

Department of Economic and Social Affairs

**CURRENT
ECONOMIC DEVELOPMENTS**



**World Economic Survey
1965 – Part II**

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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FOREWORD

Part II of the *World Economic Survey, 1965* deals with the salient features of the current situation of the world economy. It covers the events of 1965 and early 1966 and summarizes the principal developments in the three major groups of countries of the world—the developed market economies, the centrally planned economies and the developing countries. A broad review of world trade and production is presented in the first section. In the second section, the major developments in the industrially advanced market economies are discussed, and the circumstances that led to the adoption of disinflationary policy in some and deterioration in the external balances in others have been delineated. In the third section, a broad review of the progress made by the developing countries and the difficulties they are currently facing are described. The fourth section discusses the current developments and institutional changes in the centrally planned countries and reviews the new five-year plans of economic development.

The survey on the current situation of the world economy incorporates information provided by Governments in response to the Secretary-General's questionnaire on economic trends, problems and policies, circulated in December 1965.

For purposes of this report, the developed market economies comprise North America, western Europe, Oceania, Japan and South Africa; the centrally planned economies comprise eastern Europe, the Union of Soviet Socialist Republics and mainland China, and the developing countries comprise Latin America, the West Indies, Africa, West Asia and southern and south-eastern Asia. Where, because of statistical exigencies, it has been necessary to depart from these definitions of coverage, the nature of the deviation has been noted.

The *Survey* has been prepared in the Centre for Development Planning, Projections and Policies of the Department of Economic and Social Affairs in the United Nations Secretariat.

EXPLANATORY NOTES

The following symbols have been used in the tables throughout the report:

Three dots (. . .) indicate that data are not available or are not separately reported

A dash (—) indicates that the amount is nil or negligible

A blank in a table indicates that the item is not applicable

A minus sign (—) indicates a deficit or decrease, except as indicated

A full stop (.) is used to indicate decimals

A comma (,) is used to distinguish thousands and millions

A slash (/) indicates a crop year or financial year, e.g., 1960/61

Use of a hyphen (-) between dates representing years, e.g., 1961-1963, signifies the full period involved, including the beginning and end years.

Reference to "tons" indicates metric tons, and to "dollars" United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals, because of rounding.

The following abbreviations have been used:

EDF	European Development Fund
EEC	European Economic Community
EFTA	European Free Trade Association
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
UNDP	United Nations Development Programme

"Rhodesia and Nyasaland" stands for the former Federation of Rhodesia and Nyasaland; "Tanzania", for the United Republic of Tanzania. Where statistical presentation has rendered it necessary, the term "Federation of Malaya" has been used to indicate that data refer only to those parts of Malaysia formerly so designated; "South Africa" has been used to designate the Republic of South Africa, South West Africa and the High Commission territories of Basutoland, Bacheluanaland and Swaziland.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of its frontiers.

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RECENT TRENDS IN THE WORLD ECONOMY

PRODUCTION

The world economy appears to have grown by about 5 per cent between 1964 and 1965. This was somewhat below the rate achieved in the previous interval, a slight deceleration having occurred in all three groups of countries. In the centrally planned countries and the developing countries the principal element in the slow-down was a relatively poor agricultural out-turn in 1965; in the developed market economies the major factor was the policy of restraint pursued by a number of countries in the interest of internal stability or because of external payments deficits.

The cut-back was most noticeable in capital formation; rates of increase in consumption were generally well maintained. Reductions in the rate of increase in fixed investment were widespread; the principal exception was North America, where there was actually a slightly greater expansion in investment between 1964 and 1965 than in the preceding period.

The slackening in growth rates in general and in investment in particular is reflected in a decline in the rate of increase in the output of many commodities. World production of coal rose by little over 2 per cent between 1964 and 1965, compared with almost 3 per cent between 1963 and 1964, and there were similar reductions in the relative expansion of other items—petroleum, from 8 to 7 per cent; electricity, from 9 to not much more than 7 per cent; steel, from 13 to less than 5 per cent; cement, from almost 10 to 4 per cent; and outside the centrally planned economies (for which no data are available), aluminium, from 13 to 5 per cent; copper, from 5 to less than 4 per cent; lead, from 3.5 to 1.5 per cent; and zinc, from almost 8 to about 5 per cent (*see* table 1¹). World production of commercial vehicles, which had increased by about 9 per cent between 1963 and 1964, rose by a mere one per cent in 1965. Outside the centrally planned economies the expansion in the tonnage of merchant vessels launched declined from 21 to 18 per cent and, more significantly, the tonnage under construction, which had advanced by 22 per cent in the course of 1964, rose only 7 per cent in 1965.

One of the few major items to register an increase in the rate of growth was passenger cars. In the

United States a labour strike had held back production in 1964 so that there was only a 2 per cent advance over 1963—to be followed by a 19 per cent upsurge in 1965. But outside the United States production also accelerated: there was a gain of less than 6 per cent between 1963 and 1964 and of 7 per cent between 1964 and 1965. So, with the United States producing almost half of the world's car output in 1965, there was a sharp gain in global output—from 4 per cent between 1963 and 1964 to almost 13 per cent between 1964 and 1965.

Largely as a result of these changes in motor car output, "metal products" was the only industrial category in the market economies to register a greater advance in 1965 (9 per cent) than in 1964 (8 per cent). In all the other major industrial categories there was a measurable deceleration, rather greater in the heavy industries—particularly basic metals and non-metallic minerals—than in the lighter industries such as food and textiles. The textile industry actually maintained its rate of growth in the developed market economies, and the food industry registered a slight acceleration in the developing countries. In the aggregate, manufacturing production increased by about 7 per cent in 1965 in the market economies, slightly below the high rate of expansion of the preceding year (*see* table 2).

Apart from the changes in motor car production, there were some significant differences between North America and western Europe in other industrial trends. In general, growth was greater and steadier in North America in 1965, as it had been in 1964. In most of the major industries rates of expansion tended to drift downwards in western Europe. In the textile industry, indeed, production levelled out in the second half of 1964 and actually dropped below the corresponding 1964 level in the first half of 1965. And in most major categories, growth rates in the last quarter of 1965 were only about half of those registered in the early part of 1964. In North America, by contrast, 1965 ended with most manufacturing growth rates well above earlier figures (*see* table 3).

In the centrally planned economies, industrial production increased rather more between 1964 and 1965 (almost 9 per cent) than in the previous interval (less than 8 per cent). The acceleration was most marked in Czechoslovakia, but it was also quite appreciable in Bulgaria and the Soviet Union.

¹ All tables will be found at the end of the text.

In these and other eastern European countries, with the exception of Poland, the effect of this industrial advance was offset in varying degree by a decline in the rate of increase in agricultural production. Total agricultural output in 1966 was only about 2 per cent above the 1965 level.

On the whole, world industrial production has been well maintained in 1966, though the picture is far from uniformly bright. Vigorous growth—at about 9 per cent *per annum*—continued into the first quarter of the year in the Soviet Union and the United States, and also on a smaller scale in a number of other countries, including Bulgaria, Canada, Greece, Hungary and the Republic of Korea (*see* table 4). No less important are the signs of recovery in some of the countries in which slackness had developed in 1964 and 1965; most notable among these are France, Italy, Japan and Spain. The principal weaknesses have been manifested in the Federal Republic of Germany and the United Kingdom where, under the influence of stabilization measures, the pace of industrial growth has slackened and output in the first quarter of 1966 was only one or 2 per cent above the corresponding 1965 level. There has also been a distinct deceleration in the rate of increase in a number of the smaller producers, including Austria, China (Taiwan), Poland, Romania, Sweden, Yugoslavia and Zambia.

TRADE

Though international trade was still one of the most dynamic elements in the world economy in 1965, the rate of increase was sharply reduced from the extraordinarily high figure of the previous year. The year to year growth, after having risen steadily from 4 per cent between 1960 and 1961 to 12 per cent between 1963 and 1964, dropped back to 8 per cent in 1965 (*see* table 5). Total trade increased by about \$14 billion between 1964 and 1965, compared with \$18 billion in the previous interval.

In absolute terms, the major components of the 1965 expansion were a \$9.5 billion increment in trade among the developed market economies, a \$1.9 billion increment in exports from the developed market economies to the developing countries and a \$1.5 billion increment in the reverse flow. Among the major flows, the only gains that were larger in 1965 than in 1964 were in the trade of the centrally planned economies with the developing countries: exports were up almost \$0.3 billion and imports were up over \$0.4 billion.

The slackening in the rate of increase in the exports of the developed market economies was concentrated largely in North America: except in the case of trade between Canada and the United States and North American exports to West Asia, the ex-

pansion in shipments was generally and sharply reduced (*see* table 6). In the case of exports to Africa and to the centrally planned economies, indeed, the reduction in grain shipments from the high 1964 level brought about an absolute decline in the value of trade. North American exports to other developed regions were about 8 per cent above the 1964 figure (less than half the rate of expansion in the previous interval), while shipments to Latin America and southern and south-eastern Asia barely advanced from the 1964 level.

The trade of western Europe was much better maintained: an acceleration in the rate of increase in exports to North America, to the centrally planned economies, and to Africa and southern and south-eastern Asia largely offset the effects of deceleration in the case of exports to the developed market economies other than Canada and the United States and to Latin America. Notwithstanding this deceleration, intra-trade rose by over 10 per cent, contributing about \$5 billion to the over-all expansion of world exports. The major component of this gain in trade among the western European countries was within the European Economic Community (EEC) (an increase of about \$2.5 billion). Exports to the United Kingdom from western Europe and indeed from the rest of the world were only marginally higher than in 1964, reflecting the efforts being made by that country to improve its external payments position.

Among the other developed market economies, the southern hemisphere group (Australia, New Zealand and South Africa), facing lower average prices for wool, butter and sugar and a generally poor agricultural out-turn, earned less from their exports in 1965 than in 1964. This contraction was overshadowed, however, by a \$1.8 billion expansion in the exports of Japan. This was widely distributed, but a large portion of it came from trade with the United States: in the wake of rising demand in the United States market, Japanese exports increased from \$1.5 billion in 1963 to \$2.5 billion in 1965.

The principal element in the growth in exports of the centrally planned economies in 1965 was intra-trade: this rose by about \$0.6 billion, appreciably less than in 1964 despite a sharp recovery in shipments from eastern Europe to mainland China. Exports to western Europe rose by about \$0.4 billion, rather less than in 1964. Trade with the rest of the world is on a much smaller scale, though between 1964 and 1965 there were sharp relative gains in exports to Japan and to Africa.

The developing countries registered their main absolute increase in exports to the developed market economies, but the largest proportional increase was to the centrally planned economies. Intra-trade among the developing countries was about 5 per

cent above the 1964 level—less than in 1963 and 1964, but about equal to the average rate of growth during the first half of the Development Decade. The expansion of trade among the developing countries themselves was held back in 1965, as it had been in 1964, by the failure of intraregional trade to increase in southern and south-eastern Asia—partly as a result of the deterioration in relations between Indonesia and Malaysia and Singapore. Though much smaller in absolute terms, there was a more vigorous growth in intra-trade in the other regions, most notably Latin America, where a 17 per cent increase raised the total above the \$1 billion mark.

Notwithstanding the continuing up-swing in demand in North America, it was only the Asian countries that exported significantly more to that region than in 1964; African shipments to North America, after increasing by a fourth in 1964, actually declined in 1965. The main increase in African exports in 1965 was to western Europe (almost \$0.5 billion or about 9 per cent), though proportionately the increase in shipments to the centrally planned economies was much greater. Latin America, on the other hand, shipped very little more to western Europe in 1965 than in 1964, and this was also true of southern and south-eastern Asia whose exports to the United Kingdom fell back below the 1961 level—a decline that more or less offset a rise in shipments to other western European destinations. The principal increase in exports from West Asia was again to western Europe (a further 9 per cent), though proportionately a greater gain (about 14 per cent) was registered in shipments to North America.

On the whole, the vigorous expansion of international trade has continued into 1966. On the basis of data for countries accounting for over two-thirds of the total, world trade in the first quarter of the year was almost an eighth above the corresponding level in 1965. Because of the effects of the United States dock strike early in 1965, this overstates the rate of growth; but after allowing for this, the figures show general evidence of continued expansion, with most regions participating (*see* table 7).

Particularly encouraging was a substantial increase of imports into the surplus countries: imports into France were about 15 per cent above the level of the first quarter of 1965, and high rates were also registered by Italy (17 per cent) and Japan (13 per cent). Exports from the United Kingdom were about 13 per cent above the corresponding 1965 figure, but imports were up 11 per cent. In the case of the Federal Republic of Germany exports were 9 per cent higher and imports 11 per cent higher.

Lagging well behind these figures of the industrial countries was the trade of the primary exporting countries. The more developed members of the group registered a 3 per cent increase in their exports and, in line with their attempts to stabilize their external balance, their imports were no greater than in the first quarter of 1965. This was broadly the result among those developing countries for which preliminary data are known (countries accounting for about a third of the total trade of the group). On the evidence so far available, it would appear that the developing countries are continuing to lag behind the rest of the world.

RECENT TRENDS IN DEVELOPED MARKET ECONOMIES

The combined output of the developed market economies in 1965 was about 5 per cent above the 1964 level in real terms. This represents a slightly slower pace of growth than that recorded between 1963 and 1964. The deceleration reflects the policies of restraint pursued in a number of countries in which manpower and plant capacity were under some pressure. The resultant slow-down was sufficiently widespread to offset the effects of further acceleration in North America (*see* table 8).

There was little change in the rate of growth of personal consumption, and the rise in public consumption was generally faster. The most significant changes were in fixed investment, which registered a slight acceleration in North America but increased at well below the high 1964 rate in western Europe (*see* table 9).

The pressure of demand is indicated by the high proportion of countries in which consumer prices averaged 4 per cent or more above the 1964 level (*see* table 10). Though in some countries increases in indirect taxes contributed to the rise in prices, in general it reflects the strain on available resources. This is true even in North America, where the price rise, measured by annual averages, was much smaller. In the United States, wholesale prices, after seven years of remarkable stability, rose by 4 per cent in the course of 1965.

In virtually all countries, wage earnings rose more than retail prices between 1964 and 1965, and in a majority of countries as much or more than in the previous year. Unemployment rates were generally low and, except in the EEC, lower than in 1964 (*see* table 11). In the United States, the number of unemployed dropped below 5 per cent for the first time since 1957.

