since devaluation and since the Korean war. Indeed, food prices at import have not shown any substantial fall since mid-year during a period of generally falling prices of industrial materials.

Prices at Wholesale and at Retall. A completely revised set of index numbers of wholesale prices is under preparation in the Board of Trade and several of the new series have already been published with June, $1949=$ 100. Some of these series are shown in Table 3

TABLE 3
WHOLESALE AND RETAIL PRICE INDEX NUMBERS (Soptember, $1949=100)$


Index numbers of wholesale prices aro new serics propared by Board of Trado with June, 1949 as baso (see Board of Trade Journal, 13th Octobor, 1051). C.S.O. retail price index is that implicit in quarterly data on personal expenditure on consumers goods and scrvices at current and at 1948 prices (published in Monthly Digest of Statistics); the figures shown under months relate to quarters ending in the months named. Ministry of Labour index of rotail prioes has June, 1947 as base. All index numbers switched to Soptember, $1949=100$.
in comparison with the established index numbers of retail prices; all series are re-written on September, $1949=100$.

From Table 3, some impression can be obtained of the way in which general price movements of basic commodities spread through the domestic price complex. The prices of industrial materials, as paid by non-food manufacturing industry, reached their peak in March and then declined by $20 \%$ in the six months to September. This is an average movement ; in fact, the prices of metals (iron and steel as well as non-ferrous metals) continued upwards and the declines were in other materials, particularly textiles. On the other hand, the prices of the output of manufacturing industry show few signs of any reduction by September. Some items with controlled prices have been marked down, e.g., carpets, as shown in Table 3. The general movement however, is still upward and it has not yet worked itself out even outside the metal-using industries.

It is almost certain that retail prices will continue to rise during the next six months or so-and to rise substantially. The level of food prices at retail depends in part on import and domestic prices of foodstuffs (which are not likely to decline) and in part on subsidy policy. The attitude of the new Government to subsidies is not yet clear but, whether they are cut or maintained, it is quite evident that retail prices of food must rise to reflect recent increases in the prices paid for imported produce.

Equally it is clear that retail prices of hardware and other household goods must continue to rise, and they are already nearly $25 \%$ above the pre-Korean level. The effects of the
defence programme and of the firm markets for basic metals dominate in this sector. There may be some lags as stocks are run off but shortages and higher prices are inevitable.

The prospect is more uncertain for clothing and household textile prices at retail. There have been large price increases since June, 1950, and clothing prices do reflect, more than any other non-food products, the movements in the prices of the raw materials-though cushioned and after considerable lags. In view of the recent slump in textile materials prices, it is safe to say that the movements in prices of clothing and household textiles will not all be in the same direction during the next few months. There may be a downward trend on the average over all such items.

The all-items index of retail prices, as published by the Ministry of Labour, moved little in the early part of 1950 and remained practically stationary until September, 1950. In the past year, however, a steady rise has taken place, the index increasing by 14 points (from 114 to 128 on June, $1947=100$ ) or by about $12 \frac{1}{2} \%$ in the twelve months. The prospect is that a rise of about the same rate, one point per month, will continue at least for a few months. Over the past year or more, with price increases in basic foods, utility lines and other items of large working-class consumption, retail prices paid by lower-income families have tended to increase rather faster than those paid by the higher-income families. This tendency may also be expected to continue ; it would be accentuated if subsidies were reduced and if purchase and other indirect taxes were changed so as to become more regressive.

## HOME FINANCE

By F. W. Paish

## Government Finance

The 1951/52 budget estimates envisaged a rise in Ordinary Expenditure, over that actually incurred in $1950 / 51$, of $£ 959 \mathrm{Mn}$., offset to the extent of only $£ 258 \mathrm{Mn}$. by an increase in Ordinary Revenue, and a fall in the "above the line" Budget Surplus of $£ 701 \mathrm{Mn}$., from $£ 740$ Mn . to $£ 39 \mathrm{Mn}$. In the first half of the present financial year the net position has worsened by only $£ 96 \mathrm{Mn}$., from a surplus of $£ 79 \mathrm{Mn}$. in the first half of $1950 / 51$ to a deficit of $£ 17 \mathrm{Mn}$. in the first half of $1951 / 52$. This improvement
as compared with the estimate is due mainly to the exceptionally high yield of customs and excise duties, which have already produced well over half their estimated revenue for the full year. Expenditure, on the other hand, has been running rather below the estimate, though this may easily be reached or exceeded as the pace of rearmament quickens during the remainder of the year.
Extra-budgetary expenditure during the JulySeptember quarter, swelled by charges of $£ 22$ Mn . for Cotton Buying and $£ 20 \mathrm{Mn}$. for Civil

TABLE 1
ORDINARY REVENUE AND EXPENDITURE. Weokly Average, £Mn.

|  | Ordinary Revenue Total | Expenditure |  | Surplus (+) or Defioit (-) |
| :---: | :---: | :---: | :---: | :---: |
|  |  | Supply Services | Total |  |
| 1945/46 | $62 \cdot 9$ | $95 \cdot 7$ | $104 \cdot 9$ | -42.0 |
| 1946/47 | $64 \cdot 0$ | $63 \cdot 9$ | $74 \cdot 9$ | $-10.9$ |
| 1947/48 | $73 \cdot 5$ | $50 \cdot 7$ | $60 \cdot 9$ | $+12 \cdot 6$ |
| 1948/49 | $76 \cdot 9$ | 50.5 | 60.5 | $+16.4$ |
| 1949/50 | $75 \cdot 2$ | $54 \cdot 4$ | $64 \cdot 3$ | $+10 \cdot 9$ |
| 1950/51 | $76 \cdot 5$ | $52 \cdot 1$ | $62 \cdot 4$ | +12.1 |
| 1950/51 Apr.-June | 59.1 | 46-7 | 55.8 | $+3 \cdot 3$ |
| July-Sept. | 61.9 | $48 \cdot 4$ | $59 \cdot 2$ | $+2 \cdot 7$ |
| Oot.-Dee. | $60 \cdot 2$ | 51.8 | $61 \cdot 1$ | $-0.9$ |
| Jan.-Mar. | 123-4 | $60 \cdot 3$ | $71 \cdot 6$ | $+51.8$ |
| 1951/52 Apr.-June | 65-1 | 54-4 | $63 \cdot 8$ | +1.3 |
| July-Sept. | $71 \cdot 3$ | $63 \cdot 1$ | $73 \cdot 8$ | $-2.5$ |
| July 1-28 | 73-1 | $57 \cdot 4$ | 62-3 | $+10 \cdot 8$ |
| July 29.Sept. 1 | 78.5 | $64 \cdot 7$ | $85 \cdot 8$ | $-7 \cdot 3$ |
| Sept. 2.30 | $60 \cdot 9$ | $67 \cdot 0$ | $70 \cdot 7$ | $-9.8$ |
| Oct. 1-27 | $65 \cdot 9$ | $65 \cdot 6$ | $79 \cdot 7$ | $-13 \cdot 8$ |

Contingencies, reached the high figure of $£ 151$ Mn ., as compared (apart from issues to the Exchange Equalisation Account) with $£ 124 \mathrm{Mn}$. in the previous quarter and $£ 112 \mathrm{Mn}$. in the second of 1950/51. Loans to local authorities (mainly for housing) have totalled $£ 162 \mathrm{Mn}$. during the first half of the financial year as compared with $£ 129 \mathrm{Mn}$. during the first half of $1950 / 51$.

TABLE 2
EXTRA-BUDGETARY PAYMENTS, 1951. £Mn

|  | $\begin{aligned} & \text { July } \\ & \text { (28 deys) } \end{aligned}$ | August <br> (35 days) | Sept. (29 days) | July. Sept. (92 days) |
| :---: | :---: | :---: | :---: | :---: |
| Net E.P.T. Refunds | 0.5 | 0.6 | 0.6 | $1 \cdot 7$ |
| Post-war Crodits ... | 1.2 | 1.5 | $1 \cdot 2$ | $3-9$ |
| Not War Damago |  |  |  |  |
| Payments: | $6 \cdot 0$ | 8.0 | $3 \cdot 0$ | 17.0 |
| Bd. of Trade ... | 1.00 1.0 | 1.0 | 3.0 0.2 | 17.0 2.2 |
| Housing | $26 \cdot 0$ | $29 \cdot 5$ | $23 \cdot 9$ | $79 \cdot 4$ |
| Cotton Buying ... | $12 \cdot 8$ | $-3 \cdot 3$ | 12.5 | $22 \cdot 0$ |
| Coal Nationalisation | - | - | -1.1 | -1.1 |
| Overseas Dovelop- ment | 0.8 | $0 \cdot 7$ | 0.8 | $2 \cdot 3$ |
| Civil Contingencies | $20 \cdot 0$ | $-20 \cdot 0$ | $20 \cdot 0$ | $20 \cdot 0$ |
| Other ... .. | $4 \cdot 5$ | $2 \cdot 2$ | $-2 \cdot 6$ | 4-1 |
| Total ... | $72 \cdot 8$ | $20 \cdot 2$ | $58-2$ | 151.2 |

Including the "above the line" deficit of $£ 34 \mathrm{Mn}$., the total excess of Government payments for the quarter was $£ 185 \mathrm{Mn}$., and after allowing for a further (and nearly final) $£_{14 \mathrm{Mn} \text {. received on account of E.R.P. and }}$ ${ }_{6} 6 \mathrm{Mn}$. placed to Sinking Funds, the national debt rose by $£ 177 \mathrm{Mn} . ;$ and as net repayments of long-term debt totalled nearly $£ 40 \mathrm{Mn}$., the rise in short-term debt was nearly $£ 217 \mathrm{Mn}$.
The rise in the total of short-term debt was more than accounted for by a further rise of $£ 234 \mathrm{Mn}$. in tap Treasury bills, of which $£ 241$

TABLE 3
GOVERNMENT BORROWING, 1951. EMn.


Mn . were presumably issued to the Exchange Equalisation Account in payment for the $\$ 598$ Mn . of gold sold during the quarter to cover the Sterling Area's adverse dollar balance of payments. Consequently, in spite of the heavy excess of Government payments above and below the line, T.D.R.s were reduced during the quarter by $£ 54 \mathrm{Mn}$., against a rise of only $£ 10$ Mn . in tender Treasury bills.

## Other Finance

Largely as a result of Government repayments of T.D.R.s, the rise in the Clearing Banks' net deposits between June and September was smaller than usual, and the Lloyds Bank seasonally corrected index of net deposits fell slightly from 268 to 266 . The stability of the total of advances may probably be attributed largely to the check to the rise in prices of many raw materials; but the sharp rise in Discounts which occurred during September is rather puzzling in view of the absence of a rise in issues of tender bills. It presumably indicates a reduction in holdings of tender Treasury bills by outside interests, perhaps by the overseas owners of sterling balances. Nevertheless the general picture is one of a modest net disinflationary pressure exercised by a heavy adverse balance of payments not fully offset by an excess of Government expenditure. It is thus in complete contrast with that of the corresponding quarter of last year, when bank deposits were rising sharply in consequence of heavy Government borrowings to finance the purchase of gold flowing in as the result of a favourable balance of payments.

## WAGE RATES, EARNINGS AND HOURS

By A. L. Bowley

## WAGE-RATES

The increase in wage-rates which began in October, 1950, has continued, so that the average has risen $10 \%$ in a year. All the occupations included in the Table below have shared in this increment, except engineering, shipbuilding and agriculture, and claims are under discussion for each of these. The index for coal also may prove to have increased since June. In the same period the retail prices index rose about $12 \%$, a figure which will presumably be reached in the wage index when outstanding claims are settled.

|  | 1948 | 1950 | 1950 | 1951 | 1951 | 1951 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Oct. | Sept. | Dec. | Mar. | June | Oct. |
| Bricklayers | 170 | 175 | 175 | 191 | 191 | 191 |
| Labourers | 183 | 196 | 196 | 217 | 217 | 217 |
| Printers' Compositors | 163 | 172 | 175 | 175 | 189 | 203 |
| Dook Labourers | 145 | 145 | 145 | 164 | 164 | 164 |
| Engineers' Fitters | 158 | 158 | 175 | 175 | 175 | 175 |
| Labourers | 176 | 176 | 191 | 191 | 191 | 191 |
| Shipbuilders | 176 | 176 | 194 | 194 | 194 | 194 |
| Railwaymen | 170 | 170 | 170 | 183 | 183 | 183 |
| Cotton ... | 204 | 214 | 214 | 235 | 235 | 247 |
| Wool | . $179 \frac{1}{2}$ | 193 | 193 | 203 | 203 | 217 |
| Local Authorities | - 178 | 180 | 180 | 180 | 180 | 202 |
| Trams | 163 | 163 | 163 | 177 | 177 | 191 |
| Lorry Drivers | $155 \frac{1}{2}$ | 1551 | 166 | 166 | 166 | 176 |
| Boots | 205 | 205 | 205 | 205 | 205 | 221 |
| Confectionery | 214 | 228 | 228 | 241 | 241 | 241 |
| Tailoring | 208 | 208 | 208 | 208 | 232 | 232 |
| Shirts .. | 208 | 208 | 208 | 208 | 232 | 232 |
| Tobacco | 137 | 137 | 150 | 150 | 163* | 163 |
| Coal | 283 | 294 | 305 | 318* | 317* | 317 广 |
| Agriculture | 259 | 270 | 288 | 288 | 288 | 288 |
| Weighted Average | 189 | $193 \frac{1}{2}$ | $200 \frac{1}{2}$ | 209* | 210 | 214 |
| Alternative : $\ddagger$ |  |  |  |  |  |  |
| Coal | 234 | 234 | 240 | 248 | 248 | 248 |
| Weighted Average | 184 | 188 | 194 | $201 \frac{1}{2}$ | 203 | 207 |
| Excluding Coal | 178 | 182 | 1881 | 19512* | 197* | 201 |

* Amended. $\dagger$ Provisional.
$\ddagger$ The main entry for coal is based on the average earnings per shift, which have increased more rapidly than any recorded change in piece-rates. The alternative is on the assumption that the only changes since May, 1947, are those connected with a bonus on attendance for five shifts worked in a week, in May, 1947, and increases in minimum wages in Nov., 1947, Oct., 1950, and Jan., 1951. See Bulletins Nov., 1947, p. 112, and Nov., 1948. pp. 133-4.


## Earnings and Hours of Work

The usual report on Earnings and Hours in Industry is now available, but since it relates to April, 1951, it reflects only part of the increase during the past twelve months.

The general results are shown in the accompanying Table. The increase in average earnings is continuous during the five years included. Of 80 industries that can be identified, in spite of changes in classification, over the period April,


1947-April, 1951, one quarter increased average earnings less than $25 \%$, one half less than $29 \%$,

|  | April 1947 | April 1948 | $\underset{1949}{\text { April }^{2}}$ | $\begin{gathered} \text { April } \\ 1950 \end{gathered}$ | $\begin{aligned} & \text { Oct. } \\ & 1950 \end{aligned}$ | $\begin{aligned} & \text { April } \\ & 1951 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Av. weekly earnings : |  |  |  |  |  |  |
| Men | 123.4 | $134 \cdot 0$ | shillings | per weel |  |  |
| Women | 123.4 67.3 | 134.0 72.9 | $139 \cdot 9$ $77 \cdot 2$ | 145.7 80.5 | 150.4 82.6 | $160 \cdot 2$ $87 \cdot 3$ |
| Youths | $47 \cdot 3$ | $57 \cdot 2$ | 58.5 | 61.4 | $63 \cdot 7$ | 66.9 |
| Girls | $40 \cdot 2$ | $48 \cdot 3$ | $50 \cdot 2$ | 51.8 | $53 \cdot 4$ | $55 \cdot 9$ |
| Av. hourly earnings : |  |  |  |  |  |  |
| Men |  |  | pence P | er hour |  |  |
| Women | 32.0 | 34.5 21.0 | 36.0 | $37 \cdot 2$ | $37 \cdot 9$ | $40 \cdot 1$ |
| Youths | 13.0 | $15 \cdot 6$ | $22 \cdot 2$ 16.0 | $23 \cdot 1$ 16.7 | $23 \cdot 6$ 17.2 | 25.0 18.8 |
| Girls | 11.5 | $13 \cdot 7$. | $14 \cdot 2$ | $14 \cdot 6$ | $15 \cdot 0$ | 15.7 |
| Av.weekly earnings: |  |  |  |  |  |  |
|  |  | Percentage movements |  |  |  |  |
| Men | 100 | 109 | 113 | 118 | 122 | 130 |
| Women | 100 | 108 | 115 | 119 | 123 | 130 |
| ALL | 100 | 110 | 115 | 120 | 124 | $131 \frac{1}{2}$ |
| Av. wage rates |  |  |  |  |  |  |
|  | 100* | 106 | 109 | 110 | 111 | 120 |
|  | $100 \dagger$ | 106 | 108 | 110 | 111 | 118 |

[^56]and one quarter over $33 \%$. In each year average earnings advanced more than average wage-rates in the same group of industries.