There was some improvement in the state of external balance in 1965. The chronic surplus registered by the Federal Republic of Germany turned into a deficit (*see* table 12). And the measures by which the reserve currency countries aimed at eliminating their deficits by 1967 showed a generally favourable result, though the gains were much less than had been sought. The improvement in the United States was achieved in the face of a sharp reduction in the current account surplus (*see* table 13). In the United Kingdom, on the other hand, the current account deficit was sharply reduced from the high 1964 figure (*see* table 14) largely by restraint on imports.

THE 1965 EXPANSION

North America

North America experienced its fifth year of continuous economic expansion: aggregate output increased faster in 1965 than in 1964. Fiscal policy—especially tax cuts—again played an important role in stimulating consumer demand as well as business investment. The availability of labour and productive capacity helped to maintain the steady pace of the expansion. By the end of the year, however, manpower and plant utilization had risen to so high a level that concern changed from sustaining the up-swing to preventing it from running beyond the limit of resources.

The change was especially marked in the United States, where following an early up-surge, when the economy was recovering from the effects of the 1964 automobile strike, there was a spring slow-down which led to doubts about whether the stimulus flowing from the tax cuts provided for in the Revenue Act of 1964 would prove sufficient in the second half of 1965. In the event, the cut in excise taxes—amounting to about \$1.75 billion on an annual basis—effected in mid-June, the rise in defence outlays and a reduction in the household savings ratio combined to accelerate the rate of over-all growth (*see* table 15.).

The real gross national product rose by 6 per cent between 1964 and 1965, compared with 5 per cent in the previous interval. Personal consumption, buoyed by the tax cut, again rose by 6 per cent. Public consumption rose more sharply than in 1964, but its contribution to total demand remained very modest. The most notable expansion was in investment in fixed assets, which under the influence of higher profits registered further acceleration, notwithstanding the failure of residential construction to advance. Inventory accumulation was greater than in 1963 or 1964, but not out of line with sales (*see* table 16).

The continued rise in total demand began to press harder on available resources. There were sizable increases in the prices of a number of farm products, particularly livestock, and, as capacity utilization rates rose, unit costs and industrial prices also crept upward: in the course of the year the prices of raw materials and farm products increased by over 10 per cent, but the rise in the over-all wholesale price

index was limited to 4 per cent. The Administration pressed its "guide-posts" on industry in an effort to contain the price increase. This was also the official policy with regard to wage increases: most of the collective bargaining contracts signed in 1965 were near to the guide-posts, and the rise in average hourly earnings in manufacturing between 1964 and 1965 was much the same as in the two preceding intervals.

The pattern of the Canadian expansion followed fairly closely that of the United States: the year opened with an up-surge—especially in inventories—to make good the effects of the 1964 automobile strike, and the expansion continued throughout the year, notably in personal consumption and imports. Imports were about one-eighth above the 1964 level, the increase in the consumption of food and clothing was above earlier figures and sales of passenger cars rose by no less than one-sixth (*see* table 17). The resource reserve being thinner, strains began to show rather earlier than in the United States. The labour market became very tight, first in the steel and construction industries and then more generally: wage earnings and prices both rose more rapidly than in 1964, and by the beginning of 1966 disinflationary measures were being contemplated.

Western Europe²

At about 3 per cent, expansion in production between 1964 and 1965 was at about half the high rate recorded in the previous interval. The slow-down reflects resource bottle-necks and the widespread use of restraining measures to keep the economies in balance. One result was a decline in the rate of increase in imports from the rest of the world and an improvement in the combined current account.

In the EEC there was a gradual recovery in demand in France and Italy after the disinflationary measures of 1964, but it was not sufficient to offset the effect of a slow-down in the Federal Republic of Germany and the Netherlands, where full employment conditions prevailed. Rates of growth ranged from 2 per cent in Luxembourg to 5 per cent in the Netherlands; this was a narrower spread than in 1964, probably reflecting the fact that excess demand in the Federal Republic of Germany helped to stimulate activity in France and Italy, where there was under-utilized capacity and no increase in employment.

Except in the Federal Republic of Germany and the Netherlands, where the high rate of capacity utilization and the tight labour market resulted in sizable wage increases, the rate of increase in personal consumption was lower in 1965 than in 1964. The main deceleration was in fixed investment, how-

ever. In varying degree, this reflected the erosion of business profits, tightness in the capital market and the incidence of anti-inflationary measures. In Italy, where business investment had declined in 1964 and was being actively encouraged in 1965, there was a further reduction. There was also a decline in Belgium, while in France, the Federal Republic of Germany and the Netherlands the expansion between 1964 and 1965 was only about half of that registered in the previous interval. In the Federal Republic of Germany, however, investment in manufacturing increased by 9 per cent, somewhat more than between 1963 and 1964 (*see* table 18). The pace of advance in residential construction slowed down everywhere from the high figures of 1964. For the EEC as a whole, the expansion in fixed capital formation, about 3 per cent, was at less than half the rate registered between 1963 and 1964.

Even more than the EEC, the European Free Trade Association (EFTA) countries showed the effects of official efforts to restore or maintain economic balance in 1965. In the United Kingdom, the economy was slowed down by the sterling crisis and the need to reduce the external deficit. The reduction in the United Kingdom demand added to the effect of resource limitations and official restraints in the Scandinavian countries. Labour shortages and disinflationary policies also limited growth in Austria and Switzerland.

With the rate of growth dropping from 5 per cent between 1963 and 1964 to 2 per cent between 1964 and 1965 in the United Kingdom, expansion in the EFTA as a whole was slowed down to half its 1964 rate. As virtually all member countries were operating under full employment conditions, there was little chance of intra-trade helping to equalize rates of expansion: the range was broader in 1965 than in 1964.

The deceleration in growth was generally spread quite widely among the major components of demand. In the United Kingdom, however, the reduction in the rate of increase in investment from its high 1964 figure was concentrated heavily on residential construction; the growth of manufacturing investment was only slightly down. Restrictions on construction also brought the rate of increase in capital formation down sharply in Switzerland. In contrast to the other members of the group, Norway registered a slower growth in fixed investment in 1964 and a recovery in 1965.

Notwithstanding the official policies of restraint, pressure on wages and prices was generally greater in 1965 than in 1964. As in the case of the EEC countries, consumer prices tended to rise faster than wholesale prices. In Denmark, Sweden and the United Kingdom, the increase in consumer prices

² See United Nations, *Economic Survey of Europe in 1965*, part I, chap 2 for further details.

is attributable in part to a rise in indirect taxes, but there was also a significant rise in unit costs: unemployment rates continued to decline and there was a considerable degree of wage drift above negotiated rates.

In other western European countries economic expansion continued at a fairly high rate, though, except in the case of Turkey, somewhat below 1964 rates. The continued growth in demand tended to increase imports, most notably in Spain, where prices rose sharply and the external balance turned from surplus to deficit. Deterioration of the external balance in Ireland—partly as a result of the restraint on imports into the United Kingdom—necessitated defensive action.

Other developed market economies

In Japan, 1965 was characterized by markedly lower rates of growth in demand and production. It was only towards the end of the year that industrial capacity—which had been expanded rapidly in the preceding boom years—began to show higher rates of utilization. Despite a decline in the agricultural work force, total employment increased. Wage earnings also continued to increase, but, as a result of the cut-back in plant operation, productivity was below the 1964 level. Unit costs thus rose and, as rents and the cost of several food items were also higher, consumer prices averaged about 8 per cent above the 1964 figure. On external account, by contrast, there was a net improvement, reflecting in part a notable increase in exports, particularly to the United States.

In Australia, New Zealand and South Africa the preceding period of rapid growth had brought various signs of strain to the fully employed economies: there was a sharper rise in prices and imports. In South Africa the position was complicated by a serious drought, which adversely affected supplies both for domestic use and for export; official policy was designed to restrict the expansion in demand in order to improve both the internal and the external balance. In Australia labour shortages in several industries contributed to higher costs, but the 5 per cent rise in the cost of living was also a reflection of an increase in excise taxes and in food prices. All three countries felt the effect of the decline in wool prices from their relatively high 1964 average.

CHANGES IN EXTERNAL BALANCE

The changes that occurred in the state of external balance of the developed market economies in 1965 were generally of a corrective nature, but in neither of the reserve currency countries was the improvement as great as had been hoped.

In the United Kingdom, the steps taken in the last quarter of 1964 to curb the outflow of capital

and slow down the rise in imports were reinforced in mid-1965. Preliminary data for the 1965 calendar year indicate that they helped to reduce the large 1964 deficit on long-term capital account by about one-half and the deficit on current account by about two-thirds.

In the United States the interest equalization tax was extended in February 1965 to cover bank loans of a year or more and in October 1965 to cover foreign bonds of a year or more maturity. In March, guide-lines were set for a voluntary programme to limit the increase in bank lending to non-residents and to reduce the outflow of dollars from corporations other than banks. In the event, there was a sharp contraction in long-term bank loans and also in the volume of short-term assets held abroad. Though direct investment was reduced in the second half of 1965, for the year as a whole it was somewhat above the 1964 level. The net improvement on capital account was offset to a large extent, however, by a reduction in the current account surplus from the high 1964 figure—chiefly the result of a \$3 billion increase in imports in the face of a \$1 billion increase in exports.

In the Federal Republic of Germany, after several years of surplus the current account swung around into deficit in the wake of a massive (20 per cent) increase in imports. Though the effect of this was mitigated by a net inflow of capital and the country has a very strong reserve position, the sharp turn-about into over-all deficit was viewed with some concern by the Government.

There was also a swing in the payments position of Japan: the capital account moved into deficit, but thanks to a major expansion of almost \$2 billion (over one-fourth) in exports, the movement in the over-all balance was in the opposite direction.

Canada, France and Italy all strengthened their payments position, Canada largely through an increase in the net inflow of capital, France and Italy by virtue of a good export performance in the face of stationary imports and a deterioration on capital account. Almost all the smaller developed market economies ran sizable current account deficits, and as capital inflows in the aggregate were below the 1964 level, there was a marked deterioration in their payments positions.

THE 1966 OUTLOOK³

Developments in the first quarter of 1966 point to a continuation of the expansion in virtually all the developed market economies at rates not greatly

³ This section is based in part on replies received from governments to the United Nations questionnaire of December 1965 on economic trends, problems and policies

different from those realized in 1965. In most countries, however, concern about the state of internal balance led to the strengthening, or at least the maintenance, of various restraining measures. The only exceptions were France, Italy and Japan, where official policy was still mildly but actively expansionary.

In the United States, further expansion raised the gross national product in the first quarter of 1966 to about \$714 billion at annual rates. Notwithstanding some uncertainty regarding defence expenditures and signs of slackening in one or two sectors—most notably in the automotive industry—total output is expected to increase by about 5 per cent in 1966, only slightly less than in 1965. Pressure on resources seems likely to continue: capacity utilization rates remain high and there are shortages of some labour skills. The Administration has called for restraint in respect of business investment, and monetary policy continues to be tight. This has served to hold back housing investment, one of the few sectors that did not expand in 1965.

In Canada, official restraining measures were re-enforced early in 1966 both by increases in the central bank discount rate and by fiscal action, including an increase in personal income tax, a reduction in depreciation allowances, cuts in public investment and the provision of incentives to postpone private investment. The expectation is that the rate of growth will be held back to about 5 per cent in 1966. This would be up to the average attained in the first half of the nineteen sixties, but somewhat below the medium-term target (*see* table 19). The higher rates of expansion in 1964 and 1965 had reduced the level of unemployment to 3 per cent by the beginning of 1966—a figure originally postulated for 1970—and had resulted in considerable pressure on plant capacity.

In western Europe the 1965 slackening is thought likely to facilitate a somewhat faster rate of growth in 1966. In the EEC, this will hinge very largely on the achievement of a predicted increase in France (about 5.5 per cent) and Italy (about 4.5 per cent), still within their planned longer-term capacity for growth. In the Federal Republic of Germany disinflationary measures to relieve the strain on resources are expected to reduce the over-all rate of growth slightly below the 1965 figure.

To stimulate investment, France is permitting the deduction from tax liabilities of 10 per cent of the cost of capital equipment ordered in 1966. It is also attempting to make the system of price control more flexible by making provision for adjustments, up and down, that are not likely to cause a general increase. In Italy household mortgage terms have been eased so as to encourage a recovery in building. Restraints

on hire-purchase transactions have also been eased. In both countries, domestic demand is expected to become more important than exports as an expansionary influence in 1966.

In the other EEC countries, efforts to control inflationary forces have been stepped up. In Belgium, a limit has been set for the expansion of private credit, the discount rate raised to 5.5 per cent and direct price controls imposed. In the Netherlands, the discount rate was raised to 5 per cent in May and wage and price restraints made more stringent, while the Government itself has stopped hiring labour and postponed various investment projects. In the Federal Republic of Germany, the discount rate has also been raised to 5 per cent and steps taken to tighten the supply of credit. In combination with higher labour costs this is expected to reduce profit margins and hold down the rate of investment. The lower rate of growth that is expected—about 3.5 per cent—is actually in line with the average suggested by the EEC Commission as being consonant with the slow expansion of the labour force during the remainder of the nineteen sixties.

In the United Kingdom there is little prospect of a faster expansion: the economy is being held in check by fiscal and monetary policies designed to improve the external payments imbalance. The steps that have been taken are intended to hold down domestic costs—the continuation of a tight monetary policy, a halving of the budget deficit, a firmer statutorily based incomes policy to restrain wage and price increases, a selective employment tax to encourage the movement of labour from tertiary to secondary industries and investment incentives to promote the modernization of manufacturing activities—while at the same time facilitating the expansion of exports by liberalizing export credit arrangements. The surcharge on imports, originally imposed in the autumn of 1964, is to be removed in November 1966. Voluntary curbs have been placed on the outflow of long-term capital to the developed countries of the sterling area. The low rate of growth expected in 1966—about 2 per cent—is likely to make it difficult to achieve the average growth rate of almost double that figure postulated in the national plan for the second half of the decade.