Average Weekly Hours Worked have changed very little when comparison is made with 1938 or 1946.

AVERAGE: WEEKLY HOURS

|  | Oct. $1938$ | $\begin{aligned} & \text { July } \\ & 1043 \end{aligned}$ | $\begin{aligned} & \text { Jan. } \\ & 1946 \end{aligned}$ | $\begin{aligned} & \text { April } \\ & 1047 \end{aligned}$ | $\begin{gathered} \text { April } \\ 1050 \end{gathered}$ | $\begin{aligned} & \text { April } \\ & 1951 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Men | $47 \cdot 7$ | 52.9 | $47 \cdot 4$ | $46 \cdot 3$ | 47.0 | 47-19 |
| Women | 43-5 | 45-9 | $42 \cdot 3$ | $41 \cdot 5$ | 41.9 | $42 \cdot 0$ |

In the case of industries not covered by the Enquiry, there is no recent information about earnings on railways ; that for coal is included in the first Table above. For agriculture we have now more detail.

## Agriculture

The entry in the Bulletin wage-index refers to the minimum weekly rates for ordinary agricultural workers in the counties of England and Wales. Till very recently there has been no general estimate of earnings nor of the payments received by cowmen, horsemen or other classes of farm-workers.

Information is now available from two sources, viz.:-Earnings and Conditions of Employment in Agriculture, Royal Statistical Society's Fournal, 1951, Part I, pp. 50-58, by H. Palca and I. G. R. Davies, of the Ministry of Agriculture and Fisheries, and in the Ministry of Labour Gazette, September 1951, p. 346.

The former relates to England and Wales, for the period October 1946 to September 1949, with a summary comparison with 1938 (p. 58) and deals separately with nine classes of workers. The latter relates to Great Britain, for the period April 1947 to March 1951, and gives only a summary of average weekly earnings for all classes of workers. Both separate men, youths and women. The former shows in detail how earnings are related to statutory minimum rates.

For men over 21 years old, in England and Wales we have (loc, cit. p. 54) :-

|  | YEAK | BEGIN | NG OC | OBER |
| :---: | :---: | :---: | :---: | :---: |
|  | 1945 | 1946 | 1947 | 1948 |
| Statutory Minimum per week ... | 8. | 8. | 8. | $s$. |
|  | $72 \cdot 2$ | 80.8 | $90 \cdot 0$ | 92-2 |
| Average total carnings per week:- |  |  |  |  |
|  |  |  |  |  |
| All Workers ... | 88.7 | 96.5 | 106.4 | 109.9 |

It will be seen that the earnings of general workers exceeded minimum rates by 11 s . or 12 s . weekly and those of all workers by a further 5 s .

In May 1949 the minimum was increased from 90s. to 94s., and in November 1950 to 100s. The Ministry of Labour Gazette account indicates that the average earnings of all agricultural workers in Great Britain increased by approximately the same amounts.

For comparison with an earlier date we have estimates as follows (loc. cit. p. 58) :-
$\left.\begin{array}{l}\text { ADULT MALE AGRICULTCRAL WORKERS } \\ \text { ENGLAND AND WALES }\end{array}\right]$

We have therefore approximately :-
ADULT MALE AGRICULTURAL WORKERS ENGLAND AND WALES

| Average of yoar 1938 | Minimum Rates 100 | Earning: 100 |
| :---: | :---: | :---: |
| Year beginning - |  |  |
| October 1945 | 209 | 227 |
| .. 1946 | 233 | 248 |
| - 1947 | 260 | 273 |
| 7. | 265 | 282 |
|  | 272 | 290 |
| Oct. "50-March '31 | 289 | $295 *$ |

- Winter carnings are lower than summer.

In the Table of Wage Rates for various occupations on p. 117, minimum rates are used.

# BUILDING AND CIVIL ENGINEERING OUTPUT 

By Ian Bowen

The value of total output of the building and civil engineering industries rose from $£ 232 \mathrm{Mn}$. in the first quarter of 1951 to $£ 250 \mathrm{Mn}$. in the second, the average number of men employed as operatives in the industry being little less than a million $(995,000)$. Employment was slightly less than the average for the corresponding quarter of $1950(1,003,000)$, and the rise in the value of work done was mainly due to increases in the costs of labour and materials.

Apart from the million operatives of these industries there are " directly employed " labour forces engaged on constructional work. The latest figures published for these relate to May, 1950, and show that specialist firms employed about 115,000 , local authorities 173,000 , Government departments 30,000 and public utilities and corporations 150,000 , a total of 468,000 , which still excludes an unknown number engaged by undertakings outside any of these categories.

The value of total building and civil engineering output for the second quarter of 1951 is estimated at $£ 349 \mathrm{Mn}$. There was a marked shift as compared with the previous quarter (and also with the second quarter of 1950) in the proportions of new work and repairs. The total of new work had increased since the previous year by $£ 19 \cdot 2 \mathrm{Mn}$., while "repairs, etc." had increased by only $£ 4 \cdot 7 \mathrm{Mn}$. Thus, for building output as a whole, the second quarter's figures seem to reflect some tightening up of the control over the repairs programmes, although the full effects of the rearmament programme could not yet have been felt.

Work licensed by Government Departments averaged $£ 53.6 \mathrm{Mn}$. a month from February to July, 1951 (January, 1951 figures are not comparable with 1950) as compared with $£ 40 \cdot 1 \mathrm{Mn}$. for the corresponding period of 1950 . This increase of $33.7 \%$ is too great to be accounted for by rising costs, and together with the smaller $(5 \cdot 6 \%)$ increase to $£ 30 \cdot 2 \mathrm{Mn}$. in other work licensed, suggests that there will be a considerable rise in total demand on the industry's resources. It will be remembered that the Economic Survey (Cmd. 8195) predicted that the volume of fixed investment expenditure, apart from that carried out for dẹfence purposes, would fall during 1951, but it seems unlikely, in view of the above statistics, that such a fall occurred in the February-July period, and the decline-if there is to have been a decline-must have been taking place in the second half of the year. Possible expansion of total output is likely to be
restricted by availability of manpower, and by checks to the output of materials resulting from fuel and labour shortages.

A reduced, but still large and expanding educational building programme is in process of completion, and will last at least until the end of 1952. All other forms of civilian building and civil engineering expenditure are likely, therefore, to be kept at best to their current level, and in some cases to be reduced.

In the light of this situation it is perhaps remarkable that so little is heard of an active programme of conversions and adaptations of existing houses. These schemes provided accommodation for 46,000 families in 1945-6, 37,000 in 1947, 28,000 in 1948, 15,000 in 1949 and only 9,000 in 1950. This year the total will barely exceed 7,000 . It seems evident that the permissive powers given to local authorities by the 1949 Housing Act (to make grants to owners to assist such adaptations) are not being at all vigorously used. Yet there are in fact in this country enough under-occupied rooms in total to house most homeless or overcrowded families in existence.

On the basis of present plans 1952 will be the year of greatest strain for the building programme, and resources will in the course of that year have to be directed or attracted from civilian to Government use to an increasing degree. After a year or eighteen months there could be some easing of the strain, but this prognosis assumes no change in the speed at which buildings are required, and no diversion of resources away from the constructional industries.

VALUE OF WORK AUTHORISED AND LICENSED (£ Mn.)

|  | By Government Departments |  | All other work licensed by the Ministry of Works |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1950 | 1951 | 1950 | 1951 | 1950 | 1951 |
| Feb. | $30 \cdot 4$ | $52 \cdot 4$ | $26 \cdot 6$ | 28-1 | $57 \cdot 0$ | $80 \cdot 5$ |
| Mar. | $43 \cdot 0$ | $50 \cdot 6$ | $27 \cdot 8$ | $29 \cdot 1$ | $70 \cdot 8$ | $79 \cdot 7$ |
| April | $34 \cdot 6$ | $50 \cdot 3$ | $22 \cdot 3$ | $33 \cdot 5$ | $56 \cdot 9$ | $83 \cdot 8$ |
| May | 41.4 | 44-8 | $27 \cdot 9$ | $31 \cdot 2$ | $69 \cdot 3$ | $76 \cdot 0$ |
| June | $53 \cdot 5$ | $60 \cdot 4$ | $36 \cdot 6$ | $26 \cdot 7$ | $90 \cdot 1$ | 871 |
| July | $37 \cdot 5$ | $63 \cdot 1$ | $30 \cdot 7$ | $32 \cdot 7$ | $68 \cdot 2$ | 95.8 |
| Average (over six months) | $40 \cdot 1$ | $53 \cdot 6$ | $28 \cdot 6$ | $30 \cdot 2$ | $68 \cdot 7$ | $83 \cdot 8$ |
| Percentage increase | $33 \cdot 7$ |  | $5 \cdot 6$ |  | $22 \cdot 0$ |  |
| Source: Monthly Digest of Statistics, September, 195Table 89. |  |  |  |  |  |  |

# BUILDING AND CIVIL ENGINEERING OUTPUT 

## OUTPUT OF THE BUILDING AND CIVIL ENGINEERING INDUBTRIES AND TOTAL BUILDING AND CIVIL ENGINEERING OUTPUT. ( $£ \mathrm{Mn}$.) <br> Sources : Professor IAN BOWEN ; Ministry of Works.

|  | 1948 | 1949 | 1950 |  | 1950 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | $\begin{aligned} & \text { 2nd } \\ & \text { Qr. } \end{aligned}$ | $\begin{aligned} & \text { 3rd } \\ & \text { Qr. } \end{aligned}$ | $\begin{aligned} & \text { 4th } \\ & \text { Or. } \end{aligned}$ | $\begin{aligned} & \text { Ist } \\ & \text { Qr. } \end{aligned}$ | 2nd Qr. |
| I. HOUSING WORK : |  |  |  |  |  |  |  |  |
| 1. Construction of new housing, temporary and permanent and site preparation | 224-3 | 218.7 | $236 \cdot 6$ | 60.6 | $61 \cdot 2$ | $59 \cdot 6$ | 53-9 | $63 \cdot 8$ |
| 2. Repairs including conversions and adapta. tions (*) .... ... ... | 197-0 | $200 \cdot 0$ | 154.8 | 36-7 | 36.6 | $39 \cdot 3$ | 44.7 | $40 \cdot 4$ |
| II. INDUSTRIAL AND COMMERCIAL. WORK ( $\dagger$ ): |  |  |  |  |  |  |  |  |
| 3. Industrial premises and warehouses : New work | $70 \cdot 0$ | $75 \cdot 2$ | 102.1 | 25-3 | $28 \cdot 7$ | $27 \cdot 1$ | $25 \cdot 4$ | 27-9 |
| Repairs and maintenance -. | $30 \cdot 6$ | 20.9 | 18.5 | $4 \cdot 9$ | $4 \cdot 9$ | 4-4 | 4-0 | $4 \cdot 7$ |
| 4. Shops and commercial premises : <br> New work | 6.7 | $12 \cdot 7$ | 13.4 | 3.7 | $3 \cdot 3$ | $3 \cdot 3$ | $3 \cdot 1$ | 3-2 |
| Repairs and maintenance ... ... | $25 \cdot 1$ | $26 \cdot 3$ | $17 \cdot 9$ | $5 \cdot 7$ | 4-5 | $2 \cdot 8$ | $2 \cdot 4$ | $2 \cdot 7$ |
| III. OTHER WORK : <br> 5. Publio Utilities ( $\dagger$ ): |  |  |  |  |  |  |  |  |
| (a) Electricity, gas and transpor New work | $25 \cdot 3$ | 31.7 | $41 \cdot 2$ | 10-2 | 11.1 | 11.0 | 11.0 | 12.5 |
| Repairs and maintenance, etc. | $8 \cdot 4$ | 7.6 | $5 \cdot 7$ | 1-3 | 1.6 | 1.4 | 1.0 | $1-4$ |
| 6. (b) Water and Sewerage, New work | 9.8 | $15 \cdot 9$ | 18.4 | 4-5 | 5-1 | 4-9 | $4-2$ | $5 \cdot 9$ |
| b. Agricultural Work $(\dagger)$ : <br> New work... | 11.1 | 7.9 | 10.8 | 9.7 | $3 \cdot 1$ | $3 \cdot 1$ | $2 \cdot 3$ | $2 \cdot 8$ |
| Repairs and maintenance | $6 \cdot 6$ | 2.2 | 2.5 | $0 \cdot 7$ | 0.6 | 0.6 | $0-4$ | $0 \cdot 6$ |
| 7. Hospitals, Schools, Universities ( $\dagger$ ) : New work... | $19 \cdot 4$ | 27.9 | $40 \cdot 5$ | 9.7 | 11-2 | 10-9 | $10 \cdot 4$ | 13.0 |
| Repairs and maintenance .... ... | $9 \cdot 0$ | 6.9 | 4-2 | 1.1 | 1-2 | $0-9$ | 0.8 | 0.9 |
| 8. Coal mining and opencast coal production $(\dagger)$ : <br> New work | 17-2 | 19.9 | $19 \cdot 1$ | $5 \cdot 4$ | 5-2 | $3 \cdot 9$ | 3.5 | $4 \cdot 6$ |
| Repairs and maintenance ...... | $0 \cdot 9$ | 1-2 | 0.9 | $0 \cdot 2$ | 0-3 | $0 \cdot 2$ | 0-2 | $0 \cdot 3$ |
| 9. Other new work (of firms with operatives) <br> ( $\dagger$ ) ... | 22.5 | $38 \cdot 3$ | $55 \cdot 0$ | $13 \cdot 1$ | 14-7 | 15-3 | 16.4 | 21-3 |
| 10. Other repairs and maintenance, etc. (of firms with operatives) (ई) ... | 93.4 | $126 \cdot 1$ | $142 \cdot 6$ | $33 \cdot 8$ | $33 \cdot 1$ | 36-5 | $42 \cdot 4$ | $37 \cdot 5$ |
| 11. Output of firms without operative employees | $22 \cdot 9$ | 24-4 | $27 \cdot 4$ | $6 \cdot 9$ | 7.5 | 7-3 | $6 \cdot 1$ | 7-0 |
| TOTAL OUTPUT BUILDING \& OIVIL ENGIN. EERING INDUSTRIES | $800 \cdot 2$ | $863 \cdot 8$ | $911 \cdot 6$ | $226 \cdot 5$ | 233-9 | $232 \cdot 5$ | 232-2 | $250 \cdot 5$ |
| 12. Firms in the specialist trades (\%)... ... | $113 \cdot 3$ | 125-2 | $135 \cdot 6$ | 33.9 64.9 | $33 \cdot 9$ | 33-9 | $33 \cdot 9$ | $33 \cdot 9$ |
| 13. Work done by direct labour (1) ... ... | $244 \cdot 9$ | 258.7 | $259 \cdot 4$ | $64 \cdot 9$ | 64.8 | $64 \cdot 7$ | $65 \cdot 1$ |  |
| TOTAL BUILDING \& CIVIL ENGINEERING OUTPUT | 1181-39 | 1247.7 | 1306-6 | $325 \cdot 3$ | $332 \cdot 6$ | $331-1$ | 331-2 | $349 \cdot 2$ |
| Of which-New Work... | $544 \cdot 9$ | 575-2 | 680.7 | 171.2 | 179.5 | 174.8 | 165.8 | 190-4 |
| Repairs, etc. ... | 636-4 | 672-5 | 625-9 | $154 \cdot 1$ | 153-1 | 156-3 | 165-4 | 158.8 |

*) Work on hostels, barracks, etc., was included before August 1949 ; from 1 August, 1949 this work appears under "Other repairs " (Item 10).
( $\dagger$ ) These figures exclude work carried out under annual maintenance licences and local authority licences and work exempted from authorisation and licensing. Tho extent of the work so excluded has varied with changes in exemption limits ; changes in certain of the limits occurred at 1 November, 1948, and at 1 February, 1950.
$\ddagger$ ) This item includes all non-housing work carried out under local authority licences and annual maintenance licences, or exempted from authorisation licences.
8) Constructional engineers, reinforcod concrete specialists, heating and ventilating engineers, electrical contractors, asphalt and tar spraying contractors, flooring contractors and plant hire firms.
(II) Employed by local authorities, government departments, public utility undertakings, ete., and private firms outside the building and civil engineering industries.
ब) This total includes items not shown in the analysis by agency, namely work done by prisoners of war ( $£ 0.9 \mathrm{Mn}$.) and the cost of manufacture of hulls, components and fittings for pre-fabricated houses (both temporary and permanent) in cases where these costs are not shown elsewhere ( $\mathbf{f} 22 \mathrm{Mn}$.).

## INDEX OF INDUSTRIAL PRODUCTION (Excluding Finished Munitions) Average weekly rate of production in $1946=100$

| Period | Rate of Production por working week |  | Rate per working day (adjusted for holidays) |  | $\begin{aligned} & \text { ⿷⿹ } \\ & \text { H } \\ & 0 \\ & \hline \end{aligned}$ |  |  |  |  |  | $\begin{aligned} & \text { Other Metal } \\ & \text { Using } \end{aligned}$ |  |  | Building, <br> Building Materials \& Furniture |  |  | $\begin{aligned} & \text { 8ulquyd } \\ & \text { pue seded } \end{aligned}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | A | B | A | B |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weight ... | 1000 | 1009 | ... | $\ldots$ | 71 | 48 | 57 | 26 | 29 | 107 | 109 | 111 | 55 | 169 | 178 | 134 | 47 | 36 | $\ldots$ |
| Av. 1035* | 98 | 97 |  | ... | 142 | (123) | 76 | 47 | 108 | 76 | (84) | 94 | 69 | (153) | (138) | 87 | (127) | (90) | $\ldots$ |
| Av. 1946 ... | 100 | 100 | 104 | 104 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | $\cdots$ |
| Av. 1947 ... | 109 | 108 | 113 | 112 | 105 | 107 | 101 | 99 | 119 | 123 | 107 | 100 | 100 | 117 | 110 | 103 | 106 | 115 | ... |
| Av. 1948 ... | 121 | 118 | 125 | 122 | 122 | 107 | 113 | 103 | 133 | 151 | 109 | 101 | 117 | 137 | 121 | 111 | 108 | 138 | $\ldots$ |
| Av. 1949. | 129 | 126 | 134 | 131 | 129 | 116 | 118 | 102 | 164 | 161 | 110 | 107 | 126 | 145 | 133 | 116 | 134 | 140 | $\ldots$ |
| $\begin{gathered} \text { Av. } 1950 \\ 1946 \end{gathered}$ | 138 | 135 | 143 | 140 | 140 | 119 | 125 | 97 | 195 | 176 | 119 | 110 | 136 | 150 | 138 | 122 | 158 | 156 | $\ldots$ |
| 1 sr Qr. ... | 92 | 93 | 93 | 93 | 97 | 93 | 98 | 95 | 73 | 90 | 90 | 99 | 99 | 77 | 82 | 103 | 93 | 91 | ... |
| 2nd Qr. ... | 97 | 98 | 101 | 102 | 99 | 99 | 102 | 101 | 97 | 98 | 98 | 100 | 100 | 91 | 94 | 97 | 95 | 98 | ... |
| 3bd Qr. | 99 | 99 | 108 | 108 | 98 | 101 | 96 | 98 | 101 | 97 | 100 | 97 | 98 | 110 | 108 | 91 | 97 | 100 | $\ldots$ |
| $\begin{aligned} & 4 \mathrm{TH} \mathrm{Qr}_{\mathrm{r}} \ldots \\ & 1947 \end{aligned}$ | 111 | 110 | 114 | 113 | 106 | 107 | 105 | 106 | 128 | 115 | 113 | 104 | 103 | 122 | 115 | 107 | 115 | 112 | $\ldots$ |
| 1 st Qr. | 97 | 97 | 98 | 97 | 91 | 95 | 93 | 95 | 92 | 107 | 96 | 92 | 89 | 91 | 88 | 109 | 100 | 101 | $\ldots$ |
| 2ND Qr. | 110 | 109 | 115 | 113 | 107 | 110 | 105 | 103 | 134 | 120 | 110 | 102 | 102 | 120 | 113 | 99 | 113 | 115 | ... |
| 3rd Qr. | 108 | 107 | 117 | 115 | 106 | 110 | 99 | 95 | 122 | 118 | 105 | 102 | 99 | 124 | 116 | 92 | 104 | 114 | $\ldots$ |
| $\begin{aligned} & 4 \mathrm{TH} Q \mathrm{Qr} . \\ & 1948 \end{aligned}$ | 120 | 118 | 123 | 121 | 117 | 113 | 109 | 102 | 128 | 147 | 119 | 103 | 112 | 134 | 122 | 111 | 108 | 120 | $\ldots$ |
| Ist Qr. | 119 | 117 | 122 | 120 | 120 | 111 | 115 | 95 | 130 | 144 | 116 | 96 | 115 | 131 | 116 | 113 | 106 | 142 | $\ldots$ |
| 2nd Qr. | 122 | 119 | 124 | 121 | 123 | 107 | 115 | 110 | 137 | 154 | 110 | 101 | 116 | 139 | 121 | 108 | 108 | 142 | $\ldots$ |
| 3rd Qr. | 115 | 113 | 125 | 122 | 117 | 100 | 106 | 101 | 126 | 143 | 99 | 100 | 114 | 137 | 121 | 101 | 105 | 128 | $\ldots$ |
| $\begin{gathered} 4 \mathrm{TH} \mathrm{Qr} \\ 1949 \end{gathered}$ | 127 | 124 | 131 | 127 | 127 | 109 | 117 | 108 | 140 | 164 | 112 | 106 | 124 | 143 | 127 | 119 | 113 | 140 | $\ldots$ |
| 1 st Qr . | 129 | 126 | 129 | 126 | 131 | 115 | 123 | 102 | 163 | 165 | 110 | 99 | 128 | 140 | 125 | 124 | 129 | 146 | $\ldots$ |
| 2nd Qr. | 128 | 126 | 133 | 131 | 126 | 110 | 119 | 104 | 162 | 166 | 108 | 111 | 124 | 144 | 131 | 112 | 132 | 135 | $\ldots$ |
| 3rd Qr. | 123 | 121 | 133 | 131 | 123 | 112 | 110 | 100 | 152 | 150 | 103 | 109 | 118 | 145 | 135 | 104 | 133 | 126 | $\ldots$ |
| $\begin{gathered} 4 \text { TH Qr. } \\ 1950 \end{gathered}$ | 135 | 133 | 139 | 137 | 137 | 127 | 121 | 101 | 179 | 165 | 119 | 109 | 132 | 150 | 139 | 125 | 143 | 152 | $\ldots$ |
| JAN. | 134 | 131 | 135 | 133 | 139 | 117 | 122 |  | 187 | 165 | 113 | 102 | 132 | 145 | 134 | 129 | 153 | 150 | 24 |
| FEB. | 139 | 137 | 139 | 137 | 145 | 134 | 126 | 94 | 206 | 174 | 120 | 99 | 137 | 149 | 138 | 131 | 162 | 160 | 22 |
| MAR. | 143 | 140 | 143 | 140 | 146 | 135 | 130 |  | 205 | 184 | 120 | 109 | 139 | 153 | 140 | 129 | 164 | 159 | 25 |
| APR. | 132 | 130 | 142 | 139 | 132 | 119 | 122 |  | 188 | 165 | 108 | 104 | 134 | 145 | 135 | 118 | 157 | 147 | 221 |
| MAY | 136 | 135 | 142 | 141 | 141 | 121 | 125 | 100 | 206 | 169 | 114 | 115 | 134 | 148 | 137 | 122 | 163 | 152 | 25 |
| JUNE | 141 | 138. | 142 | 140 | 140 | 118 | 128 |  | 192 | 189 | 120 | 117 | 139 | 155 | 143 | 114 | 163 | 157 | 24 |
| JULY | 130 | 128 | 144 | 142 | 126 | 106 | 118 |  | 209 | 166 | 111 | 109 | 126 | 147 | 135 | 110 | 150 | 144 | 231 |
| AUG. | 122 | 120 | 137 | 135 | 129 | 95 | 107 | 93 | 152 | 146 | 103 | 108 | 128 | 140 | 131 | 101 | 145 | 141 | 25 |
| SEPT. | 141 | 139 | 143 | 141 | 143 | 126 | 130 |  | 185 | 179 | 126 | 110 | 146 | 160 | 148 | 120 | 163 | 158 | 231 |
| OCT. | 148 | 145 | 148 | 145 | 152 | 134 | 133 |  | 216 | 190 | 134 | 118 | 142 | 159 | 146 | 126 | 160 | 172 | 24 |
| NOV. | 150 | 147 | 150 | 147 | 154 | 123 | 135 | 102 | 216 | 193 | 139 | 119 | 144 | 157 | 145 | 134 | 163 | 170 | 24 |
| $\begin{aligned} & 1951 \\ & { }^{\text {DEC. }} \end{aligned}$ | 138 | 135 | 149 | 146 | 134 | 99 | 124 |  | 172 | 193 | 123 | 110 | 136 | 140 | 127 | 135 | 150 | 157 | $23 \frac{1}{2}$ |
| JAN. | 139 | 137 | 140 | 138 | 143 | 116 | 130 |  | 208 | 176 | 128 | 107 | 133 | 138 | 128 | 136 | 162 | 166 | 25 |
| FEB. | 149 | 147 | 149 | 147 | 151 | 144 | 138 | 93 | 202 | 197 | 136 | 112 | 142 | 151 | 138 | 142 | 163 | 179 | 22 |
| MAR. | 139 | 137 | 149 | 147 | 141 | 130 | 132 |  | 172 | 176 | 126 | 110 | 135 | 144 | 131 | 134 | 151 | 165 | $24 \frac{1}{2}$ |
| APR. | 147 | 145 | 147 | 145 | 154 | 139 | 139 |  | 192 | 195 | 135 | 114 | 142 | 146 | 134 | 137 | 160 | 177 | $23{ }^{2}$ |
| MAY | 141 | 138 | 147 | 144 | 144 | 124 | 129 | 102 | 194 | 182 | 127 | 116 | 136 | 141 | 130 | 126 | 157 | 169 | 25 |
| JUNE | 146 | 144 | 147 | 145 | 152 | 120 | 135 |  | 183 | 199 | 135 | 121 | 142 | 151 | 138 | 125 | 162 | 174 | 23 12 |
| JULY | 134 | 132 | 149 | 147 | 131 | 109 | 123 |  | 187 | 176 | 122 | 116 | 126 | 144 | 131 | 118 | 146 | 159 | 24 |
| AUG. | 127 | 125 | 143 | 141 | 134 | 99 | 112 | 96 | 140 | 161 | 115 | 111 | 126 | 137 | 124 | 110 | 153 | 156 | 24 25 |
| SEPT. | 143 | 141 | 145 | 143 | 144 | ... | ... |  | 173 | ... |  | 115 | 140 |  |  | 132 |  | 150 | $22 \frac{1}{2}$ |

Figures in later months are subject to revision. For further details see "The Measurement of Production Movements " (Carter, Reddaway, and Stone) : Cambridge University Pross, 1948, 12/6. In general, the Index is based on the quantity of goods delivered by an industry ('A 'series) ; the ' $B$ indices use additional series reflecting the changes in work in progress in house and ship building

* The 1935 figures (and especially those in brackets) are subject to larger error than the rest of the index. On the same basis, the total for the average of $1935-8$ is probably about 108.
t Quarterly figures set against the middle months of the quarters. No shipbuilding ' A'series is published.
\# Weekdays, counting Saturdays as half. These " normal working days" include public holidays, as follows: 1949-Good Friday and Easter Monday in April. Whit Monday in June, Bank Holiday in August, Christmas holiday in December ; 1950-Good Friday and Easter Monday in April, Whit Monday in May, Bank Holiday in August, Christmas holiday in December ; 1951-Good Friday and Easter Monday in March, Whit Monday in May, Bank Holiday in August.

NOTE on HOLIDAYS. In 1950 and 1951, the Total Indexes, both ' A ' and ' B ,' on the working-day basis have shown a rise in July, while there was a sharp fall in August. This may be partly explained by the fact that Bank Holiday fell on August 7 th in 1950 and on August bth in 1951 . Thus holidays customarily taken before the Bank Holiday affected the indexes in August itself instead of in July as is usual. It may also be that there has been a change in the pattern of hollidays during the late summer.

## WORLD COMMODITY SURVEY

By C. F. Carter

When this series of articles began, in November, 1947, it was intended to be a successor to some of the studies of raw materials published in the Service's pre-war Special Memoranda. In the event, it has been necessary to adopt a sketchy and summary treatment which has often omitted those qualifications and explanations which commodity experts would consider to be essential to a full understanding. On the other hand, the articles have brought together widely scattered data. In order that readers may be able to extend for themselves any parts of the Survey which have interested them, this seventeenth article is devoted to a description of the principal sources of information which have been used.

It may be worth while, first, to refer to the many pitfalls which lie in wait for the student in this field. There are obvious, but easily forgotten, differences in the units adopted by different authorities-short, long, metric and Spanish tons, and all the variations of the bushel, the bag, and the bale. A figure which appears to relate to a calendar year may refer to a season containing part of the preceding or the following year, and for an agricultural commodity a Northern hemisphere crop is sometimes added to the preceding and sometimes to the following crop in the Southern hemisphere. An estimate of "world " production may prove, on examination, to be merely the sum of the figures avail-able-omitting those countries for which no data are to hand, and sometimes omitting different countries in different years. Owing to the unhappy lack of co-operation from the Soviet government, many so-called "world" figures omit the U.S.S.R. Statistics of stocks often relate only to those held in course of merchanting or transport, omitting those in the hands both of the first producer and of the final consumer. In order to avoid these pitfalls it is necessary, not only to look carefully at footnotes and explanations, but also to obtain the data from a primary published source. Secondary sources (i.e., those that merely copy statistics already published elsewhere) often omit the necessary explanations.

For day-to-day information, the Financial Times is indispensable, providing not only a service of British and American price statistics, but also valuable special articles and notes on particular markets. The agricultural group of commodities is well documented from two main
sources. The first is the U.S. Department of Agriculture, whose weekly publication, Foreign Crops and Markets, brings together information obtained by U.S. agricultural attachés all over the world, and gives regular statistical surveys for the principal commodities. The U.S. Department of Agriculture also publishes occasional surveys of particular crops, mainly concerned with American domestic production and consumption, but containing references also to conditions in other countries. Among these surveys (which contain a wealth of statistical detail) mention may be made of:- The Wheat Situation, The Feed Situation, The Cotton Situation, The Wool Situation, The Fats and Oils Situation, and The Livestock and Meat Situation. The other general source is the Food and Agriculture Organisation, which publishes a monthly bulletin, Food and Agricultural Statistics. Some of the special articles in this bulletin are most valuable, but the statistics lack that explanation of the causes of movements which is to be found in the U.S. publications. A fuller treatment is, however, given in the periodic F.A.O. Commodity Reports and the Bulletins in its Commodity Series, together with reports published by the Commonwealth Economic Committee; with these as a foundation, and Foreign Crops and Markets to provide up-to-date information, there is no difficulty in following the fortunes of the agricultural commodities.

There are, however, special cases for which other publications are useful. Fats and Oils is a complex field, in which varied statistical results can be produced according to the commodities taken and the conversion factors used for reduction to " oil equivalent." The F.A.O. and U.S. sources may be used, but in several recent years the statisticians of Messrs. Unilever have made their estimates available to a wider public. For sugar, the main source of information is the Statistical Bulletin of the International Sugar Council, but this is difficult for an outsider to interpret ; a well-known private trade publiccation, the Review of Messrs. C. Czarnikow, Ltd., will be found more informative. Tea is well documented by the Bulletin and the Monthly Statistical Summary of the International Tea Committee. The publications of the PanAmerican Coffee Bureau may be used to supplement the U.S. sources on coffee.

For cotton, the primary source is undoubtedly the monthly Revierv and the quarterly Statistical

Bulletin of the International Cotton Advisory Committee in Washington. The journal Rayon Organon is useful, not only for the rayon industry proper, but for the comparisons which it makes with the position of other fibres. For wool, a remarkably complete service of information is offered by the Commonwealth Economic Committee, through its monthly Wool Intelligence; but further detail may be found in the fortnightly World Wool Digest, issued by the International Wool Secretariat. Flax, hemp, jute, sisal and similar fibres are dealt with in the F.A.O. publications, but up-to-date information can be found in the private monthly Report of Messrs. Wigglesworth \& Co., Ltd.-a house journal which was for many years the vehicle for a remarkable series of economic pronouncements by the late Mr. Alfred Wigglesworth.