Continued slow growth in the United Kingdom will probably dampen the rise in other EFTA countries: an average increase of just below 4 per cent is foreseen. Restraining policies are still being pursued in most of the member countries in order to contain the pressures of domestic demand and prevent further deterioration of the external balance. In Sweden, the discount rate is being maintained at a high level—5.5 per cent—as is the system of voluntary controls over the direction and volume of private credit. Despite a fairly widespread increase in taxes, how-

ever, the 1966/67 budget deficit is expected to be greater than that of the previous year. In Switzerland, where the inflow of capital as well as the provision of internal credit remains under control, the budget is expected to yield a smaller surplus than in 1965. Fixed investment, which declined in 1965, may increase in 1966 as controls of construction have been withdrawn. In Austria and Norway minimum reserve requirements for commercial banks have been raised, and in Denmark the minimum down payment on hire-purchase contracts was increased.

Like France and Italy, Japan expects to recover some of the momentum lost during the recent period of strain: with external reserves in a more comfortable position it should be possible to make fuller use of capacity and return to somewhere near earlier rates of growth. The Government is financing a deficit on its 1966/67 budget by the issue of bonds on the local market, as it did in the previous year. And the discount rate is being maintained at the rate of just under 5.5 per cent—a very low figure by earlier Japanese standards—to which it was reduced in mid-1965.

The developed market economies in the southern hemisphere are all expected to expand at approximately 1965 rates: resource limitations rule out any

market acceleration and in all three countries official policy is geared to stabilizing the economy. External reserves were drawn down very sharply in 1965, particularly in New Zealand, and domestic restraints are intended to slow down the growth of demand for imports. The need for caution is expected to increase in 1966 because of greater difficulties in obtaining capital from abroad.

Throughout the developed market economies the period ahead is likely to involve delicate questions of economic policy. With virtually full employment in every country, the maintenance of balance is a matter of increasing concern. The United States stands ready to use tax changes either to dampen or to stimulate total demand as the need emerges in the course of the year. And in varying degree governments in most other countries are engaged in mild restraint or cautious stimulation. Success for the latter policies in France and Italy—both countries with ample reserves and current surpluses—would also serve the interests of the deficit countries, most notably the United Kingdom and the United States. As the external imbalances of the latter are matters of major international concern, measures that would tend to reduce the need for restraints of a growth-inhibiting nature are to be welcomed.

RECENT TRENDS IN THE DEVELOPING COUNTRIES

In many ways the course of events in the developing countries in 1965 resembled rather closely that of 1964: there was a further, but very small, gain in agriculture and another relatively large one in industry, while the trade deficit was again narrowed and the reserve position strengthened.

PRODUCTION

The disappointingly slow up-trend in agricultural production which has characterized the performance of developing countries in recent years continued in 1965. Between 1964 and 1965 the increase in total agricultural production is estimated to have been a mere one per cent—well below the growth in population. *Per capita* output, which had remained virtually unchanged between 1960 and 1964 thus dropped below the 1960 level in 1965 (*see* table 20).

Food production, which has been a matter of profound concern to developing countries and to the international community in recent years, was likewise disappointing. Indications are that output in 1965 was no greater than in the previous year. The poorest returns came from Africa and southern and south-eastern Asia, where *per capita* food production in 1965 was barely above the 1957-1959 level. This poor 1965 out-turn reflects unfavourable growing conditions: drought was common in several parts of Africa—especially east and south—and also in southern and south-eastern Asia in the second half of the year, offsetting the rather better harvests of the 1964/65 crop year. It is clear that most developing countries remain particularly vulnerable to adverse changes in the weather.

The decline in output in southern and south-eastern Asia was concentrated in Ceylon, India, the Republic of Korea and the Republic of Viet-Nam. In India the crops chiefly affected by the growing conditions were those harvested in the autumn—including rice, maize, and sorghum—the out-turn of which was well below 1964 levels. The production of oil-seeds, jute and cotton were also sharply lower. In the other three countries it was principally the rice crop that suffered.

In Africa, production was held down by a 20 per cent reduction in the cocoa crop and a substantial decline in the output of olives in the north and maize and tobacco in the south and east, particularly in the

Democratic Republic of the Congo, Kenya and Tanzania.

The more favourable result in Latin America reflects chiefly the rise in output in Brazil, where the 1965/66 coffee crop (about 35 million bags) was more than twice as large as the preceding one and there were substantial gains in grains and livestock products. Other countries reporting a better out-turn include Costa Rica, Ecuador, Honduras, Guatemala, Paraguay and Venezuela.

In West Asia, the increases were principally in wheat, barley and tobacco, particularly in Iran and Lebanon, but also in Iraq and Israel.

In contrast to the erratic and, on the whole, disappointing performance of the developing countries in agriculture, the output of factories and mines has continued the steadily rising trend of recent years. The expansion between 1964 and 1965 amounted to about 7 per cent, approximately the same as in each of the two preceding years (*see* table 21), though somewhat below earlier figures.

The increase in production in 1965 was fairly widespread among the various industries. Among the most notable changes were some acceleration in the rate of growth of the food-beverage-tobacco industry and some deceleration in the case of metal and mineral industries.

In Latin America there was a distinct slackening in the pace of industrial growth in most of the major countries. This reflects the stabilization efforts in Argentina and Brazil, a somewhat slower expansion in total demand in Mexico and relatively small advances in copper production in Chile and in petroleum production in Venezuela. In Brazil, in the second half of the year, steps were taken to revive some flagging industries—motor vehicle and consumer durables, in particular—by tax concessions and financing and hire-purchase facilities.

There was also a slackening—though much less marked—in southern and south-eastern Asia. This was concentrated largely in India and Pakistan, reflecting in part the Kashmir clash, which had a negative effect on production, aggravating the chronic shortage of foreign exchange and of imported raw materials and components. In India, power cuts, transport difficulties and the poor domestic crop also handicapped factory operations. In the Philippines

some slowing down in manufacturing, in the wake of a tightening of credit, was offset in part by a marked rise in the rate of increase in mining production.

To a large extent this deceleration was offset by better industrial results in China (Taiwan)—where there was a 15 per cent gain in manufacturing and a great up-surge in construction activity—as well as in a number of the smaller countries and also in the petroleum and metal mining activities of West Asia and Africa.

During the first half of the Development Decade, industrial production in the developing countries as a group has increased about three times as rapidly as agricultural production. And within the industrial category, manufacturing has expanded by over one-third, and mining and electricity and gas by over one-half.

In the aggregate, gross national product probably increased fractionally less between 1964 and 1965 than in the previous interval. For the thirty-nine countries for which preliminary results have been calculated, the average rate of growth was about 4.5 per cent in real terms.

EXTERNAL TRADE AND PAYMENTS

As in the case of domestic economic activity, the foreign trade of developing countries generally continued to expand during 1965, although at a markedly slower rate than in the preceding year. Based on preliminary data, the value of exports appears to have increased by about 6 per cent, compared with over 9 per cent in 1964 (*see table 22*).

The slackening in the rate of increase was fairly widespread: the number of countries registering a reduction in exports (compared with the preceding year) was the greatest since 1961; and correspondingly there were significantly fewer countries with gains, especially with large gains of over 20 per cent (*see table 23*). Nevertheless, two out of three of the developing countries enjoyed higher export earnings in 1965 than in 1964 and about 70 per cent managed to improve their external liquidity. In the aggregate, the export *quantum* was about 5 per cent higher in 1965, and there was a rise of about one per cent in unit value (*see tables 24 and 25*).

The expansion in exports continued to be sharpest in Africa and West Asia; compared with 1960, both these regions were earning half as much again in 1965. The 1965 expansion was based largely on petroleum, production of which has been increasing rapidly in Algeria, Libya and Nigeria, as well as in the traditional sources in the Persian Gulf. In West Asia, Syria was the only country not to increase its export earnings in 1965: wool and wheat shipments

were lower, in both volume and price. Apart from the gains from petroleum, the African increases were concentrated chiefly in Southern Rhodesia, the United Arab Republic and Zambia. These increases, and higher earnings from ground-nuts by Nigeria, more than offset reductions in some of the countries exporting products the prices of which declined in 1965, most notably sugar (Mauritius and Réunion), *robusta* coffee (the Ivory Coast and Uganda) and sisal (Kenya and Tanzania).

Exports from southern and south-eastern Asia increased by about 3 per cent in volume between 1964 and 1965, and as there was a gain of about 3 per cent in average unit value—reflecting sharply higher prices for tin and copra—the region's receipts rose by slightly more than the average for the developing countries as a whole. As jute and rubber prices also averaged somewhat more than in 1964, most countries in the region shared in the expansion. The exceptions were Burma (where the 1964/65 rice crop yielded a smaller exportable surplus), India (whose tea exports were lower) and the Republic of Viet-Nam (where war disrupted regular trade).

In the case of Latin America, there was a sharp acceleration in the volume of exports (which had lagged very noticeably in the earlier years of the decade), offset slightly by a decline in average unit value; receipts of the region (including the West Indies) were about 5 per cent above the 1964 level. Gains were widespread, aided by price improvements in some cases (metals in Bolivia and Chile, and mild coffee in El Salvador and Guatemala, for example), but based on volume in others (more bananas from Honduras and Panama, for example, more cotton from Mexico and Nicaragua and more wheat from Argentina). Brazil earned more from its secondary exports in the face of a decline in shipments of coffee, cocoa and cotton.

As far as imports are concerned, there was also a marked decline in the rate of increase—though not to the low rates that had characterized the earlier years of the decade. The expansion was sharpest in West Asia, where expenditure increased by almost 9 per cent, compared with 1964. At the other end of the scale, imports into Latin America rose by less than 2 per cent. In the aggregate the developing countries imported about 4 per cent more than in 1964 in volume and it cost them about 5 per cent more. The number of countries in which imports declined was significantly greater in 1965 than in 1964 and the number in which there was a large increase was down sharply: the proportion registering increases in excess of 10 per cent, for example, dropped from almost 60 per cent in 1964 to little more than 40 per cent in 1965.

With import prices and export prices advancing by about the same proportion, the terms of trade of

the developing countries again remained more or less constant, at the level reached in 1963—about 2 per cent below the 1960 average (*see* table 25). There was a slight gain between 1964 and 1965 in the Asian countries and a slight loss in Africa and Latin America. But in relation to the average at the beginning of the decade, the terms of trade of Africa and southern and south-eastern Asia were about 7 per cent less favourable. This reflects the fact that while the major exports of Latin America were realizing well above the average 1960 price in 1965 (barley and maize up over one-eighth, coffee almost one-fifth, beef almost one-third and copper almost double) those of the other regions were generally lower: among southern and south-eastern Asian staples, tea prices were down about 4 per cent, jute prices about 5 per cent and rubber prices about one-third, while among African staples, petroleum was down about 2 per cent, iron ore by about 6 per cent, sisal about 9 per cent and cocoa almost 40 per cent (*see* table 26).

Between 1960 and 1965 the export earnings of the developing countries increased by about one-third while import expenditure rose by little more than one-fifth. The result was a continual narrowing of the trade gap: in 1961 the deficit was of the order of \$3.4 billion (exports measured *f.o.b.* and imports *c.i.f.*), in 1963 and 1964 it was not much more than one-third of that, and indications are that it dropped sharply to about \$0.5 billion in 1965 (*see* table 27).

Though no firm figures are available, it is almost certain that the net outflow of interest and dividends was greater in 1965 than in 1964: the over-all debt of the developing countries has continued to grow rapidly in recent years, and with petroleum production up a further 9 per cent and the price index of non-ferrous metals up 23 per cent in 1964 and 15 per cent in 1965, the profits of foreign-owned mining companies are likely to have risen significantly. Net investment income flowing to the United States from the developing countries, for example, rose to \$2.6 billion on private account (an increase of \$137 million over 1964) and to \$297 million on government account (\$21 million above the 1964 level).

While available data on the flow of loans and grants to developing countries are preliminary and incomplete, it appears probable that a modest increase may have occurred in 1965. There appears to have been a rise in bilateral flows, increases in outflows from Japan, the Federal Republic of Germany and the United States more than making up for a reduction in outflows from France and from the United Kingdom. Likewise, there appears to have been a modest over-all increase in outflows from international institutions, with increases in the resources moving through the United Nations Development Programme (UNDP) and the European Development Fund (EDF) exceeding a slight reduction

in the net disbursements of the International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB).

About half of the increase in the outflow of capital from the United States was of a private long-term nature, much of it representing petroleum investment in Africa and West Asia. Private flows to Latin America dropped sharply, but the effect of this was offset by an increase in official flows. This was the opposite of the change in flows to the other developing regions: public grants and loans to Africa and Asia were actually below the 1964 level.

All the major components of the outflow from Japan increased in 1965, reparation payments slightly, public lending substantially and direct investment more than twofold. The increase from the Federal Republic of Germany, on the other hand, was in official capital; private flows were below the 1964 level. The most notable change in the reduced outflow from the United Kingdom was a doubling—to about one-fifth of the total—of the proportion going to non-Commonwealth countries; there was also a slight increase in the proportion of official grants (to about one-third of the total). The decline in the outflow from France was largely to Africa, particularly Algeria.

With a much smaller trade deficit to meet, the net inflow of capital was used again and to a greater extent than in the two previous years to build up the international liquidity of the developing countries. The increase in reserves was general: no region and only a few countries drew on their reserves in 1965. Among the latter were Burma, Ecuador and Pakistan, which were all borrowers from the International Monetary Fund (IMF) in 1965, accounting for almost half of the net outflow of \$168 million provided by the Fund in the course of the year. A number of other countries sought accommodation from the Fund in 1965, including most notably Brazil, the Sudan and Tunisia, suggesting that notwithstanding the generally favourable movement in the trading account there was still serious imbalance in particular cases.

In the aggregate, the expansion in reserves was of the order of \$1.23 billion, and it brought the total liquidity of the developing countries to over \$11 billion by the end of 1965. The ratio of reserves to imports, which had fallen from about 34 per cent in 1959 to about 28 per cent in 1962, thus recovered to about 31 per cent in 1965 (*see* table 28).

INTERNAL BALANCE

With agricultural output up by about one per cent, industrial output by about 7 per cent and foreign trade by about 5 per cent, the combined gross domestic product of the developing countries in real

terms probably increased by approximately 4 per cent between 1964 and 1965—a distinctly slower rate of growth than in the preceding period. For the thirty-nine countries for which preliminary estimates can be made, the average rate of growth was about 4.5 per cent in 1965 as against 6 per cent in 1964 (see table 29). About one-third of the countries registered an advance over the previous year's rate, but in an appreciably larger proportion there was a deceleration. Among the latter group was India, the sluggish performance of whose large economy served to depress the average. The combined rate of growth in the other thirty-eight countries was not significantly different from the previous year's figure.

As indicated above, the out-turn of agriculture was the chief source of change in the rate of growth: it made for below-average expansion in Bolivia, Chile, Ghana, India, Tanzania and Tunisia and, to a lesser extent, the Sudan and Uruguay, and for above-average expansion in Brazil, Burma, Costa Rica, Honduras, Iraq and Panama. In a few countries the growth in other sectors—particularly industry—was sufficient to compensate for relatively poor agricultural performance: this was the case in Argentina, China (Taiwan), Israel, the Republic of Korea and Thailand.

Not only did total domestic production increase somewhat less between 1964 and 1965 than between 1963 and 1964, but as indicated above it was supplemented by an appreciably smaller increment in imports. Thus the expansion in total supplies—at about 4 per cent—was markedly less than in 1964. As a result, there was probably little over-all increase in *per capita* levels of consumption in 1965, the increase in exports was appreciably less than in 1964 and, while little definitive information is available, there are signs that the rate of increase in fixed capital formation also slackened in 1965, at least in the aggregate. Apart from the relatively modest increase in imports—the source of most capital goods for the developing countries—there was a discernible slowing down in the growth of output of a number of key products, including pig iron, crude steel and cement, as well as in the production index for heavy industry as a whole.

In Latin America, where there was a sharp increase in the export *quantum*, and a fractional increase in *per capita* consumption, investment fell back from a 13 per cent expansion between 1963 and 1964 to a 2 per cent expansion between 1964 and 1965. Particularly high rates of increase in domestic expenditure—11 per cent in consumption and over 16 per cent in investment—were registered in Peru (at the expense of a deterioration in the trade balance). Chile and Panama recorded a substantial increase in investment and a moderate increase in consumption at the expense of a sharp rise in the trade deficit.

In Bolivia, the increment in supplies was completely absorbed by a substantial increase in consumption (10 per cent) at the expense of reduced exports and increased trade deficit, with no increase in investment. The smallest gains in consumption and investment were registered in some of the countries in which external balance was improved—Brazil, Colombia and Uruguay, for example.

With a much smaller increment in total supplies, southern and south-eastern Asia also experienced a deceleration in the growth of domestic expenditure on investment and consumption, but exports increased moderately in 1965. As a result of the sharp decline in the rate of increase of supplies, India could not maintain the growth of consumption and investment, despite a reduction in exports. In Thailand, rates of increase in consumption, investment and exports also decelerated significantly in 1965. China (Taiwan), on the other hand, increased its investment (with a major expansion in imports of capital equipment) as well as consumption; exports, however, increased at a slower rate in 1965, and the trade balance turned from active to passive. The Republic of Korea, with much higher total supplies, stemming in large measure from a recovery in imports, registered a notable increase in fixed capital formation in 1965 (as against a reduction in 1964) as well as a further acceleration in the rise in exports and some advance in consumption.

Mainly as a result of a reduction in imports in 1965 (as against a large increase in 1964), Israel's total supplies increased by only 6 per cent—half the rate registered in 1964. While consumption rose substantially—8 per cent in the private sector and over 10 per cent in the public sector—and exports increased by 11 per cent (almost twice the 1964 rate), investment, after rising by one-fifth in 1964, was cut back by 3 per cent in 1965. In Jordan, on the other hand, consumption and investment expanded at the expense of a sharp deterioration in the balance of trade.

The deceleration in investment was connected in some cases with the stabilization measures put into effect by a number of developing countries in which internal demand pressures had been jeopardizing external equilibrium. The result was reflected in a slight abatement in inflationary influences in some of the countries in which these had been strongest. Of the sixty-one countries for which retail price data are available, just over one-fifth registered increases in excess of 10 per cent in 1965; this was a slightly lower proportion than in 1964 (see table 30). Among the countries in which pressures eased were Brazil, Chile, the Republic of Korea and Somalia.

On the other hand, world prices as a whole were moving upward more strongly in 1965. As a result

there were fewer countries enjoying price stability or experiencing a decline in the local cost of living, and more registering a moderate—less than 5 per cent—rise. Moreover since, as indicated above, the rate of expansion in available supplies—from imports as well as from domestic production—was markedly lower in 1965 than in 1964, the general outlook for price stability was distinctly less favourable: in 1964 there were two countries in which the price rise decelerated for every one in which it accelerated; in 1965 the proportions were more or less equal (31 per cent). There was a marked increase in inflationary forces in a number of countries including Argentina, Colombia, the Republic of Viet-Nam and Uganda. While, in many instances, pressure of effective demand on total supplies was a significant factor in determining changes in price levels, in other cases specific shortages exercised an important influence. In particular, shortages of food-stuffs, which have troubled many developing countries in recent years, again contributed to inflationary pressures, most notably in Ghana, India, Kenya, the United Arab Republic and Uruguay.

In most developing countries, the money supply expanded more or less in line with production, trade and incomes. The proportion of countries in which the money supply contracted during the year or increased less than 4 per cent was about 20 per cent (compared with 30 per cent in 1964), but the proportion of countries in which money supply rose more than 10 per cent was also appreciably less (43 per cent, compared with 52 per cent in 1964). Hence the proportion of countries in which the money supply increased between 4 and 10 per cent doubled between 1964 and 1965 to nearly 40 per cent (*see* table 31). There was a marked decline in the proportion of countries in which there was discernible deceleration or acceleration and a corresponding increase in the proportion registering continued expansion at more or less the same rate as in 1964.

One factor involved in this slowing down in the expansion of money supply was a generally greater caution in government budgeting. Government financial operations contributed rather less to inflationary pressures in 1965 than in 1964. Comparing year-to-year changes in official indebtedness relative to total expenditure, the proportion of countries in which there was a decline or a smaller rise increased, while the proportion registering a greater rise declined (*see* table 32). On the other hand, among the countries in which, compared with 1964, official indebtedness rose at a similar or faster rate, there were more in the higher-deficit group, including some—Bolivia, India, Iraq, Mexico, Pakistan, the Philippines and the United Arab Republic, for example—in which the budgetary balance showed marked deterioration in 1965.

In the aggregate, among the fifty-seven countries for which data are available, the most expansionary component of money supply was private credit in about 45 per cent of the cases in 1965 (compared with 58 per cent in 1964), government credit in about 28 per cent (25 per cent in 1964) and foreign assets in 26 per cent (17 per cent in 1964). Notwithstanding the general increase in external liquidity, changes in foreign assets were the chief contractionary force in 1965 in 38 per cent of the developing countries (as against about 42 per cent in 1964). Changes in government credit were contractionary in about one-fifth of the developing countries in 1965 (one-fourth in 1964). In the case of private credit, by contrast, the number of cases in which it was a contractionary influence was larger in 1965 (26 per cent) than in 1964 (13 per cent).

OUTLOOK

In some ways the developing countries are better placed to face the future than they were a year ago. Continued growth in the more advanced countries has helped to sustain the prices of most of the products they export and the prospects are for further expansion in total export earnings in 1966. Three years of external price stability—compared with the years between 1954 and 1962—has enabled most countries to raise their foreign exchange reserves, and in the aggregate their external liquidity stands in better relation to current levels of import expenditure than it did earlier in the decade. And internally some success has been scored in reducing demand pressures in a few of the countries that have serious problems of inflation.

On the other hand, the outlook for foreign exchange earnings in 1966 is rather mixed. Though the prospects of continued growth in the United States and recovery in demand in France, Italy and Japan suggests that, in general, primary commodity markets are likely to remain fairly firm in 1966, there are areas of weakness which may spell lower export earnings for a number of developing countries. Among the commodities whose prices in the early months of 1966 were below the corresponding 1965 level were maize, meat and sugar, almost all the vegetable seeds and oils, cotton and sisal, and rubber, lead and zinc (*see* table 26). All of these may well yield the developing countries lower returns than in 1965.

In the case of sugar, the 1965/66 crop is expected to amount to 62 million tons, slightly below the record 1964/65 figure, but about 4 million tons above expected consumption. As stocks are already large, the free market seems likely to remain depressed. Cotton transactions are being influenced not only by a slackening in consumption but also by a prospective reduction in the price of United States supplies when

the new support arrangements come into effect at the beginning of the 1966/67 season in August. The earnings of particular exporters will also be affected by the size of their 1965/66 crops: in Argentina, Brazil and Peru, these are smaller than those of the previous year, in the Sudan, Uganda and the United Arab Republic, substantially greater. The price of natural rubber is unlikely to fall far below the cost of the synthetic: it has remained uncharacteristically stable for several years notwithstanding the changes in motor-car production. The output of natural rubber is also unlikely to vary greatly: a small increase in southern and south-eastern Asia is expected to offset a decline in Africa.

Though the average coffee price in the first quarter of 1966 was virtually the same as a year earlier, there are signs of a weakening market in the face of a 1965/66 crop 50 per cent greater than that of 1964/65 and expected to yield an exportable supply of about 64 million bags—well above import requirements. The expansion is largely in Brazil, whose restrained marketing of beans was largely instrumental in keeping the price of *arabicas* relatively stable and firm in 1964 and 1965. In April 1966, some African producers began to withhold supplies in an effort to maintain a floor price for *robustas*.

Counterbalancing these commodities whose market prospects suggest lower export proceeds are a number whose prices were distinctly higher in the opening months of 1966 than in the corresponding period in 1965. These include barley, cocoa, wool, jute, hides and skins, and copper and tin. In most of these cases, prospective supplies are likely to be below current rates of consumption or 1965 levels or both.

In the case of cocoa, first quarter grinding rates point to an annual absorption of 1.4 million tons, whereas the 1965/66 crop is estimated to yield about 1.2 million tons. Copper supplies have been handicapped by labour strikes in Chile and the difficulties in relations between Zambia and Southern Rhodesia, while consumption needs have risen as the result of increased investment and military production in the United States. The output of tin is expected to benefit from the results of recent new investment in mining and dredging, but the forecasts still suggest a gap to be filled—as in the past two years—by releases from the United States stockpile.

Earnings from wheat, tea, ferrous ores and petroleum are expected to increase moderately in 1966: a greater volume is likely to be sold at prices that are relatively stable, at least on the average over the year.

Apart from the uncertain situation that confronts most developing countries as far as the short-range prospects for exports are concerned, there are many recalcitrant obstacles to growth, against which little progress has been made. Among these, one of the most disturbing is the relationship between the expansion in population and the expansion in food production. With poorer 1965/66 crops in prospect in a number of places—notably southern Asia and North Africa—this problem darkens the short-term outlook as well as the prospects for longer-term progress.

In India the failure of the 1965 monsoon is likely to have widened the gap between local production of grain and minimum domestic requirements: it was between 8 and 10 million tons in 1964/65 and may be in excess of 15 million tons in 1965/66. In Pakistan the 1966 wheat crop is also substantially below the 1965 level; and drought has seriously reduced grain crops in Morocco.

It is also clear that the improvement in the trade balance in 1965 was won in part by restraint on imports. Higher rates of growth are likely to depend on the ability of the developing countries to import more. And though external liquidity was increased in 1965, the ratio of reserves to current import levels is well below those obtaining in the nineteen fifties: it still does not leave much of a margin for any acceleration in the rate of increase in imports.

This tightness magnifies the difficulties implicit in the rapid growth of the debt burden of the developing countries, on the one hand, and in the failure of resource transfers from the rest of the world to increase significantly during recent years. While five years of economic expansion in the developed market economies have helped to stimulate export volumes and stabilize export prices for the developing countries, they have not maintained the link between the national income of the developed countries and net capital transfers, accepted as a target in 1960.

RECENT TRENDS IN THE CENTRALLY PLANNED ECONOMIES

Gains in agriculture between 1964 and 1965 were generally below those registered in the previous interval and this slowed down the rate of economic growth in a number of the centrally planned economies, so that in the aggregate national income (net material product) rose by rather less than 6 per cent in 1965, compared with about 8 per cent between 1963 and 1964. While consumption appears to have risen rather more between 1964 and 1965 than in the previous interval, the rate of increase in fixed investment was generally lower than in 1964.

OUTPUT

The growth of net material product in the centrally planned economies as a group, after accelerating sharply between 1963 and 1964, slowed down slightly in 1965, though it remained well above the 1962 and 1963 rates (*see* table 33).

The slowing down of the growth rate was evident in all countries except Czechoslovakia, where the national income increased faster between 1964 and 1965 than in the previous interval, and Eastern Germany, where it increased at virtually the same rate as in 1964. The change was particularly significant in Czechoslovakia, where the 2.5 per cent rise in 1965 represented a recovery from the depressed levels of the two preceding years, though not to the 7 per cent expansion registered in 1961. In Eastern Germany, the rate of growth of about 4.5 per cent achieved in 1964 and in 1965 was substantially higher than that registered in the two preceding years—an average of about 2.5 per cent.

Among the other countries the most marked deceleration was in Hungary—from 5 per cent in 1964 to 2 per cent in 1965.

In most cases the slow-down was largely the result of changes in the agricultural sector, caused mainly by unfavourable weather. There was actually a decline in agricultural production in Czechoslovakia (about 3 per cent) and in Hungary (4 per cent), while in Bulgaria output remained at the 1964 level (*see* table 34). In the Soviet Union, the sharp increase in agricultural output in 1964 (from the depressed level of the preceding year) was followed in 1965 by an increase of only one per cent. The only country registering an acceleration in agricultural growth was Poland, where output rose by over 7 per cent in 1965, compared to one per cent between 1963 and 1964.

In the industrial sector, the growth of aggregate output accelerated in 1965 as a result of more rapid expansion in Bulgaria, Czechoslovakia and the Soviet Union (*see* table 35). In Czechoslovakia, where industrial production had fallen between 1962 and 1963, the recovery that started in 1964 continued and gross production rose by about 8 per cent in 1965.⁴

In Yugoslavia, industrial production increased by about 11 per cent between 1964 and 1965, but a 6 per cent decline in agriculture reduced the rate of increase in national income to 3 per cent.