Rubber is covered by the admirable statistical service of the International Rubber Study Group, which publishes a monthly Rubber Statistical Bulletin. This is, however, wholly statistical, and for commentary one must turn to the Economist or the Financial Times. The Monthly Statistical Bulletins of the British Iron and Steel Federation, together with its fuller annual
volumes, answer most questions about the statistics of the steel industry. The information on non-ferrous metals is more difficult to pull together. The main sources are the British Bureau of Non-Ferrous Metal Statistics, the American Bureau of Metal Statistics, the American Copper Institute, and the International Tin Study Group (which publishes an excellent statistical bulletin). There is a useful secondary source, the Metal Statistical Digest, produced monthly by the publishers of the Metal Bulletin; but this omits much of the explanation necessary to an understanding of the figures.

The Monthly Digest of Statistics and the Annual Abstract give most of the available information about U.K. commodity production, consumption, stocks and trade. A very convenient source of up-to-date figures of overseas and world production, prices, etc., is the Industries and Commodities Service of Messrs. Moody's Services, Ltd. Data from very many other sources have been employed in the compilation of these articles, but those mentioned above will provide sufficient background information for most students of the commodity markets.

## U.S.A.

NOTE.-The appended table was omitted from the article " The First Half of 1951 in the U.S.A.," in the August issue of the Bulletin.

OOMPONENTS OF OUTPUT, EXPENDITURE AND INCOME ( $\$ 000 \mathrm{Mn}$.)

|  | Annual Totals |  | Quarterly Estimates, Seasonally Adjusted at Annual Rates |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1949 | 1950 | 1949 |  |  |  | 1950 |  |  |  | 1951 |  |
|  |  |  | I | II | III | IV | I | II | III | IV | I | II |
| Personal Consumption: |  |  |  |  |  |  |  |  |  |  |  |  |
| Durable Goods ... ... | $23 \cdot 8$ | 29-2 | $22 \cdot 4$ |  | $24 \cdot 7$ | $25 \cdot 3$ | $26 \cdot 3$ | $26 \cdot 6$ |  |  |  |  |
| Non-Durables ... ... | 98.5 | $102 \cdot 3$ | 99.4 | $99 \cdot 2$ | $97 \cdot 6$ | $97 \cdot 9$ | 98.4 | $100 \cdot 4$ | 105.5 | $104 \cdot 9$ | 111.5 | $109 \cdot 5$ |
| Services ... ... ... |  | $62 \cdot 1$ | $55 \cdot 6$ |  |  | 57.4 | $60 \cdot 1$ | 61-6 | 105.5 62.7 | $64 \cdot 0$ | 1115 65.2 | 109.5 66.2 |
| Total | 178.8* | $193 \cdot 6$ | 177.4 | 178.4 | 179.0* | $180 \cdot 6$ | 184.7* | 188.7* | 202.5 | 198.4* | $208 \cdot 2$ | 201.7* |
| Domestic Investment (Gross) : |  |  |  |  |  |  |  |  |  |  |  |  |
| Producers' Durables | 19-5 | - 22.5 | $20 \cdot 1$ | 19.8 | 19.4 | 18.7 | 18.9 | 21.4 | 24.5 | $25 \cdot 0$ | 23.9 26.5 | 22.3 26.7 |
| Net Growth in Inventory |  | $4 \cdot 3$ | $0 \cdot 3$ | $-5 \cdot 3$ | $-4 \cdot 3$ | $-5 \cdot 7$ | $1 \cdot 1$ | $5 \cdot 2$ | -0.7 | 11.8 | 26.5 $9 \cdot 3$ | 26.7 14.4 |
| Total | $33 \cdot 0 *$ | 48-9 | $37 \cdot 5^{*}$ | $31 \cdot 3$ | 32.1* | $31 \cdot 2$ | $40 \cdot 1$ | 47•9* | $47 \cdot 3$ | 60.2* | 59•6* | 63.5 |
| Foreign Investment (Net) Government Purchase of Goods and Services | $0 \cdot 4$ | $-2 \cdot 3$ | $1 \cdot 0$ | $1 \cdot 3$ | $0 \cdot 1$ | $-0 \cdot 7$ | $-1.7$ | $-1 \cdot 6$ | $-3 \cdot 2$ | $-2.7$ | $-2 \cdot 3$ | $0 \cdot 5$ |
|  | 43-3 | 42.5 | $42 \cdot 9$ | 44-3 | $43 \cdot 2$ | $42 \cdot 8$ | $41 \cdot 3$ | $40 \cdot 1$ | $40 \cdot 8$ | $47 \cdot 8$ | $52 \cdot 9$ | $60 \cdot 0$ |
| Gross National Product | 255-6 | 282.6 | 258.8 | 255-2 | $254 \cdot 4$ | $253 \cdot 8$ | $264 \cdot 4$ | $275 \cdot 0$ | $287 \cdot 4$ | $303 \cdot 7$ | $318 \cdot 5$ | $325 \cdot 6$ |
| Consumers' Disposable IncomeConsumers' Saving | 187.4 | $204 \cdot 3$ | $189 \cdot 9$ | 188.2 |  |  |  |  |  |  |  |  |
|  | 8.6 | $10 \cdot 7$ | $12 \cdot 5$ | 9.8 | 6.2 | $6 \cdot 2$ | 12.5 | $8 \cdot 9$ | $4 \cdot 6$ | $\begin{array}{r} 215 \cdot 2 \\ 16.8 \end{array}$ | $\begin{array}{r} 217.5 \\ 9.3 \end{array}$ | $\begin{array}{r} 222.8 \\ 21.1 \end{array}$ |
| Corporate Net Saving ex-Inven- |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation, etc. | 18.8 | 8.2 21.2 | $10 \cdot 0$ 18.1 | 12.6 18.7 | 13.6 18.9 | $\begin{array}{r} 9 \cdot 5 \\ 19 \cdot 3 \end{array}$ | $\begin{array}{r} 6 \cdot 9 \\ 20 \cdot 1 \end{array}$ | $\begin{aligned} & 10 \cdot 3 \\ & 20 \cdot 7 \end{aligned}$ |  |  |  |  |
| Treasury Cash Surplus | $-1 \cdot 3$ | 0.5 | (a) | (a) | (a) | (a) | (a) | $\begin{array}{r} 20 \cdot 7 \\ (a) \end{array}$ | $\begin{gathered} 21.8 \\ (a) \end{gathered}$ | $22 \cdot 2$ <br> (a) | $22 \cdot 6$ <br> (a) | $22 \cdot 9$ <br> (a) |

## WORLD COMMODITY SURVEY

| Commo. dity | Season | Unit | $\begin{aligned} & \text { Pre-war } \\ & \text { base } \end{aligned}$ | WORLD PRODUCTION |  |  | WORLD CONSUMPTION |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Last season | Last season \% of pre-war | Current <br> season \% of pre-war | Last season | Last season $\%$ of pre-war | Current season \% of pre-war |
| Wheat... | Begins spring | Mn. bush. of 60 lb . | $\begin{aligned} & \text { Average } \\ & 1935-9 \end{aligned}$ | 6,320 | 105 | 110 | n.a. | - | - |
| Fats and Oils | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1935-9 \\ \text { (mainly) } \end{gathered}$ | $\begin{aligned} & 22,700 \\ & \text { (oil equiv.) } \end{aligned}$ | 107 | 107 | n.a. | - | - |
| Sugar ... | Begins Sept. | 000 tons | 1937-8 | $\begin{gathered} 35,002 \\ \text { (raw value) } \end{gathered}$ | 120 | n.a. | n.a. | - | - |
| Tea | Calendar year | Mn. lb. | $\begin{gathered} \text { Average } \\ \text { 1936-8 } \end{gathered}$ | $\begin{gathered} 867 \\ \text { (exports) } \end{gathered}$ | 98 | n.a. | 861 (absorption excl. local produce) | 98 | n.a. |
| Coffer ... | Begins July (marketing) | Mn. bage of 132 lb . | $\begin{aligned} & \text { Av. } 1935 / 6 \\ & \text { to } 1939 / 40 \end{aligned}$ | $\begin{gathered} 30 \cdot 5 \\ \text { (exportable) } \end{gathered}$ | 87 | (91) | n.a. | - | - |
| Cocoa ... | Begins October | 000 tons | $\begin{gathered} \text { Av. } 1934 / 5 \\ \text { to } 1938 / 9 \\ \text { (mainly) } \end{gathered}$ | 758 | 105 | n.a. | n.a. | - | - |
| ('otton... | Begins August | Mn. bales (478 lb. net) (k) | $\begin{aligned} & \text { Av. } 1935 / 6 \\ & \text { to } 1939 / 40 \end{aligned}$ | $27 \cdot 6$ | 87 | 114 | $33-0$ | 118 | (118) |
| Wool (apparel) | Begins July | Mn. lb. (greasy) | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \end{aligned}$ | 3,126 | 104 | 109 | (3, 460 ) | (111) | п.a. |
| Jute ... | Begins July | 000 tons | $\begin{aligned} & \text { Av. } 1934 / 5 \\ & \text { to } 1938 / 9 \end{aligned}$ | (1.700) | (100) | (125) | n.a. | - | - |
| Sisal ... | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1934-8 \end{gathered}$ | 306 (1) | (130) | (145) | n.8. | - | - |
| Rubber(m) | Calendar year | 000 tons | $\begin{gathered} \text { Average } \\ 1936-9 \end{gathered}$ | $\begin{aligned} & 2,385 \text { incl. } 1,850 \\ & \text { natural } \end{aligned}$ | 239 | (284) | $\begin{aligned} & 2.285 \text { incl. } 1.705 \\ & \text { natural } \end{aligned}$ | 218 | (2+1) |
| Copper... | Calendar year | 000 tons | $\begin{aligned} & \text { Average } \\ & 1937-8 \end{aligned}$ | 2,440 (primary) | 114 | n.a. | 2,660 | n.a. | ก.n. |
| Lead ... | Calendar year | 000 tons | 1938 | 1.685 | 101 | п.A. | 1.720 | п.A. | n.a. |
| Tin | Calendar year | 000 tons | Average 1936-8 | 167 (tin in concentrates) (e) | 91 | (90) | 147 (e) | 89 | (85) |
| Zinc ... | Calendar year | 000 tons | $\begin{aligned} & \text { Average } \\ & 1934-8 \end{aligned}$ | 1.915 | 144 | n,a. | 1,790 | n.a. | ก.8. |

It will be appreciated that many figures included above are rough estimates only. This applies especially to those in brackets. All tons are long tons of $2,240 \mathrm{lb}$. n.a. not available. (a) in hands of principal exporters. (b) apparent supplesclude U.S. consumption of British wheat on farms. (c) of average $1936-9$. (d) incomplete. (e) the corresponding sterling ratios are added

## WORLD COMMODITY SURVEY

| Date | WORLD STOCKS |  | U.K. CONSUMPTION |  | PRICES |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Amount | $\%$ of pre-war | Last searon | $\begin{aligned} & \% \text { of } \\ & \text { pre-war } \end{aligned}$ | Date | Representative Price | $\begin{gathered} \% \text { of } \\ \text { pre-war (f) } \end{gathered}$ |
| $\begin{gathered} \text { July 1, } \\ 1951 \end{gathered}$ | 800 (a)n.a. | n.a. | 178 (b) | 82 | $\begin{aligned} & \text { mid-Oct. } \\ & 1951 \end{aligned}$ | Chicago December futures $\$ 2.52$ per buslı. | $\begin{gathered} 262 \\ 460 \text { (f) } \end{gathered}$ |
|  |  |  |  | - | July, 1951 | U.S. Dept. of Labor index $($ Year $1926=100) \quad 139 \cdot 3$ | $\begin{aligned} & 234 \text { (c) } \\ & 414 \text { (f) } \end{aligned}$ |
| -- | n.a.n.a. | - | 1,932 (raw value, calendar year 1950) | 84 | Sept., 1951 | Cuban Raws, f.a.s., old crop, $\$ 5 \cdot 40$ per 100 lb . | $\begin{gathered} 372 \\ 658 \text { (f) } \end{gathered}$ |
|  |  |  | 419 (j) | 95 | end-Sept., 1951 | London auction average ex subsidy <br> $3 / 8$ per lb. | 306 |
| - | п.a. |  | 0.78 | (200) | Oct. 1-17, 1951 | New York spot, Brazilian Santos, No. 2 (nom.) $55 \cdot 50 \mathrm{c}$. per lb. | $\begin{gathered} (615) \\ (1040)(\mathrm{f}) \end{gathered}$ |
| - | n.a. |  | 125 (i) | n.a. | Oct. 1-17. 1951 | Accra, c.i.f. New York $32 \cdot 5 \mathrm{c}$. per lb . | $\begin{aligned} & (535) \\ & (930)(\mathrm{f}) \end{aligned}$ |
| $\begin{aligned} & \text { Aug. } 1, \end{aligned}$ | $10 \cdot 8$ | 59 | $2 \cdot 14$ | 79 | Oct. 1-17, 1951 | New York spot, middling <br>  | $\begin{gathered} 355 \\ 594(\mathrm{f}) \end{gathered}$ |
| $\begin{gathered} \text { June } 30, \\ 1951 \end{gathered}$ | 1,650 (n)n.\&. | n.a. | 116 (imports) | 115 | av. Sept., 1951 | Dominions wool, average clean delivered cost out of London Sales |  |
|  |  |  |  | 70 | mid-Oct., 1951 | 64's-l112d./lb. 48's- 61d./lb. First Marks, c.i.f. London £160 per ton | $\begin{aligned} & 436 \\ & 458 \\ & 875 \end{aligned}$ |
| - | n.a. |  | 73 incl. Abaca | 102 | $\begin{gathered} \text { mid-Oct., } \\ 1951 \end{gathered}$ | No. 1, c.i.f. Antwerp, £224 per ton | 1340 (g) |
| July 31, 1951 | 835 incl. 737 natural | 123 | 222 incl. 219 nat. | 200 | mid-Oct., 1951 | London R.S.S. spot 48d. per lb. | 573 |
| Aug. 31, | 207 refined (d) | (59) (h) | 334 | 119 | Oct. 1951 | U.S. electro, New York $27 \cdot 5$ c. per lb. <br> (nom.) | $\begin{gathered} 234 \\ 412(\mathrm{f}) \end{gathered}$ |
|  |  | - | 163 (refined) | 50 | Oct., 1951 | New York <br> 19c. per lb. <br> (nom.) | $\begin{gathered} 400 \\ 707(\mathrm{f}) \end{gathered}$ |
| $\begin{gathered} \text { Apr. } 30, \\ 1951 \end{gathered}$ | 103 (e) | (175) | $23 \cdot 3$ | 106 | mid-Oct. 1951 | London, Standard, Cash. $£ 1,030$ per ton | 485 |
| - | n.a. | - | 236 | 113 | Oct., 1951 | U.S. Prime Western (East St. Louis) $19 \cdot 5 \mathrm{c}$. per lb . (nom.) | $\begin{gathered} +23 \\ 747 \text { (f) } \end{gathered}$ |

[^57]FINANCE


| Monthly Averages or Months． | RETAIL PRICES． |  |  |  | Wholesale prices． |  |  |  | PRICES TO FARMERS． |  |  |  | UNEMPLOYMENT＊ |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { 3 } \\ & 0 \\ & 0 \end{aligned}$ | $\begin{aligned} & 8 \\ & \hline \end{aligned}$ |  |  | Board of Trade Index Nos． |  |  | Statist． <br> Index． $\begin{aligned} & \text { 采品 } \\ & \text { 哥 } \end{aligned}$ | $\begin{aligned} & \text { \# } \\ & 8 \\ & 8 \\ & 8 \\ & 3 \\ & 3 \end{aligned}$ |  | $\begin{aligned} & \text { 药 } \\ & \text { O} \\ & \text { ~ } \\ & \text { B } \\ & 0 \\ & 0 \end{aligned}$ |  |  | Percentage of Insured Industrial Population Unemployed． |  |  |
|  |  |  |  |  | $\begin{aligned} & \text { 亗 } \\ & \text { ت } \\ & \text { © } \end{aligned}$ | $\begin{aligned} & \text { B. } \\ & \text { 日 } \\ & \text { 응 } \\ & 0 . \end{aligned}$ |  |  |  |  |  |  |  |  | \％ | B 品 0 on |
|  |  | \％of 1938. |  |  | \％of 1938. |  |  |  | \％of 1938. |  |  | $\begin{aligned} & \% \text { of } \\ & 1938 \end{aligned}$ | 000＇s | \％ | \％ | \％ |
| 1913 | $\begin{aligned} & 21 \\ & 64 \S \end{aligned}$ | $\frac{22}{71 \S}$ | 23 | 24 | $\begin{aligned} & 25 \\ & 82 \cdot 5 \end{aligned}$ | $\begin{aligned} & 26 \\ & 81 \cdot 1 \end{aligned}$ | 27 | $\begin{gathered} 28 \\ 95 \end{gathered}$ | 29 | 30 | 31 | $\begin{aligned} & 32 \\ & (50) \end{aligned}$ | 33 | 34 | 35 | 36 |
| 1919 1920 | 138 160 | 156 182 | 107 |  | $253 \cdot 7$ | $220 \cdot 8$ |  | 233 277 |  |  |  | （105） <br> $(125)$ |  |  |  |  |
| 1920 | 160 | 182 | 110 |  | $162 \cdot 2$ | 169.6 |  | 161 | $\cdots$ |  |  | （137） |  |  |  |  |
| 1922 | 117 | 125 | 109 |  | 131.1 | 134．0 |  | 138 |  |  |  | （105） |  |  |  |  |
| 1923 | 111 | 120 | 102 |  | $131 \cdot 1$ | $125 \cdot 5$ |  | 139 | $\cdots$ |  |  | （94） | 1191 | 11.6 | 6.4 | $14 \cdot 3$ |
| 1924 | 112 | 121 | 99 |  | $137 \cdot 1$ | $134 \cdot 9$ |  | 153 | $\cdots$ | $\cdots$ |  | 96 | 1067 | $10 \cdot 2$ | $8 \cdot 6$ | $12 \cdot 4$ |
| 1925 | 118 | 122 | 99 |  | $131 \cdot 3$ | $135 \cdot 1$ |  | 149 | － |  |  | 96 | 1171 | 11.0 | 16.5 | $15 \cdot 2$ |
| 1926 | 110 | 117 | 99 |  | $122 \cdot 2$ | $125 \cdot 6$ |  | 137 |  |  |  | 96 | 1326 | $12 \cdot 3$ | 18.0 | 16.4 |
| 1927 | 107 | 114 | 99 |  | 116.9 | $123 \cdot 4$ |  | 134 |  |  |  | 96 | 1030 | $9 \cdot 6$ | $19 \cdot 5$ | 10.6 |
| 1928 | 106 | 112 | 100 |  | $115 \cdot 8$ | 123.6 |  | 130 |  |  | ． | 96 | 1150 | $10 \cdot 7$ | $23 \cdot 0$ | 11.7 |
| 1929 | 105 | 110 | 100 |  | $112 \cdot 6$ | 118.0 |  | 123 |  |  |  | 95 | 1142 | $10 \cdot 3$ | $19 \cdot 3$ | $12 \cdot 1$ |
| 1930 | 101 | 103 | 100 |  | $98 \cdot 6$ | $102 \cdot 7$ | $107 \cdot 7$ | 101 | 122 | 99 | 97 | 94 | 1841 | $15 \cdot 8$ | $25 \cdot 9$ | 18.5 |
| 1931 | 95 | 93 | 103 |  | $86 \cdot 2$ | $90 \cdot 9$ | $82 \cdot 5$ | 85 | 101 | 81 | 93 | 93 | 2532 | $21 \cdot 1$ | $32 \cdot 4$ | $26 \cdot 6$ |
| 1932 | 92 90 | 90 | 112 |  | $84 \cdot 4$ $84 \cdot 5$ | $90 \cdot 1$ $85 \cdot 2$ | $76 \cdot 1$ 86.3 | 83 86 | 88 | 82 92 | 83 | 92 | 2621 | 21.9 19.8 | $36 \cdot 5$ $34 \cdot 6$ | $27 \cdot 7$ $26 \cdot 1$ |
| 1933 | 90 90 | 85 87 | 104 101 |  | 84.5 86.9 | $85 \cdot 2$ $87 \cdot 3$ | $86 \cdot 3$ 94.7 | 86 88 | 86 91 | 92 99 | 82 | 90 90 | 2391 | 19.8 16.6 | $34 \cdot 6$ $32 \cdot 3$ | $26 \cdot 1$ $23 \cdot 1$ |
| 1935 | 92 | 89 | 101 |  | $87 \cdot 7$ | $89 \cdot 2$ | $95 \cdot 0$ | 93 | 89 | 98 | 85 | 91 | 1880 | $15 \cdot 3$ | $31 \cdot 2$ | $21 \cdot 3$ |
| 1936 | 94 | 92 | 100 |  | $93 \cdot 0$ | $94 \cdot 2$ | 106．5 | 98 | 92 | 99 | 87 | 93 | 1612 | $13 \cdot 0$ | 29.4 | $18 \cdot 7$ |
| 1937 | 99 | 99 | 100 |  | $107 \cdot 2$ | $\begin{aligned} & 105 \cdot 1 \\ & 100 \end{aligned}$ | $\begin{aligned} & 132 \cdot 4 \\ & 100 \end{aligned}$ | $\begin{aligned} & 114 \\ & 100 \end{aligned}$ | $\begin{aligned} & 101 \\ & 100 \end{aligned}$ | $\begin{aligned} & 111 \\ & 100 \end{aligned}$ | $\begin{array}{r} 94 \\ 100 \end{array}$ | 97 | 1349 | $9 \cdot 7$ | $20 \cdot 7$ | 14.0 |
| 1938 | 100 | 100 | 100 | 100 | 100 |  |  |  |  |  |  | 100 | 1649 | 11.5 | $22 \cdot 2$ | $14 \cdot 5$ |
| 1939 | 102 | 102 | 107 | 102 | 101.4 | $100 \cdot 0$ | $107 \cdot 4$ | 108 | 101 | 112 | 101 | 101 | 1408 | $9 \cdot 6$ | 17.8 | $12 \cdot 6$ |
| 1940 | 119 | 116 | 141 | 126 | $134 \cdot 6$ | $136 \cdot 4$ | $158 \cdot 6$ | 148 | 139 | 161 | 137 | 112 | 850 | $6 \cdot 4$ | $12 \cdot 4$ | $7 \cdot 5$ |
| 1941 | 130 | 123 | 160 | 155 | $150 \cdot 5$ | 150．2 | 179.5 | 162 | 147 | 202 | 162 | 122 | 260 | $2 \cdot 3$ | $5 \cdot 8$ | $3 \cdot 5$ |
| 1942 | 139 | 125 | 197 | 173 | $157 \cdot 1$ | $161 \cdot 1$ | 181.8 | 168 | 160 | 251 | 180 | 131 | 100 | 1．0 | $2 \cdot 2$ | 1.5 |
| 1943 | 143 | 125 | 225 | 171 | $160 \cdot \frac{4}{4}$ | $164 \cdot 4$ | $187 \cdot 2$ | 176 | 161 | 236 | 180 | 138 | 69 | － 7 | 1.8 | 1.2 |
| 1944 | 146 | 125 | 237 | 175 | 163.7 | 162.4 | $198 \cdot 3$ | 187 | 163 | 239 | 188 | 146 | 64 | － 6 | 1.8 | $1 \cdot 3$ |
| 1945 | 148 | 127 | 235 | 176 | $166 \cdot 7$ | 162.5 | $202 \cdot 2$ | 191 | 161 | 238 | 194 | 154 | 140 | $1 \cdot 2$ | $4 \cdot 3$ | $2 \cdot 1$ |
| 1946 | 150 | 129 | 241 | 175 | $172 \cdot 7$ | $162 \cdot 6$ | $206 \cdot 4$ | 230 | 187 | 230 | 209 | 167 | 363 | $2 \cdot 4$ | $9 \cdot 3$ | $4 \cdot 8$ |
| 1947 | 160 | 137 | 274 | 182 | $189 \cdot 1$ | 169．2 | $246 \cdot 1$ | 299 | 220 | 237 | 225 | 175 | 468 | $3 \cdot 0$ | 6.8 | 4．2 |
| 1948 | 173 | 149 | 311 | 196 | 216.2 | $185 \cdot 8$ | $322 \cdot 3$ | 341 | 240 | 280 | 240 | 188 | （310） | 1.7 | （5．5） | （3－5） |
| 1949 1950 | 178 | 157 169 | 308 | 205 | $226 \cdot 8$ | $201 \cdot 7$ | $320 \cdot 0$ | 347 | 256 | 276 | 253 | $193 \frac{1}{2}$ | 308 | 1.5 | $4 \cdot 0$ | 3.0 |
| 1949 l |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| JULY | 179 | 159 | 306 | 206 | 226.2 | $207 \cdot 4$ | $302 \cdot 4$ | 324 | 265 | 269 | 200 | 1931 | 243 | $1 \cdot 2$ | $3 \cdot 5$ | $2 \cdot 5$ |
| AUG． | 179 | 160 | 306 | 206 | $226 \cdot 3$ | $208 \cdot 0$ | $302 \cdot 0$ | 325 | 262 | 270 | 227 | $1933^{\frac{2}{3}}$ | 261 | $1 \cdot 3$ | $3 \cdot 6$ | $2 \cdot 6$ |
| SEPT． | 180 | 161 | 306 | 206 | 227.5 | $206 \cdot 3$ | 311.7 | 359 | 254 | 272 | 258 | 194 | 268 | $1 \cdot 3$ | $3 \cdot 6$ | 2.7 |
| OCT． | 181 | 164 | 306 | 204 | $233 \cdot 9$ | 216.3 | 318.0 | 366 | 248 | 277 | 291 | 195 | 300 | 1.5 | $3 \cdot 9$ | $2 \cdot 8$ |
| NOV． DEC. | 181 182 | 164 165 | 306 306 | 204 | $236 \cdot 9$ $237 \cdot 6$ | 218.8 | 325.0 331.0 | 365 369 | 247 | 279 | 323 | 195 | 324 | $1 \cdot 6$ | $4 \cdot 1$ | $3 \cdot 0$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| JAN． | 182 | 166 | 306 | 204 | 241.4 | $220 \cdot 4$ | $343 \cdot 8$ | 373 | 257 | 282 | 327 | 1951 $\frac{1}{2}$ | 372 | 1.8 | $4 \cdot 2$ | $3 \cdot 4$ |
| FEB． | 183 | 166 | 306 | 206 | 241.7 | $221 \cdot 0$ | $344 \cdot 4$ | 376 | 261 | 281 | 306 | 196 | 373 | 1.8 | $4 \cdot 2$ | $3 \cdot 4$ |
| MAR． | 183 | 167 | 306 | 206 | $242 \cdot 1$ | 221.0 | $346 \cdot 6$ | 378 | 268 | 282 | 277 | 196 | 347 | 1.7 | $3 \cdot 9$ | $3 \cdot 3$ |
| APR． | 184 | 168 | 306 | ． 207 | $246 \cdot 2$ | $226 \cdot 6$ | $360 \cdot 0$ | 380 | 283 | 286 | 236 | 196 | 329 | 1.6 | $3 \cdot 8$ | $3 \cdot 2$ |
| JUNE ．．． | 184 183 | 172 170 | 296 296 | 207 208 | $251 \cdot 2$ $252 \cdot 4$ | $230 \cdot 5$ 229.4 | 378.3 389.4 | 384 382 | 287 | ${ }_{2} 98$ | 189 | 196 | 315 | 1.5 | $3 \cdot 7$ | $3 \cdot 0$ |
|  | 183 | 170 | 296 | 208 | $252 \cdot 4$ | 229.4 | $389 \cdot 4$ | 382 | 283 | 288 | 189 | 196 | 282 | 1.4 | $3 \cdot 4$ | $2 \cdot 7$ |
| JULY．．． | 183 | 169 | 296 | 209 | $256 \cdot 6$ | $227 \cdot 7$ | $415 \cdot 3$ | 398 | 279 | 287 | 209 | 196 | 272 | $1 \cdot 3$ | $3 \cdot 4$ | $2 \cdot 7$ |
| AUG． | 183 | 167 | 296 | 210 | $260 \cdot 3$ | $223 \cdot 2$ | $455 \cdot 7$ | 422 | 276 | 294 | 243 | 196 | 288 | $1 \cdot 4$ | $3 \cdot 6$ | $2 \cdot 8$ |
| SEPT． | 184 | 168 | 296 | 211 | 268.3 | $226 \cdot 2$ | $497 \cdot 5$ | 427 | 271 | 299 | 274 | 196 | 284 | $1 \cdot 4$ | $3 \cdot 4$ | $2 \cdot 7$ |
| OCT． | 186 186 | 172 172 | 296 296 | 213 | $275 \cdot 6$ 285.0 | $232 \cdot 1$ | $531 \cdot 0$ | 447 | 262 | 316 | 300 | 197¢ | 304 | 1.5 | $3 \cdot 5$ | $2 \cdot 8$ |
| DEC． | 187 | 173 | 296 296 | －215 | 285.0 288.3 | $235 \cdot 2$ | $589 \cdot 0$ | 472 | 261 | 335 | 328 | $202 \frac{1}{2}$ | 302 | 1.4 | $3 \cdot 4$ | $2 \cdot 9$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| JAN． | 189 | 175 | 296 | 220 | $295 \cdot 8$ | $234 \cdot 0$ | $673 \cdot 0$ | 544 | 277 | 345 | 328 | $208 \frac{1}{4}$ | 334 | $1 \cdot 6$ | $3 \cdot 6$ | $3 \cdot 3$ |
| FEB． | 191 | 176 | 296 | 225 | 301.4 | $233 \cdot 0$ | $712 \cdot 0$ | 571 | 287 | 347 | 314 | 209 | 302 | 1.5 | $3 \cdot 2$ | $3 \cdot 0$ |
| MAR． | 192 195 | 177 180 | 297 297 | 230 | $309 \cdot 2$ | 232.5 | $725 \cdot 5 \dagger$ | 569 | 292 | 349 | 281 | $211 \frac{1}{4}$ | 275 | $1 \cdot 3$ | $3 \cdot 0$ | 2.8 |
| MPR | 195 200 | 180 | $\stackrel{297}{304}$ | 234 | $314 \cdot 3$ $315 \cdot 3$ | 242－9 |  | 575 | 322 | 359 | 241 | $212 \\|$ | 253 | $1 \cdot 2$ | $2 \cdot 8$ | $2 \cdot 6$ |
| JUNE．．． | 201 | 187 | 304 304 | 242 245 | $315 \cdot 3$ 316.4 | $249 \cdot 1$ $253 \cdot 9$ |  | 562 530 | 320 312 | 364 360 | 196 203 | 212 | 216 191 | 1.0 0.9 | 2.4 2.2 | $\stackrel{-2}{2 \cdot 2}$ |
| $\begin{aligned} & \text { JULY } \\ & \text { AUG. } \\ & \text { SEPT. } \\ & \text { OCT. } \end{aligned}$ | 204 | 193 | 304 | 247 | $315 \cdot 4$ | $259 \cdot 0$ |  |  |  |  |  |  |  |  |  |  |
|  | 205 | 193 | 304 | 251 | 319.0 | $265 \cdot 3$ |  | 491 | 306 | 366 | $\begin{aligned} & 227 \\ & 265 \end{aligned}$ | $214 \frac{1}{2}$ | 1805 | $0 \cdot 9$ 1.0 | $2 \cdot 3$ | $2 \cdot 1$ |
|  | 206 | 194 | 308 | 252 | $320 \cdot 7$ $323 \cdot 4$ | 267.9 269.7 |  | 506 |  |  |  | $216 \frac{1}{2}$ | 217 | $1 \cdot 0$ | $2 \cdot 4$ | $2 \cdot 2$ |
|  |  |  |  |  |  | $269 \cdot 7$ |  |  |  |  |  | $216 \frac{1}{2}$ | 264 | $1 \cdot 1$ | $2 \cdot 6$ | $2 \cdot 4$ |