In mainland China, for which no 1965 data on national income or industrial and agricultural production are available, indirect evidence indicates that recovery from the disastrous fall in output that occurred in the late nineteen fifties continued in 1965. Agricultural output which, in 1964, regained the level reached in 1957, seems to have registered a further, if slight, increase in 1965, largely because of improved livestock production. In the industrial sector considerable advances were achieved. Between 1963 and 1964, industrial production rose by 15 per cent, to a level substantially higher than that of 1957, though probably still below the peak reached in 1959, notwithstanding the fact that several branches exceeded the 1959 level of output. The plan of industrial production for 1965 provided for an 11 per cent expansion and, according to official statements, the plan was fulfilled. In the light of these changes in the output of agriculture and industry—which account for the major part of national income—the increase in total production between 1964 and 1965 seems likely to have been of the order of 5 per cent.

INVESTMENT

In most of the centrally planned countries, gross fixed investment increased less between 1964 and 1965 than in the previous interval and in Hungary and Yugoslavia it actually declined by about 2 per cent and 10 per cent, respectively (*see* table 36).

Among the countries in which the rate of increase in investment decelerated, the slackening was most marked in Bulgaria and Czechoslovakia. In Czecho-

⁴ As the rate of growth of gross industrial output in Czechoslovakia was substantially higher than that of value added in industry, the contribution of this sector to the growth of national income was smaller than might appear from this index of gross value.

slovakia, where a 12 per cent increase in 1964 had not quite made good the reductions that had occurred in 1962 and 1963, there was a 7 per cent advance in 1965; the level of investment was thus raised above the 1961 peak. Poland was the only country to register an increase in the rate of growth of fixed investment; this was 9 per cent between 1964 and 1965, compared with 5 per cent between 1963 and 1964. There and in Bulgaria, investment plans for 1965 were fulfilled; in Bulgaria, where the 1965 target was well below the growth rate achieved in 1964, there was substantial over-fulfilment. In other countries the actual growth fell short of the plans for 1965. In all countries considerable efforts were made to reduce the excessive proportion of uncompleted projects through greater concentration on the completion of projects started earlier.

RETAIL SALES

In most of the centrally planned economies, retail sales increased faster in 1965 than in 1964 (*see* table 37). The acceleration was sharpest in Czechoslovakia, Poland and the Soviet Union, where the rates of growth—5, 9 and 10 per cent, respectively—between 1964 and 1965, were virtually double those achieved in the preceding interval. The only countries to register a lower rate of expansion of sales in 1965 were Romania (where there was a fractional deceleration) and Hungary (where the decline was more marked—from 7 per cent in 1964 to 4 per cent in 1965).

Except in Romania, sales increased at higher rates than provided for in the 1965 plans. In Czechoslovakia, Hungary and Poland, for which data are available, consumption rose faster than planned, though more slowly than retail sales.

CHANGES IN THE ALLOCATION OF RESOURCES

Between 1964 and 1965, consumption showed a smaller increase than national income in Eastern Germany and Poland, about an equal increase in Hungary and Yugoslavia, and a larger increase in Czechoslovakia and probably also in the Soviet Union (*see* table 38).⁵ Because of the inadequacy of data, changes in Romania and Bulgaria are more difficult to assess. In Bulgaria, retail sales increased faster than national income in 1965, while in Romania the reverse was true.

In the Soviet Union, fixed investment rose relatively more than national income, but less than retail sales. Since the increment in inventories probably declined under the impact of changes in agricultural production in 1964 and 1965, total accumulation

seems to have risen less than national income, indicating a shift to consumption in the allocation of resources in 1965.

In Czechoslovakia also, the share of consumption in national income increased at the expense of accumulation in 1965. While national income rose by 2.5 per cent, consumption rose by 4.4 per cent. Though investment increased to a greater degree than national income, this was offset by a considerable decline in the growth of inventories so that total accumulation remained at about the 1964 level. Net exports declined substantially in relation to national income.

In Hungary, both consumption and national income increased by about 2 per cent; accumulation declined by 6 per cent, but the effect of this on the share of consumption in the national income was offset by a reduction in net imports. In Yugoslavia also, national income and consumption increased at about the same rate (of 3 to 4 per cent) in 1965. Though there was a rise in the increment of inventories, it was more than offset by a reduction in fixed investment, so that total accumulation declined. That this did not result in a rise in the share of consumption in the national income reflects the virtual elimination of the deficit on the balance of payments on current account in 1965.

In Eastern Germany and Poland, on the other hand, the shift in the allocation of resources was in favour of accumulation. In Eastern Germany, consumption increased by about 3 per cent, while accumulation rose by almost 18 per cent. In Poland, total consumption increased by about 5.5 per cent between 1964 and 1965, while accumulation rose by 11 per cent and national income by 6 per cent. The shift toward accumulation was accounted for partly by an increase in fixed investment and partly by a very high rate of growth of inventories. The combined total of consumption and accumulation increased faster than the national income, reflecting the availability of additional resources derived from the change in the balance of trade.

BALANCE BETWEEN SUPPLY OF AND DEMAND FOR CONSUMER GOODS

In most of the countries in which the share of resources allocated to consumption declined, an important factor helping to maintain the balance between the supply of and the demand for consumer goods was the fact that labour productivity increased faster than money wages in the industrial sector. In all countries for which data are available, wages in other sectors increased at substantially higher rates than in industry. The increases were particularly marked in non-productive sectors. Furthermore, transfer payments such as pensions, grants and social insurance allowances have increased in most countries faster

⁵ No official data on expenditure components of the national income in 1965 are available for Bulgaria, Romania and the Soviet Union. The evaluation of changes in the allocation of resources in these countries is made on the basis of data on retail sales, gross fixed investment and national income, supplemented by qualitative information.

than wage and salary payments. Prices paid to agricultural producers by the state purchasing agencies were also raised.

The most significant changes occurred in the Soviet Union, where the implementation of decisions taken in 1964 resulted in a far-reaching alteration in the structure of wages in 1965. Whereas money wages in industry rose by 2.5 per cent and those of scientific workers by 3.2 per cent in 1965, the increases amounted to 15 per cent in the trade sector, 19 per cent in education and 21 per cent in health services. Average money wages in all sectors of the economy rose by 5.8 per cent. The value of transfer payments and other benefits increased by 13 per cent.⁶ Prices paid to agricultural producers for state purchases of livestock were raised by 10 to 70 per cent⁷ and those paid to the collective farms for wheat and rye were increased by 6 to 60 per cent, depending on the region. Prices paid to state farms for wheat and rye increased even more.⁸ In consequence, the income of collective farms increased by 16 per cent and the payment in money and in kind to agricultural producers for work performed on collective farms rose in the same proportion.⁹ Prices in retail trade were reduced by about 1.5 per cent and prices on collective farm markets declined by 6 per cent. Real wages, which had risen by less than one per cent in 1963 and by about 2.5 per cent in 1964, increased by as much as 7 per cent in 1965. Real *per capita* income of the population, inclusive of social security payments and other benefits, also rose by 7 per cent in 1965.

While in the Soviet Union consumer prices declined, in several other countries they increased by proportions ranging up to 2.6 per cent.

In Romania, money wages rose by 5.6 per cent and real wages probably rose by a similar proportion. In Bulgaria, real wages rose by 3 per cent and in Czechoslovakia by 1.3 per cent. In Poland, however, the increase in real wages in 1965 was insignificant, and in Hungary they declined by about one per cent.

Developments in Yugoslavia were quite different from those in the other eastern European countries. Money wages rose by 38 per cent in 1965, entirely

⁶ This was in part accounted for by the introduction in 1965 of state pensions for the members of collective farms. By the end of 1965, 8 million members of collective farms had received pension payments out of the state funds.

⁷ The increases ranged from 20 to 55 per cent for cattle and from 30 to 70 per cent for pigs.

⁸ The highest increases took place in the Baltic Republics, the Byelorussian Soviet Socialist Republic, part of the Ukraine and in the central, north-western and Volga-Viatka regions of the Russian Soviet Federated Socialist Republic (RSFSR), where prices paid to the collective farms rose by 53 per cent in the case of wheat and by 53 to 60 per cent in the case of rye.

⁹ Total income increased less since prices received by the members of collective farms for goods sold on the free market declined.

out of line with increases in output per man (which averaged about 5 per cent in industry). At the same time prices paid to agricultural producers rose by 42 per cent, while output of agriculture fell by 6 per cent. The cost of living, which had risen by 12 per cent in 1964, increased by 35 per cent in 1965. Real wages rose by about 2 per cent in 1965. The increases in wages and prices were largely the effect of a major devaluation of the dinar and reflected the process of readjustment of domestic price-wage structures to the new exchange rates.¹⁰ In addition, the decline in agricultural output and in net imports in 1965 resulted in increased pressures of demand upon the supply of consumer goods. The rise in prices and wages was largely the result of the devaluation, accentuated by some specific shortages, rather than of a reduction in the share of resources allocated to consumption, which actually increased at practically the same rate as national income.

FOREIGN TRADE

The foreign trade of the centrally planned economies (exports plus imports) was 7 per cent greater in 1965 than in 1964 (*see* table 39). This increase followed gains of about 10 per cent in 1964 and 7.4 per cent in 1963. Bulgaria was the only country in which trade increased faster between 1964 and 1965 than in the preceding interval. Romania's trade expanded at virtually the same rate as in the previous period. In all the other countries expansion of trade slackened, in some countries quite significantly. The greatest relative increase—20 per cent—was achieved by Bulgaria. The trade of Romania and Poland rose by about 10 per cent, that of Hungary and Czechoslovakia by about 7 per cent and that of the Soviet Union and Eastern Germany by 5 per cent.

In Hungary, the Soviet Union and Yugoslavia exports increased to a greater extent than imports, and the result was a substantial improvement in the trade balance. In the Soviet Union a deficit of \$55 million incurred in 1964 was converted into a surplus of \$111 million in 1965. In Yugoslavia imports were actually reduced by 3 per cent while exports increased by 22 per cent and the trade deficit was more than halved. In Hungary, where net imports had been growing continually from year to year, reaching \$136 million in 1964, another 12 per cent expansion in exports in 1965, combined with a sharp cut-back in the rise in imports—from 14 per cent in 1964 to 2 per cent in 1965—reduced the deficit to about \$8 million.

Among the other countries for which data are available, the trade balance deteriorated in 1965. In Czechoslovakia, net exports fell from \$239 million in 1964 to about half this amount in 1965; in Bulgaria and Romania net imports increased; and in Poland,

¹⁰ The exchange rate was changed in July 1965 from 750 dinars to 1,250 dinars to the dollar.

which in 1964 had achieved a small export surplus of \$24 million, there was a deficit of \$112 million in 1965, imports having risen much more than exports.

INSTITUTIONAL CHANGES

Efforts to improve the methods of planning and management in the centrally planned economies continued in most countries in 1965.¹¹ In some countries further steps were taken to implement reforms, while in other countries new decisions brought into sharper focus the problems and the basic attitudes towards them. Although the scope of the new methods and the timing of their introduction differed from country to country, their common feature was a gradual reduction of the role played by the central authorities in the planning and management of the activities of individual enterprises or their associations, and the increased use of indirect methods of influencing their activities in conformity with the central plan.

In the field of central planning, these tendencies were reflected in a further reduction in the number of targets centrally determined and in a shift of emphasis from annual to medium- and long-term plans at the national level. Increasingly, annual national plans are being considered as a means of influencing the implementation of longer-term goals. While there is general agreement that the national plans should retain their obligatory character for the central economic authorities, significant differences exist with respect to the need to translate the national targets into specific directives aimed at individual enterprises or associations of enterprises. These differences are clearly related to the various approaches to the problem of management. According to some views, the activity of the enterprises and their associations should be determined by their own management without any direct intervention by the state authorities; the latter should limit themselves to providing the enterprises with information concerning future demand for their products and the expected supply of the materials required for their production. The activity of the enterprises would be guided, in conformity with the central plan, by the fiscal, financial and credit policies of the central authorities, which would have a decisive influence on the volume and sectoral allocation of investment and on the balance between supply and demand. Investment funds—which, in the past, were largely provided cost-free by the state budget—would be financed out of the proceeds of the enterprises and by interest-bearing credits. Similarly, the wage bill would be largely determined by the sales proceeds of the enterprises. The rewards of management and labour would be related to the actual results of their activities and not to the degree of fulfilment of plans. These approaches

to the management problem were characteristic of the Czechoslovak reform whose implementation began in January 1966 and, to a certain extent, of the Hungarian reform to be implemented in 1968, as well as the Bulgarian reform adopted in 1965 and scheduled to begin in 1967.

The other countries do not contemplate, at least at this stage, reducing the centralized controls to the degree implied above. Although the number of directives handed down to the enterprises by the supervising authorities is to be reduced to a few targets—such as output or sales, profit, productivity and wage bill—the activity of the enterprises is to be evaluated by the degree of fulfilment of the limited but obligatory plan targets.

The implementation of the East German reform initiated in 1964 continued in 1965. The price reform has been completed and the autonomy of branch associations has been further increased. This is to be followed by the introduction of greater price flexibility and a further reduction of the scope of investment financed by central authorities.

In Poland, attention was devoted in 1965 chiefly to the introduction of a series of specific measures designed to improve planning and management; the aim is to achieve, gradually, over a period of five years, more fundamental changes in the system.

In the Soviet Union, an enlargement of the scope of autonomous decisions of the management of individual enterprises was announced in 1965. The number of directives passed to individual enterprises was greatly reduced, and the role of profits—as an indicator of efficiency and a basis for distributing rewards—was significantly increased. Production targets were set in terms of actual sales instead of gross value of output. The network of management introduced in 1957 was completely reorganized. The system of *sovmarkhozy*—that is, regional councils responsible for the management of industry on a regional basis—was abolished, and the individual enterprises were brought under the control of the newly re-established industrial ministries. This reorganization was considered necessary to stimulate intrabranh specialization and technical progress, which according to official evaluation was hampered by lack of co-ordination among enterprises located in different regions. A no less important aim was to eliminate the tendency of the *sovmarkhozy* to give priority to regional interests, often disregarding the requirements of the national economy.

According to official statements, the re-establishment of national industrial ministries will not result in the re-emergence of the overcentralization which led to their abolition in 1957. Militating against such overcentralization will be the greater autonomy of the enterprises and the increased role to be played

¹¹ For a discussion of the earlier phase of these efforts, see *World Economic Survey 1964—Part II* (United Nations publication, Sales No : 65 II.C.2), chap. 4.

by profit considerations in the determination of their activities.

In Yugoslavia, where the enterprises ceased to be subject to administrative directives and the market system came into existence in the early nineteen fifties, new steps were taken in 1965 to reduce still further the scope of government intervention in economic activities. These steps involve the reduction of direct control over foreign trade and the introduction of measures tending to reduce the share of the state financing of investment. The devaluation of the dinar was designed to assist in the achievement of the first of these objectives. The second is to be achieved within the next five years through a reduction of taxes levied on enterprises. The resulting increase in the funds left at the disposal of the enterprises and other "economic organizations" is expected to increase their share in the financing of productive investment from 42 per cent of the total in 1964 to 72 per cent in 1970. Subsidies paid to the enterprises are to be abolished and the intervention of the local or regional authorities in the credit policy of the banks located in their territory is to be eliminated. Although price controls were considerably reinforced in 1965, they were intended only as a transitional measure and are to be entirely abolished as the removal of trade barriers exposes the Yugoslav economy to foreign competition.

ANNUAL AND FIVE-YEAR PLANS

Information on the 1966 plans (*see* the last column of tables 33 to 37) shows that most of the centrally planned economies expect an acceleration of growth of total output in 1966; only Poland and Romania have provided for a smaller rate of growth of national income than in 1965. The deceleration in these two countries reflects in part the slowing down of growth of industrial production, but to an even greater degree a slackening in agriculture in Romania and an absolute decline in agricultural production in Poland.¹² In most of the other countries, the acceleration of growth of national income is mainly accounted for by expected gains in agriculture; industrial output is to increase more slowly than in 1965.

Fixed investment is planned to increase faster in 1966 than in 1965 in all countries except Poland,¹³ while retail sales are to grow less rapidly than in 1965 in all countries for which data are available.

Almost all the centrally planned economies are to begin their new five-year plans in 1966. The prepa-

ration of the plans for 1966-1970 was delayed, however, and little information is available on the targets set for that period in most countries.

According to a preliminary evaluation, the new Czechoslovak five-year plan will provide for a 22 to 24 per cent increase in national income, as compared to a 9.5 per cent increase during the preceding five years. Net output of industry is to increase by 28 to 30 per cent and gross output of agriculture by 15 per cent. Consumption is planned to increase by about 18 per cent between 1965 and 1970.¹⁴

In Romania, national income is planned to increase by 40 per cent in 1966-1970, as compared to a 50 per cent rise during the preceding five years. Industrial production is planned to increase by about 67 per cent, as compared to a 92 per cent increase in 1961-1966. Output of producer goods is to continue to grow faster than that of consumer goods, but the difference between their respective rates of growth is to be considerably reduced as a result of a much greater deceleration in the producer goods sector. The five-year total of agricultural output is to increase by 20 per cent in 1966-1970 over the preceding five-year period. Real wages of workers are to increase by 25 per cent between 1965 and 1970 (compared to a 22 per cent rise during the preceding five years) and real income of agricultural producers by about 20 per cent.¹⁵

Much more information is available on the new five-year plans of Poland and the Soviet Union, the only countries where general directives concerning the 1966-1970 plans have been adopted and published in 1964 and 1966, respectively (*see* table 40).¹⁶

In Poland, national income is planned to increase somewhat more slowly in 1966-1970 than during the five preceding years and consumption somewhat faster, while the Soviet plan provides for an acceleration of growth of national income accompanied by an even greater acceleration of consumption. The tendency toward greater acceleration of consumption is also reflected in the plan for industrial production, which provides for a considerable reduction of the differences between the rates of expansion of output of producer and consumer goods. Thus, while in 1961-1965 output of producer goods increased 1.6 times as fast as that of consumer goods, in 1966-1970 this ratio is to be reduced to only 1.1.

¹⁴ *See* President Novotny's speech at the thirteenth congress of the Communist Party of Czechoslovakia in *Rudé Právo* (Prague), 1 June 1966.

¹⁵ *Agerpres* (Bucharest), 30 September 1965.

¹⁶ The general directives may be subject to revision in the process of preparation of the final version of the plans. Such revisions are most likely to occur in Poland, where the preliminary directives were formulated during the first half of 1964 (that is, eighteen months before the termination of the current five-year plan) and did not contain explicit indications concerning several important sectoral and other targets.

¹² As compared to the exceptionally high level of output in 1965. According to the new method of agricultural planning, the targets set for a given year are based on the average level of output during several preceding years.

¹³ No data on investment plans for 1966 are available for Romania.

In the Soviet Union, the aggregate output of agriculture during the five-year plan of 1966-1970 is to exceed the aggregate output of the five preceding years by 25 per cent (as compared to a 12 per cent increase in 1961-1965 over 1956-1960). In Poland, the corresponding increase is to be 14 to 15 per cent—close to the 14 per cent registered in the earlier period.

In both countries, industrial production is planned to expand more slowly than during the five preceding years. While between 1960 and 1965 industrial production rose by 51 per cent in both countries, the plans provide for a 47 to 50 per cent increase in the Soviet Union and a 45 to 47 per cent rise in Poland between 1965 and 1970. In the Soviet Union, this is to be achieved largely by a rise in output per man (by 33 to 35 per cent), while industrial employment is to increase by no more than 10 to 11 per cent during the five years. In Poland also, output per man is planned to rise faster than industrial employment, but the difference between their respective rates of growth are rather small. Output per man is scheduled to rise by 22 to 25 per cent and employment by 20 per cent.

The Soviet plan for 1966-1970 provides for an increase in gross fixed investment of 47 per cent over the preceding five-year total. Investment in agriculture is to increase by as much as 87 per cent, raising its share in the total from 20 per cent in 1961-1965 to 23 per cent in 1966-1970. The share of industry, transport and communications is planned to rise from

47 per cent to 49 per cent and that of the remaining sectors to decline from about 33 per cent during the past five years to 28 per cent in 1966-1970.

The comparison of targets set in the Soviet plan for gross fixed investment and for national income indicates that the ratio of investment to the increment in national income, which in 1961-1965 amounted to about 3.9, is expected to rise to 4 or to decline to 3.7, depending on whether the lower or the higher target for national income is achieved. The ratio of the increment in fixed *productive* assets to the increment in national income is to decline from 2.1 in 1961-1965 to 1.99 or 1.85 in 1966-1970.

In Poland, for which no data on changes in fixed assets are available, the ratio of investment to the increment in national income is expected to increase from 4.7 in 1961-1965 to 5.5 or 5.6 in 1966-1970. Total gross fixed investment is to increase by 36 to 38 per cent in 1966-1970, as compared to the preceding five-year total. As in the Soviet Union, investment in agriculture is scheduled to increase much more, by 88 per cent.

The Soviet five-year plan provides for a 20 per cent increase in average real wages, while the real *per capita* income of the population, inclusive of social security payments and other benefits, is to rise by 30 per cent between 1965 and 1970, as compared to a 20 per cent rise during the preceding five years. In Poland, where between 1960 and 1965 real wages increased by about 8 per cent, the 1966-1970 plan provides for an 11 per cent increase.

TABLES

Table 1. World production of selected commodities, 1960-1965

Item and region	Amount in 1960 (millions of tons)	Index (1960 = 100)				
		1961	1962	1963	1964	1965
Coal ^a						
World ^b	1,823	100	103	107	110	112
Developed market economies ^c	1,009	98	101	104	107	108
Centrally planned economies ^d	738	101	104	108	113	116
Developing countries ^e	76	108	117	125	122	134
Petroleum, crude						
World ^b	1,049	106	115	124	134	143
Developed market economies ^c	389	103	106	109	112	116
Centrally planned economies ^d	163	112	124	137	148	160
Developing countries ^e	497	107	120	131	146	159
Natural gas (billions of cubic metres)						
World ^b	471	108	118	129	140	150
Developed market economies ^c	389	105	112	120	128	134
Centrally planned economies ^d	58	126	153	184	221	259
Developing countries ^e	24	112	121	137	142	
Electricity (billions of kilowatts)						
World ^b	2,242	107	116	126	137	148
Developed market economies ^c	1,705	106	114	122	132	142
Centrally planned economies ^d	415	111	124	137	152	170
Developing countries ^e	122	110	124	132	148	162
Pig iron ^f						
World ^b	231	104	109	114	129	136
Developed market economies ^c	161	102	104	109	127	134
Centrally planned economies ^d	62	108	118	124	132	140
Developing countries ^e	8	113	138	150	150	150
Steel, crude						
World ^b	327	104	107	114	129	135
Developed market economies ^c	231	102	102	110	127	132
Centrally planned economies ^d	88	108	118	123	131	139
Developing countries ^e	8	125	138	163	175	188
Cement						
World ^b	303	107	116	121	133	138
Developed market economies ^c	189	106	114	119	132	133
Centrally planned economies ^d	73	110	121	129	138	152
Developing countries ^e	41	107	115	120	129	137

Source: United Nations, *Statistical Yearbook*, 1964, and *Monthly Bulletin of Statistics*, May 1966.

^a Including lignite (as coal equivalent)

^b Sum of regions shown.

^c North America, western Europe, Australia, Japan; New Zealand and South Africa.

^d Eastern Europe and the Soviet Union.

^e Latin America, Africa (other than South Africa) and Asia (other than mainland China, Japan, North Korea, North Viet-Nam and Turkey).

^f Including ferro-alloys

Table 2. Market economies: Changes in the industrial production of major regions, 1961-1965
(Percentage change from preceding year)

Region ^a and year	Mining	Manufacturing									
		Total	Light	Heavy	Food	Textiles	Paper	Chemicals	Non-metallic minerals	Basic metals	Metal products
All market economies											
1962	5.1	6.5	4.3	7.9	3.6	5.2	4.1	9.9	5.8	3.2	9.4
1963	3.3	5.3	4.1	5.8	3.4	4.1	5.5	9.0	5.5	6.3	5.0
1964	5.5	8.0	5.5	9.7	4.2	4.7	8.2	9.6	9.6	13.2	8.2
1965 ^b	3.7	6.7	5.2	7.5	3.2	3.8	5.5	8.1	4.1	6.5	8.9
Industrialized countries											
1962	2.8	7.4	5.2	7.9	3.6	5.1	4.1	9.1	5.8	3.3	9.5
1963	1.8	5.3	4.1	6.6	3.4	4.1	5.6	9.7	4.7	5.6	5.8
1964	4.5	7.2	5.5	8.3	4.2	3.9	7.5	9.5	10.4	14.3	7.5
1965 ^b	2.6	6.8	4.5	7.6	2.5	3.8	5.6	8.7	2.7	5.9	8.3
Less-industrialized countries											
1962	10.3	6.4	4.2	8.1	2.6	2.7	10.6	8.7	5.8	7.8	9.0
1963	6.8	6.0	5.7	7.5	3.4	6.9	10.3	9.4	7.1	7.2	5.1
1964	8.1	9.2	6.2	12.1	4.9	7.3	11.2	8.6	11.8	9.2	18.1
1965 ^b	7.0	8.4	7.2	9.1	6.3	3.8	12.8	6.7	9.2	6.7	

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, *Monthly Bulletin of Statistics*, May 1966.

^a The regional divisions are those made in the source. The classification of countries as "industrialized" or "less-industrialized" is made according to whether *per capita* value added in manufacturing during 1958 was above or below \$125. The regions correspond broadly to those used else-

where in this Survey: "industrialized countries" comprise all the countries classified as developed market economies, plus Israel, minus Greece, Portugal, Spain and Turkey. Correspondingly, "less-industrialized countries" comprise all the countries classified as developing market economies, plus Greece, Portugal, Spain, Turkey and Yugoslavia, minus Israel.

^b Preliminary

Table 3. Western Europe and North America: Changes in production in selected manufacturing industries, 1961-1965

(Percentage change from corresponding period in preceding year)

Period	Western Europe ^a					North America				
	All manu- facturing	Food	Textiles	Chemicals	Metal products	All manu- facturing	Food	Textiles	Chemicals	Metal products
1962	5	4	4	10	4	9	3	7	10	13
1963	5	4	5	10	5	5	4	2	8	5
1964	7	4	2	12	6	8	3	5	7	6
1965 ^b	5	3	-2	9	5	8	2	10	7	13
1964										
First quarter	10	4	5	14	8	6	3	5	9	6
Second quarter	8	3	4	13	7	7	3	5	7	8
Third quarter	5	3	1	12	2	7	2	6	5	7
Fourth quarter	7	5	—	11	7	7	4	7	7	5
1965 ^b										
First quarter	5	4	-3	10	5	9	5	10	7	11
Second quarter	4	3	-4	8	4	8	1	10	6	11
Third quarter	4	2	-1	9	5	8	2	9	8	12
Fourth quarter	5	2	2	7	4	10	2	10	8	18

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, *Monthly Bulletin of Statistics*, May 1966.

^a Including Yugoslavia

^b Preliminary

Table 4. Selected countries: Recent growth in industrial production, 1965-1966

(Percentage change from corresponding period in preceding year)

Country	1965				1966 First quarter ^a
	First quarter	Second quarter	Third quarter	Fourth quarter	
Austria	5	3	4	2	2 ^a
Bulgaria	8	13	18	15	17
Canada	7	6	8	10	7 ^a
China (Taiwan)	14	12	3	-4	-6
Finland	8	4	4	2	2
France	-1	—	3	6	8
Germany (Federal Republic)	8	7	-1	4	2
Greece	11	12	5	6	11 ^a
Hungary	6	5	5	3	6
Italy	-2	4	7	9	10 ^a
Japan	8	4	3	1	5 ^a
Norway	12	4	7	5	6
Poland	12	10	9	7	6
Republic of Korea	15	18	17	20	16
Romania	13	14	13	12	10 ^a
Spain	2	5	9	9	21 ^a
Sweden	4	5	1	1	-3 ^a
USSR ^b	9	9	9	9	8
United Kingdom ^c	6	1	3	2	1
United States	9	8	8	9	9
Yugoslavia	14	8	7	6	5 ^a
Zambia	10	3	13	9	— ^a

Source: Centre for Development Planning. Projections and Policies of the United Nations Secretariat, based on United Nations, *Monthly Bulletin of Statistics*, November 1965, February 1966, May 1966 and June 1966, and International Monetary Fund, *International Financial Statistics* (Washington, D.C.), June 1966

Note: The list of countries includes all those for which data are available for the first quarter of 1966.