[^58]| $\begin{aligned} & \text { Annual } \\ & \text { Totals } \\ & \text { or Annual } \\ & \text { Rates. } \end{aligned}$ | COAL． |  |  |  | POWER． |  | IRON AND STEEL． |  |  | TEXTILES． |  | MOT－ <br> ORS． $\begin{aligned} & \text { E } \\ & \frac{8}{4} \\ & y_{6}^{2} \end{aligned}$ | SHIPS． |  |  | RAILWAY TRAFFIC． （Great Britain |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Output． |  |  |  | Gas available． |  | Production． |  |  | $\begin{aligned} & \text { E } \\ & \text { in } \\ & \frac{8}{3} \\ & \frac{3}{8} \end{aligned}$ |  |  | $\begin{aligned} & \text { 夺 } \\ & \text { ह } \\ & \text { ह } \\ & \text { 合 } \end{aligned}$ |  |  | Total traffic recelpts ： | Tonnage Originaung． |  |  |
|  |  |  |  |  |  |  | $\begin{aligned} & \text { 兑 } \\ & \frac{u}{2} \end{aligned}$ | $\begin{aligned} & \text { s } \\ & \text { 最 } \\ & \text { 豆 } \\ & \text { in } \end{aligned}$ |  |  |  |  |  |  |  |  |  | $\begin{aligned} & \text { 亲 } \\ & \text { 品 } \end{aligned}$ |  |
|  | Mn．Tons． |  |  |  | $\begin{aligned} & 10 \mathrm{Mn} .10 \mathrm{Mn} \text {. } \\ & \text { Th'ms KWH. } \end{aligned}$ |  | Ten thous．Tons． |  |  | $\begin{array}{\|r\|r\|} \hline \text { Ibs } & \text { Ibs } \\ \hline 46 & 47 \\ \hline \end{array}$ |  | $\begin{aligned} & \text { No. } \\ & 000 \text { s } \end{aligned}$ | Gross Tonnage． 000 Tons． |  | $\begin{gathered} \text { No. } \\ 000{ }^{\circ} \mathrm{s} . \end{gathered}$ | ¢ Mn． | Mn．Tons． |  |  |
|  | $\begin{array}{r} 37 \\ 287 \end{array}$ | $38$ | 39 | $\begin{array}{r} 40 \\ 193 \end{array}$ | $\begin{gathered} 11 \\ 110 \end{gathered}$ | 42 | $\begin{array}{r} 43 \\ 1026 \end{array}$ | $4$ | 45 |  |  | 48 |  |  | $51$ | $\begin{aligned} & 52 \\ & 119 \end{aligned}$ | $53$ | $54$ | $55$ |
| 1913 | 287 | - |  | $193$ | $110$ |  | 1026 | $766$ |  | $1920$ | (7) | $34$ | 1866 |  |  |  |  |  |  |
| 1919 | 230 | －－ | ． | 183 | 122 |  | 740 803 | 789 |  |  |  |  | 2403 | 1620 |  | 176 | $\cdots$ | $\cdots$ | 180 |
| 1920 | 230 | － |  | 191 | $\frac{128}{125}$ | 427 389 | 803 | 907 370 | 674 | 1510 970 |  |  | 2397 569 | 2056 |  | 236 | ． | $\cdots$ | 181 |
| $1921$ | 163 250 | － |  | 127 168 | 125 128 | 389 454 | 262 490 | 370 588 | $\cdots$ | 970 1370 |  |  | 569 404 | 1538 1031 |  | 215 | $\cdots$ | － | 128 |
| $\begin{aligned} & 1922 \\ & 1923 \end{aligned}$ | 250 276 | － |  | 168 178 | 128 131 | 454 529 | 490 744 | 588 848 888 | $\cdots$ | 1370 1225 | （15） | 73 95 | 404 953 | 1031 646 |  | 217 204 | $\cdots$ | ．． | 200 |
| 1923 1924 | 276 | － |  | 188 188 | 139 | 602 | 731 | 888 | $\cdots$ | 1355 | （24） | 147 | 1050 | 1440 | 144 | 202 | $\cdots$ | $\cdots$ | 209 |
| 1925 | 243 |  |  | 176 | 143 | 662 | 626 | 739 |  | 1490 | （26） | 167 | 814 | 1085 | 184 | 198 |  |  | 194 |
| 1926 | 126 | － | － | 98 | 148 | 699 | 246 | 360 |  | 1300 | 25 | 198 | 582 | 640 | 235 | 170 |  |  | 115 |
| 1927 | 251 | － |  | 183 | 149 | 823 | 729 | 910 | 756 |  | 39 | 212 | 1764 | 1226 | 262 | 201 |  |  | 196 |
| 1928 | 237 | － |  | 170 | 150 | 907 | 661 | 852 | 712 |  | 50 | 212 | 1297 | 1446 | 189 | 185 | 57 | 62 | 187 |
| 1929 | 258 | － |  | 181 | 155 | 1029 | 759 | 964 | 757 |  | 52 | 239 | 1649 | 1523 | 220 | 186 | 58 | 65 | 207 |
| 1930 | 244 |  |  | 174 | 153 | 1091 | 619 | 733 | 606 | 960 | 47 | 237 | 950 | 1479 | 197 | 176 | 53 | 58 | 193 |
| 1931 | 219 | － |  | 162 | 153 | 1141 | 377 | 520 | 463 | 970 | 53 | 226 | 209 | 502 | 215 | 162 | 48 | 47 | 174 |
| 1932 | 209 | － |  | 156 | 151 150 | 11224 | 357 414 | 526 702 | 437 612 | 1055 1090 | 70 80 | $\stackrel{233}{986}$ | 72 | 188 | 219 294 | 148 | 43 43 | 4 | 165 |
| 1933 1934 | 207 | － |  | 154 168 | $\begin{array}{r}150 \\ 152 \\ \hline\end{array}$ | 1356 1546 | 414 597 | 702 885 | 612 635 | 1090 <br> 1120 <br> 11185 | 80 89 | 286 | 520 | 460 | 351 | 154 | 45 | 51 | 174 |
| 1935 | 222 | － |  | 171 | 155 | 1757 | 642 | 986 | 701 | 1118 | $107 \cdot 8$ | 404 | 683 | 499 | 350 | 156 | 45 | 51 | 175 |
| 1936 | 228 |  |  | 182 | 161 | 2022 | 772 | 1178 | 844 | 1196 | $112 \cdot 1$ | 461 | 1081 | 856 | 370 | 162 | 48 | 55 | 178 |
| 1937 | 240 | － |  | 188 | 165 | 2296 | 849 | 1298 | 952 | 1234 | 114－9 | 508 | 1057 | 921 | 360 | 170 | 50 | 59 | 188 |
| 1938 | 227 | － |  | 178 | 166 | 2437 | 676 | 1040 | 742 | 952 | 102－2 | （445） | 505 | 1030 | 359 | 163 | 46 | 47 | 173 |
| 1939 | 231－3 | － | $14 \cdot 5$ | 185 | 165 | 2641 | 798 | 1322 | （990） | 1092 | 111 －0 |  | 1011 | 630 | 221 | 172 | 52 | 51 | 185 |
| 1940 | 224－3 | － | 17－3 | 196 | 158 | 2878 | 820 | 1298 | （1030） | 1191 | $110 \cdot 7$ | （134） | 1062 | 843 | 57 | 205 | 59 | 58 | 177 |
| 1941 | $206 \cdot 3$ | － | 18.7 | 197 | 172 | 3236 | 739 | 1231 | 1013 | 821 | 78.9 | 145 | 1235 | 1186 | 15 | 244 285 | 62 | 62 | 163 |
| 1942 | $203 \cdot 6$ | $1 \cdot 3$ | $18 \cdot 6$ | 197 | 181 | 3565 | 773 | 1294 | 1065 | 733 | $73 \cdot 0$ | 160 | 1287 | 1271 | 13 | 285 316 | 71 | 61 | 163 |
| 1943 | 194.5 | $4 \cdot 4$ | $17 \cdot 7$ | 190 | 184 | 3695 | 719 | 1303 | 1028 | 712 | 72.0 | 149 | 1049 959 | 1137 919 | 8 | 316 327 | 82 | 62 55 | 157 |
| 1944 | 184．1 | $8 \cdot 6$ | $16 \cdot 0$ | 187 | 195 | 3835 3708 | 674 | 1214 | 1001 | 665 597 | 77.6 85.1 | 133 | 959 1256 | 919 894 | 8 | 320 | 73 | 50 | 143 |
| 1945 | $174 \cdot 7$ 181.9 | 8.1 8.8 | $12 \cdot 3$ $8 \cdot 3$ | 180 186 | 202 | 3728 4125 | 711 | 1182 | 887 996 | 597 662 | $85 \cdot 1$ $107 \cdot 6$ | 139 365 | 1256 | 894 1121 | 56 | 302 | 61 | 53 | 148 |
| 1946 | 181－2 | 8.8 10.2 | 8.3 16.4 | 186 185 | 224 | 4125 4258 | 776 | 1270 | 996 1021 | 662 | $107 \cdot 6$ $118 \cdot 8$ | 365 442 | 1386 | 1193 | 140 | 299 | 55 | 52 | 150 |
| 1947 1948 | $187 \cdot 2$ $197 \cdot 6$ | 10.2 11.7 | $16 \cdot 4$ 14.6 | 185 194 | 241 | 4258 4650 | 778 928 | 1488 | 1094 | 662 | 147.9 | 499 | 1180 | 1176 | 228 | 334 | 56 | 59 | 161 |
| 1948 1949 | $197 \cdot 6$ $202 \cdot 7$ | 11.7 12.5 | 14.6 14.7 | 194 196 | 248 | 4650 4910 | 928 950 | 1488 1555 | 1162 | 795 825 | 171.5 | 630 | 1212 | 1267 | 198 | 322 | 55 | 61 | 169 |
| 1950 | 204－1 | $12 \cdot 2$ | $12 \cdot 4$ | 202 | 262 | 5500 | 963 | 1629 | 1225 | 855 | 198.0 | 784 | 1418 | 1325 | 198 | 336 | 54 | 60 | 166 |
| 1949 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 357 | 46 | 53 | 131 |
| JULY ．．． | $176 \cdot 7$ | $13 \cdot 7$ | 14－3 | 162 | 202 | 3840 | 929 | 1270 | 975 1040 | 807 | 169.5 159.0 | 496 | 1595 | 1335 | 165 | 348 | 55 | 60 | 162 |
| AUG．${ }_{\text {SEPT }}$ | $174 \cdot 2$ $208 \cdot 7$ | 14．3 | 14.3 15.9 | 163 | 204 | 4060 4465 | 948 | 1495 1591 | 12040 | 775 824 | 152.0 172.0 | 602 | 1595 | （1450） | 201 | 327 | 56 | 63 | 167 |
| SEPT．．．． | 206．7 | $14 \cdot 1$ | $15 \cdot 9$ | 177 | 218 | 4465 | 963 | 1591 | 1230 | 878 | 178.0 | 749 |  |  | 200 | 310 | 56 | 63 | 174 |
| OCT，．．． | 214．7 | 12.8 11.9 | 16.7 16.3 | 189 213 | 236 | 4950 5850 | 957 | 1596 1636 | 1265 | 878 | 178.0 190.5 | 744 | 985 | 1200 | 196 | 302 | 57 | 64 | 180 |
| NOV．．．．． | $222 \cdot 7$ $207 \cdot 5$ | $11 \cdot 9$ 10.3 | $16 \cdot 3$ 14.7 | 213 217 | 280 289 | 5850 5930 | 975 966 | 1636 1515 | 1185 | 8800 | 170.5 | 657 | 985 | （1445） | 204 | 302 | 53 | 61 | 165 |
| $1950$ | 2075 | $10 \cdot 3$ |  |  |  |  |  |  |  |  |  |  |  |  |  | 287 | 55 | 63 | 171 |
| JAN． | 209－3 | $12 \cdot 2$ | $12 \cdot 9$ | 223 | 291 | 6210 | 974 | 1587 | 1200 | 872 | 188．0 | 769 800 | c 1090 | 830 | 184 | 295 | 57 | 61 | 177 |
| FEB．．．． | 215－4 | 10－3 | 11.0 10.0 | 231 | 305 283 | 6150 5735 | 959 970 | 1690 | 1250 | 885 888 | $195 \cdot 5$ $204-5$ | 800 807 | 1090 | （1465） | 223 | 308 | 57 | 63 | 177 |
| MAR． APR． | $215 \cdot 6$ $195 \cdot 3$ | $13 \cdot 1$ $12 \cdot 4$ | 10.0 9.2 | 221 203 | 283 | 5735 5230 | 970 949 | 1715 | 1285 | 888 | 171.0 | 763 |  |  | 190 | 315 | 52 | 60 | 162 |
| MAY | $213 \cdot 2$ | $15 \cdot 0$ | $9 \cdot 9$ | 198 | 248 | 5000 | 965 | 1660 | 1235 | 913 | 193．5 | 847 | 1495 | ${ }_{(1385}$ | 195 | 321 | 56 | 63 58 | 175 164 |
| JUNE ．． | $200 \cdot 2$ | 13.9 | 11.4 | 179 | 217 | 4570 | 947 | 1625 | 1250 | 796 | $206 \cdot 5$ | 786 |  |  |  | ¢ 375 | 51 | 58 | 166 |
| JULY | $190 \cdot 2$ | 14．3 | $12 \cdot 8$ | 174 | 215 | 4385 | 910 | 1437 | 1160 | 819 | 199.0 | 832 |  | 1220 | 208 | 378 | 45 | 52 | －137 |
| AUG． | $165 \cdot 4$ | 11.8 | $13 \cdot 1$ | 164 | 207 | 4405 | 920 | 1453 | 1020 | 812 | 174．5 | 612 | 1540 | （1145） | 172 | 368 <br> 353 | 53 | 57 | 165 |
| SEPT．．．． | $208 \cdot 0$ | $12 \cdot 0$ | $14 \cdot 6$ | 187 | 232 | 5170 | 971 | 1696 | 1290 | 845 | 201．0 | 8 |  |  | 211 | 347 | 58 | 65 | 176 |
| OCT． | 214.2 | $12 \cdot 5$ | 15．5 | 201 | 256 | 5680 6530 | 1008 1004 | 1704 1747 | 1300 1340 | 915 910 | $215-0$ $228-0$ | $\begin{aligned} & 875 \\ & 841 \end{aligned}$ | 1545 | 1260 | $\{209$ | 337 | 58 | 65 | 179 |
| NOV．．．． | 218.5 207.7 | 11.1 8.3 | 15.0 12.4 | 220 | 295 324 | 6530 6950 | 1004 980 | 1747 | 1340 | 910 794 | 194－0 | 704 | 1545 | （1560） | （ 195 | 333 | 51 | 58 | 159 |
| $\begin{aligned} & \text { DEO. } \\ & 1951 \end{aligned}$ | $207 \cdot 7$ | 8－3 | $12 \cdot 4$ | 231 | 324 | 6950 | 980 | 1541 | 1205 | 794 | 194.0 | 704 809 |  |  |  | 308 | 53 | 60 | 165 |
| JAN．．．． | 211.0 | $8 \cdot 6$ | 10.5 | 233 | 318 | 7000 | 952 | 1591 | 1215 | 831 | $218-0$ 212.5 | 822 | 1285 | 980 | 183 | 328 | 55 | 63 | 179 |
| FEB．．．． | $225 \cdot 8$ | 9．7 | 9.8 | 235 | 323 | 6960 | 969 | 1695 1654 | 1300 1300 | 892 823 | 212－5 | 828 | 128. | （1180） | 196 | 347 | 55 | 60 | 176 |
| MAR． | $211 \cdot 5$ 228 | 9.7 11.6 | 9．2．8 | 225 | 307 288 | 6835 | 957 928 | 1657 | 1300 1340 | 823 | 1939－3 | 781 |  |  | 189 | 342 | 55 | 59 | 172 167 |
| APR． | 207.7 | 11.6 11.2 | 10.8 10.4 | 203 | 262 | 5620 | 948 | 1586 | 1245 | 867 | 216.5 | 768 | 1535 | $\begin{array}{r} 1660 \\ (1390) \end{array}$ | 182 | 369 389 | 52 | 59 69 | 167 |
| JUNE． | 210.8 | $13 \cdot 5$ | $12 \cdot 5$ | 192 | 234 | 5070 | 950 | 1601 | 1345 | 865 | 231.0 | 711 |  |  | 210 | ¢ $\begin{array}{r}389 \\ \hline\end{array}$ | 53 | 61 | 164 |
| JULY ． | 191.9 | 13－5 | $13 \cdot 8$ | 179 | 218 | 4775 | 948 | 1332 | 1150 | 828 | $218 \cdot 1$ | 762 |  |  | 191 169 | 404 400 | 46 53 | ${ }_{6}^{55}$ | 136 170 |
| AUG．．． | $169 \cdot 4$ | 11.1 | 13.9 | 170 | 210 | 4790 | 941 | 1386 | 970 | 830 870 | 216.1 | 533 | 1680 | $\begin{array}{r} 1065 \\ (960) \end{array}$ |  | 386 |  |  |  |
| SEPT．．． | $219 \cdot 3$ | $12 \cdot 1$ | $15 \cdot 8$ | 194 | 236 | 5430 | 985 | 1575 |  | 870 | $217 \cdot 2$ | 74 |  |  |  | 371 |  |  |  |
| OCT． | 222－3 | $12 \cdot 7$ | 16.8 | 207 |  |  | 987 | 1563 |  |  |  |  |  |  |  |  |  |  |  |