^a Preliminary, based in the cases indicated on two months' data

^b Fishing, logging, waterworks, steam heat and power are included; publishing is not included

^c Construction is also included.

Table 5. World trade in 1965 and rate of increase, 1960-1965

(Billions of dollars and percentage)

Region of origin	Exports to			
	Developed market economies ^a	Centrally planned economies ^b	Developing countries ^c	World ^d ^e
Developed market economies : ^a				
Value in 1965	95	5	27	128
Percentage increase from previous year				
1961	7	10	2	6
1962	7	6	-2	5
1963	11	10	5	9
1964	14	23	10	14
1965	11	8	8	9
Centrally planned economies : ^b				
Value in 1965	5	14	2	22
Percentage increase from previous year				
1961	5	-1	5	4
1962	4	9	19	11
1963	13	6	17	7
1964	15	7	6	8
1965	13	5	11	7
Developing market economies : ^c				
Value in 1965	26	2	8	37
Percentage increase from previous year				
1961	—	19	1	1
1962	5	4	4	5
1963	10	7	7	9
1964	9	14	7	9
1965	6	23	5	6
World : ^d				
Value in 1965	126	21	37	186
Percentage increase from previous year				
1961	5	3	3	4
1962	7	8	1	6
1963	11	7	6	9
1964	13	11	9	12
1965	10	7	7	8

Source: United Nations, *Monthly Bulletin of Statistics*, March and June 1966

^a North America, western Europe (including Turkey and Yugoslavia), Australia, Japan, New Zealand and South Africa

^b Soviet Union and eastern Europe (excluding Yugoslavia), plus the trade of mainland China, Mongolia, North Korea and North Viet-Nam with the rest of the world.

^c Latin America, Africa (other than South Africa) and Asia (other than mainland China, Japan, Mongolia, North Korea, North Viet-Nam and Turkey).

^d Excluding trade among mainland China, Mongolia, North Korea and North Viet-Nam

^e Special category exports from the United States are included in exports to the world, but not included in exports to any of the regions

Table 6. World exports, by provenance and destination: Value, 1963 and percentage change, 1964 and 1965

(Millions of dollars and percentage)

Exporting region and item	World ^a	North America	Western Europe ^b	Other developed market economies ^c	USSR and eastern Europe ^d	China (mainland) ^e	Latin America ^f	Africa ^g	West Asia ^h	Southern and south-eastern Asia	Other developing countries ⁱ
World ^a											
Value in 1963	153,600	22,460	68,220	110,360	16,370	1,420	8,010	6,780	3,390	11,070	2,310
Percentage change from previous year:											
1964	11.9	11.0	13.2	18.7	10.6	13.4	12.9	7.4	14.2	5.8	11.3
1965	8.4	14.8	8.9	7.4	5.2	29.8	3.7	11.4	12.4	6.3	5.4
North America											
Value in 1963	29,580	7,700	8,460	2,966	345	97	3,390	728	585	2,655	477
Percentage change from previous year:											
1964	14.6	14.0	15.8	19.5	126.1	28.9	16.8	16.3	9.7	6.2	19.9
1965	3.7	15.8	7.7	8.4	-46.2	-22.9	1.0	-4.0	17.4	0.2	6.1
Western Europe ^b											
Value in 1963	3,270	5,530	40,430	40,430	2,755	180	2,430	3,030	1,600	2,570	640
Percentage change from previous year:											
1964	12.5	12.3	13.9	15.5	10.3	16.7	7.4	2.5	15.0	5.8	10.9
1965	11.0	19.2	10.4	5.4	18.8	71.4	2.7	9.4	14.1	8.8	8.5
Other developed market economies ^c											
Value in 1963	10,410	2,414	2,990	1,170	279	294	350	569	223	1,898	176
Percentage change from previous year:											
1964	16.5	13.9	15.7	15.9	42.7	13.9	24.3	22.1	30.9	9.9	37.5
1965	13.6	24.5	2.9	8.1	-14.1	31.3	4.1	27.5	16.8	22.3	16.9
USSR and eastern Europe ^d											
Value in 1963	17,000	110	3,202	166	11,030	580	660	410	205	550	2
Percentage change from previous year:											
1964	16.7	21.8	11.3	30.7	8.4	-3.4	-9.1	7.3	12.2	12.7	—
1965	6.8	32.1	10.7	12.0	4.7	23.2	1.7	31.8	—	3.2	250.0
China (mainland) ^e											
Value in 1963	1,720	9	180	105	780		88	52	21	485	—
Percentage change from previous year:											
1964	8.1	33.3	27.8	83.8	-12.8		10.2	11.5	19.0	15.5	—
1965	7.5	8.3	32.6	21.8	-11.8		28.9	10.3	20.0	10.7	—
Latin America ^f											
Value in 1963	9,740	3,710	3,340	448	465	80	750	85	26	46	780
Percentage change from previous year:											
1964	8.6	-0.1	7.8	18.3	14.0	118.8	30.7	64.7	11.5	76.1	—
1965	5.6	2.4	1.1	4.0	30.2	20.0	17.4	25.0	13.8	-17.3	3.8
Africa ^g											
Value in 1963	6,360	528	4,370	244	340	62	34	400	100	155	20
Percentage change from previous year:											
1964	14.5	24.8	14.6	13.5	5.9	—	23.5	12.5	15.0	79.4	-35.0
1965	8.7	-3.6	9.2	10.8	25.0	85.5	7.1	8.9	4.3	-16.2	38.5

Table 6. World exports, by provenance and destination: Value, 1963 and percentage change, 1964 and 1965
(continued)

(Millions of dollars and percentage)

Exporting region and item	World ^a	North America	Western Europe ^b	Other developed market economies ^c	USSR and eastern Europe ^d	China (mainland) ^e	Latin America ^f	Africa ^g	West Asia ^h	Southern and south-eastern Asia	Other developing countries ⁱ
West Asia ^h											
Value in 1963	5,290	390	2,610	830	105	25	77	200	420	375	53
Percentage change from previous year:											
1964	14.6	4.9	9.2	33.7	9.5	32.0	-11.7	10.0	10.7	14.7	47.2
1965	6.6	14.4	9.5	7.7	4.3	-30.3	19.1	4.5	9.7	—	-14.1
Southern and south-eastern Asia											
Value in 1963	8,460	1,400	2,170	1,316	385	99	125	235	200	2,340	41
Percentage change from previous year:											
1964	3.3	11.1	3.7	7.4	7.2	16.2	4.0	8.5	12.5	-6.4	22.0
1965	6.5	14.8	1.8	10.7	11.5	39.1	—	19.6	—	—	2.0
Rest of world ^l											
Value in 1963	1,820	675	720	83	1	—	110	54	4	12	115
Percentage change from previous year:											
1964	2.2	7.4	-6.9	36.1	—	—	-4.5	-18.5	—	41.7	4.3
1965	0.5	2.8	1.5	-9.7	100.0	—	9.5	-6.8	25.0	5.9	—

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, *Monthly Bulletin of Statistics*, June 1966.

^a The figures for total exports include certain exports which are not included elsewhere in the table because their regions of destination could not be determined. Among these are special category exports of the United States, amounting to \$2,181 million, \$2,030 million and \$1,100 million for the years 1963, 1964 and 1965, respectively.

^b Yugoslavia is included in western Europe.

^c Australia, Japan, New Zealand and South Africa.

^d Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland and Romania.

^e Estimates are based partly on import data of trade partners. Where exports to China (Taiwan) could not be distinguished from exports to China (mainland), they are shown as exports to China (mainland). Exports of and to Mongolia, North Korea and North Viet-Nam are included under the heading. The intertrade of these countries and their trade with China (mainland) are excluded.

^f Twenty republics.

^g Continental Africa and associated islands, excluding South Africa.

^h Countries in Asia, west of and including Iran.

ⁱ Chiefly islands in the Caribbean and Pacific areas.

Table 7. World trade: Recent changes in exports and imports, 1965-1966

Region	Exports, f.o.b.			Imports, c.i.f.		
	Value in 1965 (millions of dollars)	Index (corresponding period in previous year = 100)		Value in 1965 (millions of dollars)	Index (corresponding period in previous year = 100)	
		1965	1966 (first quarter)		1965	1966 (first quarter)
North America ^a	35,933	103	125	31,907	115	124
Western Europe ^b	78,078	111	108	87,654	108	111
Japan	8,452	127	115	8,170	103	113
Australia, New Zealand and South Africa	5,481	98	103	7,496	113	100
Developed market economies ^c	127,944	109	112	135,227	110	113
Selected developing countries ^d	9,965	106	104	12,814	107	100
Total	137,909	109	112	148,041	109	112

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, *International Financial Statistics* (Washington, D.C.), June 1966. Data are all preliminary.

Note: The table is based on all the countries for which data are available for the first quarter of 1966.

^a United States and Canada.

^b Austria, Belgium, Luxembourg, Denmark,

France, the Federal Republic of Germany, Italy, the Netherlands, Norway, Sweden, Switzerland, Finland, Iceland, Ireland, Portugal, Spain, Turkey and the United Kingdom.

^c Total of preceding countries.

^d Costa Rica, El Salvador, Panama, Peru, Guadeloupe, Jamaica, Martinique, Israel, Kuwait (excluded from imports), Syria, Burma, Hong Kong, India, the Republic of Korea, Pakistan, the Philippines, Singapore, Ghana, Madagascar, Nigeria, Réunion and Tunisia.

Table 8. Developed market economies: Industrial production and gross national product, by region, 1963-1965

(Percentage change from preceding year)

Region ^a	Percentage share in combined gross national product 1964	Industrial production			Gross national product ^b		
		1963	1964	1965	1963	1964	1965
Developed market economies	100	6	7	6	5	6	5
North America	54	6	6	8	4	5	6
EEC	22	5	7	4	4	6	3
EFTA	12	4	7	3	4	6	3
Other western Europe	3	9	12	9	8	7	7
Japan ^c	5	16	13	4	12	11	3
Oceania ^d and South Africa	4	8	12	4	6	6	5

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from United Nations, *Yearbook of National Accounts Statistics*; Organisation for Economic Co-operation and Development, *Main Economic Indicators* (Paris), and official national sources

^a For country coverage, see table 15.

^b At constant prices and 1964 exchange rates

^c Fiscal year starting on 1 April of years indicated

^d For Australia, fiscal years ending on 30 June, and for New Zealand, fiscal years starting on 1 April of years indicated

Table 9. Developed market economies: Gross national product and its main components, by region, 1963-1965

(At constant prices and 1964 exchange rates, percentage change from preceding year)

Region ^a and year	Gross national product	Personal consumption	Public consumption	Fixed investment	Foreign trade in goods and services		Change in inventories ^b
					Exports	Imports	
<i>Developed market economies</i>							
1963	5	5	4	5	7	9	10
1964	6	5	2	9	11	9	12
1965	5	5	3	6	6	8	13
North America							
1963	4	4	3	4	7	4	0.9
1964	5	6	1	7	13	7	0.6
1965	6	6	2	8	3	12	1.2
EEC							
1963	4	6	6	5	8	11	0.8
1964	6	4	2	7	10	9	1.3
1965	3	4	4	3	10	7	
EFTA							
1963	4	5	3	4	6	4	0.4
1964	6	4	3	13	6	10	1.5
1965	3	4	4	4	6	5	
Other western Europe							
1963	8	8	9	8	7	10	0.7
1964	7	5	4	8	15	17	1.3
1965	7	5	6	7	16	12	3.4
Japan ^c							
1963	12	9	11	12	9	24	5.0
1964	11	8	10	16	26	9	5.3
1965	3	3	8	4	23	8	3.1
Oceania ^d and South Africa							
1963	6	6	5	8	1	21	1.0
1964	6	5	6	10	12	12	2.9
1965	5	4	9	12	1	17	3.1

Source: United Nations, *Yearbook of National Accounts Statistics*, and official national sources.

^a For country coverage, see table 15.

^b At current prices, as percentage of gross national product at current prices

^c Fiscal years starting on 1 April of years indicated.

^d For Australia, fiscal years ending on 30 June, and for New Zealand, fiscal years starting on 1 April of years indicated.

Table 10. Developed market economies: Prices and wage earnings, 1963-1965

(Annual averages; percentage change from preceding year)

<i>Region, country and year</i>	<i>Wholesale prices</i>	<i>Consumer prices</i>	<i>Export unit value</i>	<i>Import unit value</i>	<i>Implicit deflator of gross national product</i>	<i>Wage earnings in manu- facturing</i>
North America						
Canada						
1963	2	2	—	3	18	4
1964	1	2	2	1	25	4
1965	2	3	1	-1	29	5
United States						
1963	—	1	—	1	13	3
1964	—	1	1	3	16	3
1965	2	2	3	1	18	3
EEC						
Belgium						
1963	3	2	—	—	29	8
1964	5	5	3	—	47	11
1965	1	4	-1	-2	43	10
France						
1963	4	5	2	—	56	9 ^a
1964	2	3	3	2	37	7 ^a
1965	2	3	1	2	23	6 ^a
Germany (Federal Republic)						
1963	1	3	-1	—	29	7
1964	—	3	1	1	30	8
1965	3	4	2	2	29	10
Italy						
1963	5	7	2	2	91	17
1964	4	6	1	—	61	11
1965	2	4	-1	3	40	
Netherlands						
1963	2	5	2	1	47	9 ^a
1964	7	5	3	3	73	14 ^a
1965	3	6	2	—	62	11 ^a
EFTA						
Austria						
1963	-2	3	-1	—	27	6
1964	6	4	2	-1	36	9
1965	4	5	2	1	48	5
Denmark						
1963	3	6	2	2	55	8
1964	3	3	3	1	50	9
1965	4	6	1	1	68	11
Norway						
1963	—	3	-1	1	13	5
1964	5	5	3	1	39	6
1965	3	4	4	—	50	9
Portugal						
1963	—	2	4	—	20	
1964	1	4		-1	29	
1965	4	3			87	
Sweden						
1963	3	3	—	3	34	8
1964	5	3	4	5	30	6
1965	4	5	3	2	59	11
Switzerland						
1963	4	4	4	3	47	7
1964	3	3	4	2	49	8
1965	—	4	2	1	37	5

Table 10. Developed market economies: Prices and wage earnings, 1963-1965 (*continued*)*(Annual averages, percentage change from preceding year)*

<i>Region, country and year</i>	<i>Wholesale prices</i>	<i>Consumer prices</i>	<i>Export unit value</i>	<i>Import unit value</i>	<i>Implicit deflator of gross national product</i>	<i>Wage earnings in manu- facturing</i>
United Kingdom						
1963	2	2	3	4	16	3 ^a
1964	4	3	2	4	24	4 ^a
1965	1	5	2	—	47	4 ^a
Other western Europe						
Finland						
1963	3	4	2	1	63	7
1964	8	10	6	2	73	14
1965	4	5	6	4	60	9
Greece						
1963	6	3	14	—	22	6
1964	4	1	—1	—	30	11
1965	4	3	—	1	34	
Iceland						
1963		13			111	
1964		20			194	
1965		7				
Ireland						
1963	1	2	2	1	24	5
1964	7	6	7	1	97	13
1965	4	5	2	2	47	4
Spain						
1963	5	8	4	1		
1964	3	7	—4	—		
1965	10	13	7	—2		
Turkey						
1963	4	7			57	
1964	—1	3			21	
1965	8	4			16	
Japan ^b						
1963	3	7	2	4	04	12
1964	—1	5	1	—1	49	10
1965	1	8	—1	—1	81	8
Australia ^c						
1963	1	—	5	—	42	— ^a
1964	2	2	14	—	28	2 ^a
1965	3	4	—9	2		5 ^a
New Zealand ^b						
1963	5	2	12	1	34	3
1964	3	3	4	—	25	7
1965	2	4	—3	—		5
South Africa						
1963	1	1	1	4	14	
1964	2	3	7	—2	36	
1965	4	4	2	4	35	

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from United Nations, *Monthly Bulletin of Statistics*; International Monetary Fund, *International Financial*

Statistics, and official national sources.