$\begin{array}{ll}\text { 13－45 } & \text { British Iron an } \\ \text { 16－47 } & \text { Board of Trade }\end{array}$
i2－55 British Transport Commission
48 Ministry of Suppl
－Ships of 100 tons and over；quarterly return．From the beginning of 1948 tigures of ships completed given in brackets in Col． 50 ．
$\dagger$ Great Britain only，excluding aluminium houses．In addition， 157,000 temporary houses were completed in $1945-48$ ．Before 1940,5 Provisional．Receipts of Railways
3 months after calendar year；1040－45 includes Scottish figures for calendar years ；after 1945，calendar years，For other notes see Bulletin Feb，1949， 1.2 Executive of British Transport Commission from rovenue－carning trafl

EXTERNAL TRADE


SOURCE : Board of Trade throughout
(Board of Trade Journal and Accounts of Trade.)
$=$ Not available. $\quad(\quad)=$ Approx. only. $\quad 56-62$ and $66-73$ exclude most munitions from 1940-5. $63-65$ include munitions. * Change of classification in 1919. Italics show 1913 classification. § Eire excluded from U.K. from April, 1923 $\dagger$ The quarterly movements are interpolated for each year from the B/T import and export current price series $\ddagger$ Provisional IT 12 chief countries only. For other notes on this table, see Bulletin, February, 1949, p. 29

FINANCE

| 74，76， 78 Av，for period：76， 79 ：Totals ； 77 ：Av． Rates | Yield on Govt．Securitics |  | cMn． | $\begin{aligned} & \text { 专 } \\ & 2 \\ & 0 \\ & 5 \\ & 5 \end{aligned}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{aligned} & \text { 萛䂞 } \\ & \text { 药 } \end{aligned}$ |  |  |  |  |
| 1935 | $\begin{gathered} 71 \\ 2 \cdot 46 \end{gathered}$ | $\begin{gathered} 76 \\ 3.03 \end{gathered}$ | $\begin{gathered} 76 \\ 60 \end{gathered}$ | 77 | $\begin{aligned} & 78 \\ & 7 \cdot 4 \end{aligned}$ | 79 |
| 1938 | $2 \cdot 73$ | 3－27 | 55 | 100 | （9．8） | 140 |
| 1939 | 3－30 | 3－66 | 98 | 93 | （8－5） | － 781 |
| 1940 | $2 \cdot 78$ | 3．26 | 174 | 92 | 10.9 | －2489 |
| 1941 | 2．47 | $\overline{2.95}$ | 611 | 92 | $10 \cdot 6$ | －2794 |
| 1942 | 2－32 | 2.89 | 603 | 93 | $10 \cdot 0$ | －2894 |
| 1943 | $2 \cdot 45$ | $\overline{3 \cdot 03}$ | 722 | 97 | $10 \cdot 6$ | $-2827$ |
| 1944 | 2．37 | $3 \cdot 02$ | 710 | 101 | $11 \cdot 6$ | －2910 |
| 1945 | 2.44 | 2.09 | 651 | 109 | $11 \cdot 2$ | －2261 |
| 1946 | $2 \cdot 09$ | 2． 55 | 547 | 133 | 12－4 | － 862 |
| 1947 | $2 \cdot 18$ | $2 \cdot 67$ | 113 | 168 | 15．5 | ＋ 117 |
| 1948 | $2 \cdot 02$ | 2－79 | 26 | 183 | 14．6 | ＋ 545 |
| 1949 | $1 \cdot 94$ | 2.83 | 61 | 191 | 14.5 | $\begin{array}{r}364 \\ +\quad 172 \\ \hline\end{array}$ |
| 1950 | 2．03 | $2 \cdot 90$ | 7 |  | 14.9 | ＋ 472 |
| ${ }^{1949-}$ |  |  |  |  |  |  |
| 3rd Qr． 4th Qr． | 2.38 <br> 2.00 | 3.04 3.09 | 12 | 191 198 | $13-3$ $14-9$ | $\begin{array}{r}57 \\ -\quad 92 \\ \hline\end{array}$ |
| 1950－ |  |  |  |  |  |  |
| 1st Qr．．．． | 2.29 2.09 | $3 \cdot 11$ $2 \cdot 98$ | 29 $-\quad 6$ | 202 | 17.1 13.4 | 562 $+\quad 12$ |
| 2nd Qr．．．． 3rd Qr． | 2.09 1.98 | $2 \cdot 98$ $3 \cdot 00$ | 6 $-\quad 17$ | 222 232 | 13.4 16.0 | $\begin{array}{r}12 \\ -\quad 36 \\ \hline\end{array}$ |
| 3rd Qr． 4th Qr．．．． | 1.80 1.80 | $\begin{array}{r}2.89 \\ \hline\end{array}$ | －13 |  | 15－1 | 57 |
| 1951－0r |  |  |  |  |  |  |
| 1st Qr． 2nd nr | 1.76 1.90 | $3 \cdot 35$ $3 \cdot 56$ | 40 -9 |  | 18.5 16.2 | $+\quad 379$ $+\quad 31$ |
| 3 rd Qr．．．． | 1.81 | $3 \cdot 64$ | $-20 \ddagger$ |  | $15 \cdot 0$ | － 103 |

POPULATION \＆EMPLOYMENT

|  | U．K． |  | POPULATION，GREAT BRITAIN |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Total |  | Working |  | Employed |  |
|  | $\begin{aligned} & 8 \\ & 0 \\ & 0 \end{aligned}$ | $\begin{aligned} & 3 \\ & \frac{3}{3} \\ & \frac{5}{5} \\ & 0 \end{aligned}$ | $\frac{8}{3}$ | $\begin{aligned} & \frac{0}{6} \\ & \frac{1}{6} \\ & 0 \end{aligned}$ | $\frac{8}{3}$ | $\frac{5}{3}$ | $\begin{aligned} & \text { E } \\ & 3 \\ & 0 \\ & 5 \end{aligned}$ | $\begin{aligned} & \text { In Manufacturing } \\ & \text { Industry } \end{aligned}$ |
|  | Crude rates per annum per thousand |  | Mid－year and End－of－quarter Estimates |  |  |  |  |  |
|  |  |  | Mn ． | Mn ． | Mn ． | Mn ． | Mn ． | Mn． |
| 1935 | $\begin{gathered} 90 \\ 15 \cdot 2 \end{gathered}$ | $\begin{gathered} 91 \\ 12.0 \end{gathered}$ | 92 21.9 | $\begin{gathered} 93 \\ 23 \cdot 7 \end{gathered}$ | 94 | 95 | 96 | 97 |
| 1938 | 15.5 | 11.8 | 22．2 | 24.0 | 14.48 | $5 \cdot 00$ |  |  |
| 1939 | 15－3 | $12 \cdot 2$ | $22 \cdot 3$ | 24－1 | $14 \cdot 66$ | $5 \cdot 09$ | 17－92 | 6.82 |
| 1940 | $14 \cdot 9$ | $14 \cdot 0$ | $22 \cdot 6$ | 24－3 | 15．10 | $5 \cdot 57$ | $17 \cdot 38$ |  |
| 1941 | $14 \cdot 6$ | $13 \cdot 0$ | $22 \cdot 6$ | $24 \cdot 3$ | 15－22 | $6 \cdot 11$ | $17 \cdot 37$ | 740 |
| 1942 | 16.0 | $11 \cdot 6$ | $22 \cdot 7$ | $24 \cdot 4$ | $15 \cdot 14$ | 6－91 | 17.49 | $7 \cdot 75$ |
| 1943 | $16 \cdot 6$ | $12 \cdot 0$ | $22 \cdot 8$ | $24 \cdot 5$ | $15 \cdot 03$ | $7 \cdot 25$ | 17.12 | $7 \cdot 75$ |
| 1944 | 17.8 | 11.7 | 23.0 | 24．7 | 14.90 | $7 \cdot 11$ | $16 \cdot 68$ | $7 \cdot 43$ |
| 1945 | $16 \cdot 3$ | 11.5 | $23 \cdot 0$ | $24 \cdot 8$ | 14.88 | 6.77 | 16－29 | 6.82 |
| 1946 | $19 \cdot 4$ | 11.6 | $23 \cdot 1$ | $24 \cdot 7$ | 14.64 | $5 \cdot 89$ | 17.33 | 6．59 |
| 1947 | 20.8 | $12 \cdot 1$ | 23－3 | $24 \cdot 9$ | 14.63 | $5 \cdot 74$ | $18 \cdot 56$ | $7 \cdot 10$ |
| 1948 | 18.1 | $10 \cdot 9$ | $23 \cdot 6$ | $25 \cdot 1$ | $\{14.63$ | $\frac{5 \cdot 73}{57.09}$ | 859．978 | $\frac{7.25}{8.10}$ |
| 1949 | $17 \cdot 0$ | $11 \cdot 7$ | 23－8 | $25 \cdot 2$ | 15.79 | 7.08 | 921.85 | 8.26 |
| $\begin{aligned} & 1950- \\ & 1949- \\ & \text { 4th Qr. } \\ & 1950- \end{aligned}$ | 16.1 | 11.7 | 23－9 | $25 \cdot 3$ | $15 \cdot 82$ | $7 \cdot 24$ | 22.08 | 8.47 |
|  | $15 \cdot 8$ | 11.7 | $23 \cdot 9$ | $26 \cdot 3$ | $15 \cdot 85$ | $7 \cdot 17$ | 21.90 | 8.41 |
|  |  |  |  | $25 \cdot 3$ |  |  |  |  |
| 1st Qr． 2nd Qr． | 16.7 16.9 | 13.8 11.0 | $23 \cdot 9$ |  | 16.85 $15 \cdot 82$ 15.88 | $7 \cdot 15$ 7.24 | $22 \cdot 00$ $22 \cdot 10$ | 8.45 8.47 |
| 3 rd Qr． | $15 \cdot 8$ | $9 \cdot 4$ |  |  | $15 \cdot 89$ | $7 \cdot 30$ | $22 \cdot 18$ | 8.55 |
| 4th Qr． | 14.9 | $12 \cdot 3$ | $24 \cdot 0$ | 25.4 | $15 \cdot 89$ | 7－29 | 22．10 | $8 \cdot 62$ |
| ${ }^{1951-9} 18$ Qr． | 16－3 | 18.5 | 24.0 | $25 \cdot 4$ | $15 \cdot 92$ | $7 \cdot 31$ | $22 \cdot 15$ | $8 \cdot 68$ |
| 2nd Qr． | 16.8 | 11.1 |  |  | $15 \cdot 95$ | $7 \cdot 38$ | $22 \cdot 30$ | 8.68 |
| 3 rd Qr． | $15.0 \pm$ | 9．2才 |  |  | 16.03 | $7 \cdot 45$ | $22 \cdot 40$ | 8.75 |

PRODUCTION，CONSUMPTION，ETC．


INDUSTRIAL EARNINGS \＆HOURS

| Last pay－ week of months | Earnings per week |  |  | Hours per week |  |  | Hourly Earning： |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \frac{z}{3} \\ & \frac{3}{3} \\ & \vdots \end{aligned}$ |  | $\begin{aligned} & \frac{\infty}{3} \\ & \frac{8}{3} \\ & 3 \\ & 3 \\ & 3 \\ & 5 \\ & 6 \\ & 3 \\ & 3 \end{aligned}$ | ₹ | $\frac{8}{8}$ | $\begin{aligned} & 8 \\ & 3 \\ & 3 \\ & 8 \end{aligned}$ | $\bar{z}$ | $\frac{E}{8}$ | Women |
|  | 8．d．per week |  |  | Hours |  |  | Index Nos． \％of Oct．， 1938 |  |  |
| 1935 Oct． <br> 1938 Oct． <br> 1940 July <br> 1941 July <br> 1942 July <br> 1943 July <br> 1944 July | 98 | 99 | 100 | $\begin{aligned} & 101 \\ & 47 \cdot 8 \\ & 46 \cdot 5 \end{aligned}$ | $\begin{aligned} & 102 \\ & 47 \cdot 7 \end{aligned}$ | 103 | $\begin{array}{r} 104 \\ 88 \\ 100 \end{array}$ | $\begin{aligned} & 105 \\ & 100 \end{aligned}$ | $\begin{aligned} & 106 \\ & 100 \end{aligned}$ |
|  | $48 / 11$ | $64 / 6$ | 313 |  |  |  |  |  |  |
|  | $53 / 3$ | $69 /-$ | 32.6 |  |  | $43 \cdot 5$ |  |  |  |
|  | $69 / 2$ | 89／－ | $38 / 11$ | \％ |  |  |  |  |  |
|  | $75 / 10$ | 99／5 | $43 / 11$ | ． |  | － | ． | ＊ |  |
|  | $85 / 2$ | 111／5 | 54／2 | $\cdots$ | 29．9 | 45.9 |  |  |  |
|  | 93.7 | 121／3 | $62 / 2$ | $50 \cdot 0$ $48 \cdot 6$ | $52 \cdot 9$ 51.2 | $45 \cdot 9$ $44 \cdot 6$ | 163 174 | 158 168 | 181 193 |
|  | 96／8 | 124／4 | 64／3 | $48 \cdot 6$ | $51 \cdot 2$ | 44－6 | 174 | 168 | 193 |
| 1945 Jan． | 93.9 | 119／3 | 63／2 | 47－0 | $49 \cdot \frac{1}{4}$ | $43 \cdot 1$ | 174 | 167 | 196 |
| July | 96／1 | 121／4 | $63 / 2$ | $47 \cdot 4$ | $49 \cdot 7$ | $43 \cdot 3$ | 177 | 169 | 195 |
| 1946 Jan. | $927$ | $114 / 1$ | 59／10 | 45．8 | $47 \cdot 4$ $47 \cdot 6$ | $42 \cdot 3$ $49 \cdot 6$ | 177 191 | 166 175 | 189 205 |
| Oct． | $101 /-$ | $120 / 9$ | 65／3 | $46 \cdot 2$ | $47 \cdot 6$ | $42 \cdot 6$ | 191 | 175 | 205 |
| 1947 Apr． | 103／6 | 123／5 | $67 / 4$ | $45 \cdot 0$ | $46 \cdot 3$ | 41.5 | 201 | 184 | 217 |
| Oot． | 1082 | 128／1 | $69 / 7$ | $45 \cdot 2$ | 46－6 | 41．5 | 209 | 190 | 224 |
| 1948 Apr． |  |  | 72／11 | $45 \cdot 3$ | $46 \cdot 5$ | $41 \cdot 6$ | 220 | 199 | 234 |
| 1948 Apr Oct． | 117／4 | 137／11 | $74 / 6$ | $45 \cdot 3$ | 46－7 | $41 \cdot 6$ | 296 | 204 | 240 |
| 1949 Apr． | 119／4 | 139／11 | 77／2 | $45 \cdot 3$ | $46 \cdot 6$ | $41 \cdot 8$ | 231 | 207 | 247 |
| 1048 Oot． | 1219 | 142／8 | $78 / 9$ | $45 \cdot 4$ | 46.8 | $41 \cdot 7$ | 235 | 210 | 252 |
|  |  |  | $80 / 6$ | $45 \cdot 6$ | 47．0 | 41.9 | 239 | 214 | 257 |
| 1950 Opt． | $128 \text { - }$ | $150 / 5$ | $82 / 7$ | $46 \cdot 1$ | $47 \cdot 6$ | 42．0 | 243 | 218 | 262 |
| 1951 Apr． | $136 / 2$ | 160／2 | $87 / 4$ | $46 \cdot 3$ | $47 \cdot 9$ | $42 \cdot 0$ | 258 | 230 | 978 |

SOURCES $\quad$ Bank of England．$\quad 77-78$ L．C．E．S．calculations from＂Economist＂data．－6，79 L．C．E．S．calculations．s0．88 Board of Trade，
 of declaring dividends．§New serics，sec footnote on p．107．Aug．，1949．$\ddagger$ Provisional．For other notes see Bulfetin，Feb．， $1949, ~ p .29-30$.


[^0]:    * C. F. Carter, in Public Finance: Finances Publiques, Vol. V, No. 3, 1950. G. S. Dorrance, in Westminster Bank Review, Nov., 1950. E. A. G. Robinson, in Lloyds Bank Reviev, Jan., 1951.

[^1]:    $\dagger$ Cf. J. R. Hicks, in Lloyds Bank Revietw, July, 1947.

[^2]:    * A Chatham House Study Group, Defence in the Cold

[^3]:    * These are all estimates of cash payments by the Government. In so far as payments lag behind the absorption of resources, therefore, they understate the prospective drain on the national economy. Secondly, the cost of rapidly expanding public services, whether measured in cash or in time, energy and materials, cannot be forecast at all accurately. The year 1951/52 in particular will be a period of shifting over from experimental to quantity production.

[^4]:    * Defence and Public Finance, Bulletin, February, 1949.

[^5]:    + Munitions Industries - all of metal manufacture, engineering, motors, aircraft and other vehicles, shipbuilding and ship-repairing, metal goods manufacture, scientific instruments, chemicals, explosives, oils, etc., whether or not engaged in producing munitions or war stores for the Supply Departments.

[^6]:    * See Hancock and Gowing, British War Economy, pp. 243-7.

[^7]:    * Cf. International Finance, pp 17-18.

[^8]:    * The Real Product of the United Kingdom, 1946-1949. Bulletin, August, 1950, p. 79.

[^9]:    $\star$ For the basis upon which this Table is calculated see Bulletin, August 1950, p. 89.

[^10]:    * This article was written before the "wage-price freeze".

[^11]:    * That is, corporation officials hoped (vainly) that the higher personal income tax rates which became effective in October would apply only to fourth quarter income, but not to income received earlier. Hence, the spurt in third quarter dividends may have been partly inspired by a desire to avoid taxes.

[^12]:    * Professional economists are by no means sanguine about the consequences of direct controls (as they are likely to operate.) The doubters are by no means confined to doctrinaire anti-interventionists.

[^13]:    * Total stocks of deep-mined and opencast coal fell from just over 17 Mn . tons to just under 14 Mn . tons, to cover the gap of $3 \cdot 2 \mathrm{Mn}$. between production and consumption.

[^14]:    $\star$ The percentage figures appear to compare fairly closely with an analogous estimate made in less detail in "The Location of the British Steel Industry" issued by B.I.S.F., 1950, and reprinted from Monthly Statistical Bulletin, Vol. 25, No. 11, November, 1950.

[^15]:    * The estimated rise in import prices (Table 12, and para. 96) seems to be $29.5 \%$, and the estimated rise in export prices (paras. 99 and 110) seems to be $19.5 \%$; applied to the 1950 volume of exports this indicates a worsening of the terms of trade by $\star 222 \mathrm{Mn}$. Net earnings from overseas capital should rise by $£ 68 \mathrm{Mn}$. (Table 15) but this gain will be absorbed by the rise in import prices. Hence, the net change of output will be $£ 103 \mathrm{Mn}$.
    $\dagger$ It is not clear how this figure is reconciled with the export price index (Av. $1950=100$; Feb., 1951=109; expected average $1951=119 \cdot 5$ ).

[^16]:    $\star$ The second is, like the third, a product of strong demand relatively to supply. But, given contemporary notions of what constitutes full employment, it is necessary that they be kept apart even if doing so means making a somewhat arbitrary distinction between the higher wages which are offered by competing employers (the third source) and the higher wages which are the result of the concessions of employers to the pressure of trade unions (the second).

[^17]:    * The National Income White Paper (Cmd. 8203) shows personal disposable income rising in 1950, but personal savings falling. This was probably a consequence of rising prices and anticipatory buying, however (cf. below).

[^18]:    * Since the whole of the increase in incomes goes into costs but only a fraction of it, because of taxation and possible savings, goes into consumption demand, the inflationary gap (in the sense that we have used the termin other words, the size of the Budgetary problem) may well be reduced.

[^19]:    * cf. Cmd. 8195, p. 42.
    $\dagger$ cf. Mr. D. Jay, Financial Secretary to the Treasury : ". . . we estimate that profits this year, after providing for depreciation, will be high enough to pay this increased taxation, to pay dividends as high as those of last year, and, over and above that, to enable sufficient profits to be put to reserve to cover the whole of the higher valuation of commodity stocks." H.C. Deb. 12th April, 1951, Col. 1216.

[^20]:    $\ddagger$ Table 2, built on the assumption of constant prices, took credit for an increase in personal savings equal to onethird of the increase in personal incomes.
    § See H.C. Deb., 11th May, 1951, written answers, Cols. 267-8.

[^21]:    * Although not explicitly stated, this figure seems to refer to Personal Expenditure excluding income in kind of the Armed Forces.

[^22]:    $\dagger$ Will this be an extension of, say, pottery and whisky exports to the U.S. or an attempt to sell entirely different lines ?

[^23]:    * Hancock and Gowing, British War Economy, p. 322.

    See Impact of War on Civilian Consumption (H.M.S.O., 1945) for details.

[^24]:    * Including induced additions to tax accruals and neglecting the difference between the financial and calendar years.
    $\dagger$ There may, in addition, be some increase in prices as the result of an excess of demand over supply. See above p. 48.

[^25]:    * The Times, 4 April, 1951.
    $\dagger$ Assuming a population of 50 Mn ., an increase of $£ 1.67 \mathrm{Mn}$. in weekly expenditure on rationed goods and rationed and/or subsidised goods taken as two-thirds of household expenditure gives us an addition of $£_{2} .92 \mathrm{Mn}$. to the weekly food bill if quantities remain unchanged.
    $\ddagger$ cf. Reddaway, op. cit., p. 9.

[^26]:    $\star$ Abstracting from the elements of "income " provided by the Government.

[^27]:    $\dagger$ cf. J. S. Nicholson, " Variations in Working Class Family Expenditure," $\mathcal{F}$. R.S.S., Series A, 1949.

[^28]:    (*) Work on hostels, barracks, etc., was included before August 1949 ; from 1 August, 1949 this work appears under "Other repairs " (Item 10).
    $(\dagger)$ These figures exclude work carried out under annual maintenance licences and local authority licences and work exempted from authorisation and licensing. The extent of the work so excluded has varied with changes in exemption limits; changes in certain of the limits occurred at 1 November, 1948, and at 1 February, 1950.
    $(\ddagger)$ This item includes all non-housing work carried out under local authority licences and annual maintenance licences, or exempted from authorisation licences.
    (§) Constructional engineers, reinforced concrete specialists, heating and ventilating engineers, electrical contractors, asphalt and tar spraying contractors, flooring contractors and plant hire firms.
    (i) Employed by local authoriites, government departments, public utility undertakings, etc., and private firms outside the building and civil engineering industries.
    ( $₹$ ) This total includes items not shown in the analysis by agency, namely work done by prisoners of war ( $£ 0.9 \mathrm{Mn}$.) and the cost of manufacture of hulls, components and fittings for pre-fabricated houses (both temporary and permanent) in cases where these costs are not shown elsewhere ( $£ 22$ Mn.).

[^29]:    * Provisional from October, 1950

[^30]:    * Because of the method of calculating imports adopted in the Balance of Payments White Paper it becomes impossible to make any firm estimate of the relation between the c.i.f. and f.o.b. value of imports at a time when prices are moving rapidly and freight rates are tising steadily.

[^31]:    Souroes ：－$-37-49 \quad$ Ministry of Fuel and Power．
    46－47 Board of Trade．

[^32]:    * 1. National Insurance Act, 1946.

    2. National Insurance (Industrial Injuries) Act, 1946.
    3. National Assistance Act, 1948.
    4. Family Allowances Act, 1945.
    5. National Health Service Act, 1946.
[^33]:    * A more detailed and comprehensive table, for the year 1949/50 only, appeared in the Monthly Digest of Statistics for May, 1951. Total expenditure by public authorities on social services was there given as $£ 1,471 \mathrm{Mn}$., excluding food subsidies, but including war pensions ( $£ 78 \mathrm{Mn}$.) and a number of smaller services. If we deduct war pensions and add $£ 402 \mathrm{Mn}$. for food subsidies, the resulting total is $£ 1,795 \mathrm{Mn}$., which is the figure for 1949 in our table. This is sheer coincidence, since most of our figures are for the calendar year.
    + Including costs of administration.
    $\ddagger$ Figures are for the financial year, beginning 1st April, in each case.
    §. Disposable income plus depreciation, equal to Gross national expenditure at market value.
    Sources: Cmd. 8203, National Income and Expenditure of the U.K.; National Health Service Accounts ; Civil Estimates ; Ministry of Education Estimates ; Reports of National Assistance Board.

[^34]:    * Including £143 Mn, for "strategio reserves" and £160

    Mn. " margin."
    $\dagger$ Including war pensions and war terminal services.
    Source : Financial Statement.

[^35]:    * Cmd 6404, Social Insurance and Allied Services, pp. 90 et seq. ; Cmd 6550, Social Insurance, pp. 49-50; Cmd 7695, Royal Commission on Population, p. 116; Papers of the Royal Commission on Population: Vol. III; Report
    of the Economics Committee, pp. 35-37.

[^36]:    * Actual figures relate to the financial year beginning 1st. April

[^37]:    * It is noteworthy that, if Mr. Kaldor's estimates are uniformly increased to allow for a rise in prices of $73 \%$ instead of $33 \frac{1}{\frac{1}{2}} \%$, his figures of total expenditure, and of one or two constituent items, notably pensions, are remarkably close to the actual figures for 1948.

[^38]:    * Cmd. 8203, 1951.

[^39]:    * Excluding Munitions (see last item in table).

[^40]:    * Papers by W. B. Reddaway in Income and Wealth, Series I (Bowes and Bowes, Cambridge, 1951) and in fournal of the Royal Statistical Society, Series A, Vol.CXIII, Part IV, 1950. The details of the index are to be given in full, probably in a future issue of the Journal of the Royal Statistical Society (article by C. F. Carter); It should be noted that the weights were altered from 'net' to 'gross' of depreciation between the time of writing the JRSS 1950 paper and the article in the August 1950 Bulletin.

[^41]:    * Except for banking services, which appear as a deduction from the total in Table A.

[^42]:    * The estimates presented here were prepared by the authors in the Economics Department of the International Wool Secretariat ; their thanks are due to the Secretariat

[^43]:    * Which are very likely to be representative of the "average" firm insofar as they are usually the result of a compromise between the Board of Trade views and the wishes of the least efficient sections of the industry.
    $\dagger$ Further work carried out since this article went to press indicates that during the period under consideration spinners' average net profits must have been larger than was assumed here. However, the effect of this error on the main point at issue-the relation between raw wool prices and the cost of suits-is small.

[^44]:    Figures in later months are subject to revision. For further details see "The Measurement of Production Movements" (Carter, Reddaway, and Stone) : Cambridge University Press, 1948, 12/6. In general, the Index is based on the quantity of goods delivered by an industry ( $f$ A' series); the ' B indices use additional series reflecting the changes in work in progress in house and ship building

    * The 1935 figures (and especially those in brackets) are subject to larger error than the rest of the index. On the same basis, the total for the average of 1935-8 is probably about 108.
    $\dagger$ Quarterly figures set against the middle months of the quarters. No shipbuilding ' $A$ ' series is published.
    I Weekdays, counting Saturdays as half. These "normal working days" include public holidays, as follows: 1949-Good Friday and Easter April, Whit Monday in May, Bank Holiday in August, Christmas holiday in December; 1951-Good Friday and Easter Monday in March, Whit Monday in May.

[^45]:    + Sce "Home Finance" p. 83
    $\ddagger$ See "The First Half of 1951 in the U.S.A." p. 90

[^46]:    It will be appreciated that many figures included above are rough estimates only. This applies especially to those in brackets. All tons are long tons of $2,240 \mathrm{lb}$. n.a. $=$ not available. (a) in hands of principal exporters. (b) apparent supplies, excluding consumption of British wheat on farms. (c) $\%$ of average 1936-9. (d) incomplete. (e) excluding U.S.S.R. Stocks exclude U.S. strategic stock pile. (f) Price ratios are in terms of the currency in which quoted; the corresponding sterling ratios are added-

[^47]:    * Although the second-quarter figures are not yet available, it seems almost certain that the ratio of saving to income rose in the second quarter.

[^48]:    * 1951 Survey of Consumer Finances, Federal Reserve Bulletin, June 1951, pp.633-5.

[^49]:    $\star$ I should like to record my gratitude to this bank, which wishes its name withheld, and to another bank for providing figure, of its investments on June 30th from 1943; also to all the clearing banks, which have readily made available balance-sheets not published in the Bankers' Magazine. Finally, I should like to thank Mr. R. A. Arnould, of the Department of Applied Economics, Cambridge, who drew the handsome Charts which accompany this article.
    $\dagger$ Comparison of the Treasury Bill estimate for December 31st, 1930, of $£ 175.9 \mathrm{Mn}$. with the Macmillan Report, December, 1930, monthly average of £181.9 Mn. tends to confirm the view that the estimates may be somewhat high for the 'thirties, since the former figure excludes one of the banks, and since window-dressing tended to be appreciably heavier at year-ends than at the weekly making-up days. During the 'forties Lloyds discounted significant quantities-ranging up to $£ 9 \mathrm{Mn}$. in June, 1945 -of Indian and later Burmese and Pakistani Treasury Bills, which have no counterpart in the other known portfolios and may have none in the unknown portfolios being estimated.

[^50]:    $\star$ This statement is obviously inadequate, but requires more elaboration than can be given here ; the reader is referred to F. W. Paish, "The Floating Debt, 1914-39, and its Effect on the British Banking System" (in T. Balogh, Studies in Financial Organization (Cambridge University Press, 1947), pp. 191-212) and "Twenty Years of The Floating Debt" (Economica, August, 1939, republished in The Postwar Financial Problem (Macmillan, 1950), pp. 187-219). The estimates of tender bills outstanding employed in the following discussion and in the construction of Chart II are taken from the latter article or derived by the method used by its author. I should like to express my gratitude to Professor Paish for the help I have received in the writing of this article from both his published work and his comments on my first draft.

[^51]:    * Martins' and the Midland's shares in the Yorkshire Penny Bank, June, 1930, to June, 1931; Lloyds" "Investments in Other Banks," December, 1936, to June, 1939 ; Martins' shares in the Yorkshire Penny Bank, December, 1939, to June, 1940 ; and Williams Deacon's "Properties, other than bank premises, yielding rent "" at year-ends, 1939-45 (these were not stated separately at mid-years, and presumably were included under "Other Investments"). The second item varied from $£ 2 \frac{1}{2}$ to $£ 3 \frac{1}{2} \mathrm{Mn}$., the others were well below $£ 1 \mathrm{Mn}$.
    $\dagger$ On two occasions-December, 1930, to June, 1931, and June to December, 1948-the movements were in opposite directions; but the difference was small, and perhaps merely the result of estimating errors.

[^52]:    * The figures have been compiled for 1930-49 from Pember \& Boyle, British Government Securities in the Twentieth Century, and for 1950 from comparable material kindly supplied by the authors of that work; the securities are valued at their end-year prices.

[^53]:    * The author is indebted to Mr. A. Zarf, of the Economics Research Division, London School of Economics, for certain preparatory work in connection with this article.

[^54]:    Source: Cmd. 8379.

[^55]:    *Making an estimate of imports valued f.o.b. by reducing the Board of Trade figures for imports c.i.f. by the same percentage as the difference between the Board of Trade and the Balance of Payments figures for the first half of the year.

[^56]:    * Bulletin Index, excluding Railways, Coal, Agriculturo. Ministry of Labour Gazette May, 1951, p. 344 and earlier issues: wage-rates for all industries included.

[^57]:    marked (f), where necessary. (g) \% of early 1939. (h) \% of 1937. (i) Ministry of Food estimate of cocoa bean consumption, excluding beans transferred to oilseed stocks. (j) Civilian consumption. (k) U.S. in running bales. (l) Total production of sisal, henequen and abaca was about 525,000 tons in $1950,100 \%$ of $1934-8$ average ( $110 \%$ in 1951 ). (m) U.S.S.R.-produced synthetic rubber excluded. (n) Trade and Govt. stocks, excluding "working stocks."

[^58]:    Sources．－21－22 before 1938 ：Ministry of Labour Cost of Living index
    23 before 1938 ：LCES calculation based on private sources 21－24－1938－June， 1947 ：LCES calculations based on Nationa． Income White Papers．
    21－24 since June，1947：based on Interim Index of Retail Prices
    （Ministry of Labour）．
    25－27－Board of Trade
    28 －＂The Statist
    29－31－Ministry of Agriculture and LOES
    32 －Prof．Bowley＇s Index，calculated for LCES
    33－36－Ministry of Labour
    Figures in
    2s memployed（excluding certain 21－24， $32-36$ relath；Cols，25－27，29－31，average for month；Col． 28 －end of month．＊Cols． $33-36$ relate to all persons registered not inmured under the not insured under the current Unemployment Insurance Acts．\＆July 1914 I Provisiona from tpril ing For other notes on thls table see Bulletin，February，1949，p． 28