^a Wage rates

^b Fiscal years starting 1 April of years indicated.

^c Fiscal years ending 30 June of years indicated.

Table 11. Developed market economies: Employment and unemployment, 1963-1965
(Annual averages)

Country	Estimated civilian force in 1963 (millions)	Percentage change from preceding year in total civilian employment			Percentage of unemployed		
		1963	1964	1965	1963	1964	1965
North America							
Canada	6.7	3	4	4	5.5	4.7	3.9
United States	73.0	1	2	3	5.7	5.2	4.6
EEC							
Belgium	3.7	1	1	—	2.7	2.2	2.5
France	19.9	2	1	—	0.9	0.9	
Germany (Federal Republic)	27.0 ^a	—1 ^b	1 ^b	2 ^b	0.8	0.7	0.6
Italy	20.1	—2	—	—2	2.5	2.7	3.6
Netherlands	4.2 ^c	2	1	2	0.9	0.8	0.9
EFTA							
Austria	3.4 ^d	—	1	—	2.9	2.7	2.7
Denmark	2.1 ^e	1	3	2	4.3	2.8	2.4
Norway	1.4 ^e	1	1	1	1.7	1.5	1.2
Sweden	3.2 ^e	2	1	1	1.4	1.1	1.1
Switzerland	2.5 ^e	1	1	—2			
United Kingdom	25.0 ^e	—	1	—	2.6	1.6	1.5
Other western Europe							
Finland	2.2	—1	1	1	1.5	1.5	1.4
Ireland	1.1	—	—		6.1	5.7	5.6
Japan	47.7	1	1	2	0.9	0.8	0.8
Australia	4.2 ^d	3	4	4	1.2	0.7	0.4
New Zealand	0.9 ^d	3	3	3	0.1	0.1	0.1
South Africa	5.7 ^e	2	9	6			

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, *Monthly Bulletin of Statistics*; International Labour Office, *Yearbook of Labour Statistics*, 1964 (Geneva), and official national sources

^a 1964.
^b Manufacturing only.
^c 1960.
^d 1961.
^e 1962.

Table 12. The Federal Republic of Germany: Selected items in the balance of payments, 1963-1965

(Billions of dollars)

Selected balances	1963	1964	1965	Change, 1964-1965
Balance on current account (excluding re-invested earnings)	0.24	0.12	—1.55	—1.67
Balance on long-term capital account (excluding reinvested earnings)	0.49	—0.20	0.17	0.37 ^a
Balance on current and long-term capital account	0.73	—0.08	—1.38	—1.30
Commercial	1.52	0.76	—0.22	—0.98
Non-commercial ^b	—0.79	—0.84	—1.16	—0.32
Balance on short-term capital account				
(i) Including changes in short-term liabilities to foreign private holders	0.03	0.44	0.72 ^c	0.28
(ii) Excluding changes in short-term liabilities to foreign private holders	—0.19	0.15	0.42	0.27

Table 12. The Federal Republic of Germany: Selected items in the balance of payments, 1963-1965 (*continued*)

(Billions of dollars)

<i>Selected balances</i>	1963	1964	1965	<i>Change, 1964-1965</i>
Balance on current and capital account				
(i) Including changes in short-term liabilities to foreign private holders	0 76	0 36	-0 66 ^c	-1 02
(ii) Excluding changes in short-term liabilities to foreign private holders	0 54	0 07	-0 96	-1 03
Financing of deficit				
Financing by official and private transactions	-0 54	-0 07	0 96	1 03
Financing by official transactions	-0 76	-0 36	0 66	1 02
Special transactions ^d	-0 04	-0 14	0 17	0 31
Changes in reserves	-0 72	-0 22	0 43	0 71
Financing by changes in liabilities to foreign private holders	0 22	0 29	0 36 ^c	0 01

Source: Deutsche Bundesbank, *Monthly Report* (Frankfurt)

^a Including \$212 million conversion of short-term credits into owned capital and long-term credits.

^b Including errors and omissions.

^c Changes resulting from conversion of short-term credits into owned capital and long-term credits (\$212 million) have not been eliminated

^d Including prepayments on defence imports and external assets of limited usability

Table 13. United States: Selected items in the balance of payments, 1963-1965

(Billions of dollars)

<i>Selected balances</i>	1963	1964	1965	<i>Change, 1964-1965</i>
Balance on current account				
(i) Including reinvested earnings	4 29	7 35	5 70	-1 65
(ii) Excluding reinvested earnings	2 96	5 84	4 28	-1 56
Balance on long-term capital account				
(i) Including reinvested earnings	-6 02	-7 27	-7 71	-0 44
(ii) Excluding reinvested earnings	-4 69	-5 76	-6 29	-0 53
Balance on current and long-term capital account	-1 72	0 08	-2 01	-2 09
Commercial	1 57	3 26	1 57	-1 69
Non-commercial	-3 30	-3 18	-3 58	-0 40
Balance on short-term capital account ^a				
(i) Including changes in short-term liabilities to foreign private holders ^b	-0 94	-1 63	0 31	1 94
(ii) Excluding changes in short-term liabilities to foreign private holders ^b	-1 54	-3 18	0 19	3 37
Balance on current and capital account				
(i) Including changes in short-term liabilities to foreign private holders ^c	-2 67	-1 55	-1 70	-0 15
(ii) Excluding changes in short-term liabilities to foreign private holders ^d	-3 26	-3 10	-1 82	1 28
Financing the deficit				
Financing by official and private transactions	3 26	3 10	1 82	-1 28
Financing by official transactions	2 67	1 55	1 69	0 14
Special transactions	1 32	0 68	0 68	—
Changes in reserves ^e	1 35	0 87	1 01	0 14
Financing by changes in short-term liabilities to foreign private holders	0 59	1 55	0 13	-1 42

Source: United States Department of Commerce, *Survey of Current Business* (Washington, D.C.)

^a Including errors and omissions

^b Short-term banking liabilities and marketable United States government bonds and notes to private holders, including international organizations (except the International Monetary Fund)

^c This is sometimes referred to as "exchange market balance"

^d This is the same as United States Department of Commerce "balance on regular transactions" (excluding receipts from special government transactions)

^e Including changes in United States official holdings of gold, convertible currency, position in the International Monetary Fund and changes in United States liabilities to foreign official holders

Table 14. United Kingdom: Selected items in the balance of payments, 1963-1965
(Billions of dollars)

<i>Selected balances</i>	<i>1963</i>	<i>1964</i>	<i>1965</i>	<i>Change, 1964-1965</i>
Balance on current account				
(i) Including reinvested earnings	0 29	-1 23 ^a	-0.38	0 85
(ii) Excluding reinvested earnings	0 21	-1 36 ^a	-0 52	0 84
Balance on long-term capital account				
(i) Including reinvested earnings	-0 41	-1 10 ^b	-0 69 ^b	0 41
(ii) Excluding reinvested earnings	-0 33	-0 97 ^b	-0 55 ^b	0 42
Balance on current and long-term capital account	-0 12	-2 33	-1 08	1 25
Commercial	1 24	-0 72	0 52	1 24
Non-commercial	-1 36	-1 61	-1 59	0 02
Balance on short-term capital account ^c				
(i) Including changes in short-term liabilities to foreign private holders	-0 32	0 29	0 63	0 34
(ii) Excluding changes in short-term liabilities to foreign private holders ^d	-1 22	-1 33	-0 74	0 59
Balance on current and capital account				
(i) Including changes in short-term liabilities to foreign private holders	-0 44	-2 04	-0 44	1 60
(ii) Excluding changes in short-term liabilities to foreign private holders	-1 34	-3 65	-1 81	1 84
Financing of deficit				
Financing by official and private transactions	1 34	3 65	1 81	-1 84
Financing by official transactions	0 44	2 04	0 44	-1 60
Special transactions	-0 04	0 17	0 08	-0 09
Changes in reserves	0 48	1 86	0 36	-1 50
Financing by changes in short-term liabilities to foreign private holders	0 90	1 62	1 37	-0 25

Source: United Kingdom, Central Bureau of Statistics, *Balance of Payments, 1965*, and *Economic Trends* (London)

^a Including —\$89.6 million interest on United States and Canadian loans due but waived.

^b Including —\$84 million repayment of United States and Canadian loans due but waived.

^c Including errors and omissions.

^d Short-term capital movements, excluding miscellaneous capital and changes in sterling and other currency liabilities to private foreign holders and international organizations (other than the IMF).

Table 15. Developed market economies: Industrial production and gross national product, by country, 1963-1965
(Percentage change from preceding year)

<i>Region and country</i>	<i>Industrial production</i>			<i>Gross national product (at constant prices)</i>		
	<i>1963</i>	<i>1964</i>	<i>1965</i>	<i>1963</i>	<i>1964</i>	<i>1965</i>
North America						
Canada	5	9	8	5	6	7
United States	5	7	8	4	5	6
EEC						
Belgium	7	8	2	5	5	3
France	4	9	1	5	5	3
Germany (Federal Republic)	4	9	6	3	7	4
Italy	8	2	4	5	3	3
Luxembourg	1	9	1	1	7	2
Netherlands	5	9	6	3	8	5
EFTA						
Austria	5	7	3	4	6	3
Denmark	3	10	6	1	7	4
Norway	5	7	7	5	7	6

Table 15. Developed market economies: Industrial production and gross national product, by country, 1963-1965 (continued)
(Percentage changes from preceding year)

Region and country	Industrial production			Gross national product (at constant prices)		
	1963	1964	1965	1963	1964	1965
Portugal	8	12	4	6	7	7
Sweden	3	6	3	5	7	4
Switzerland	5	5	3	5	5	5
United Kingdom	4	8	3	4	5	2
Other western Europe						
Finland	3	7	5	2	6	5
Greece	7	12	8	9	10	7
Iceland				7	6	5
Ireland	5	10	4	4	4	3
Spain	12	15	11	12	8	7
Turkey				7	4	5
Japan ^a	16	13	4	12	11	3
Australia ^b	7	11	3	6	6	6
New Zealand ^a	5	10		6	7	5
South Africa	14 ^c	14 ^c	8 ^c	8	6	5

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from United Nations, *Yearbook of National Accounts Statistics*; Organisation for Economic Co-operation and Development, *Main Economic Indicators*

(Paris), and official national sources.

^a Fiscal years ending on 1 April of years indicated.

^b Fiscal years ending on 30 June of years indicated.

^c Manufacturing only.

Table 16. Developed market economies: Gross national product and its main components, by country, actual 1963-1965 and forecast for 1966

(At constant prices; percentage change from preceding year)

Region, country and year	Gross national product	Personal consumption	Public consumption	Fixed investment	Foreign trade in goods and services		Change in inventories ^a
					Exports	Imports	
North America							
Canada							
1963	5	4	—	5	9	3	1.1
1964	6	6	6	12	12	11	0.7
1965	7	6	6	10	5	12	1.8
1966	5	4					
United States							
1963	4	4	3	4	7	4	0.9
1964	5	6	1	6	13	5	0.6
1965	6	6	2	8	2	12	1.2
1966	5	5	4	4	7	7	
EEC							
Belgium							
1963	5	5	12	2	6	8	0.2
1964	5	4	3	8	12	12	0.6
1965	3	3	3	—1	12	8	
1966	3.5	3	2	2.5	10	10.5	

Table 16. Developed market economies: Gross national product and its main components, by country, actual 1963-1965 and forecast for 1966 (*continued*)

(At constant prices: percentage change from preceding year)

Region, country and year	Gross national product	Personal consump- tion	Public consump- tion	Fixed invest- ment	Foreign trade in goods and services		Change in inventories ^a
					Exports	Imports	
France							
1963	5	7	3	7	9	13	11
1964	5	4	3	10	8	12	17
1965	3	3	3	5	9	2	0.2
1966	5.5	5	4.5	6	9.5	11	
Germany (Federal Republic)							
1963	3	3	8	3	10	8	0.6
1964	7	5	-1	12	10	11	11
1965	4	6	6	7	8	14	12
1966	3.5	4.5	3.5	3	9	8.5	
Italy							
1963	5	10	6	7	7	21	0.8
1964	3	3	4	-10	11	-6	0.5
1965	3	3	4	-10	18	1	0.6
1966	4.5	4	5	5	9	13	
Luxembourg							
1963	1	1	1	1	1	1	0.4
1964	7	6	3	—	13	10	—
1965	2	3	1	-14	4	2	1.3
1966	2.5	3	3	-6.5	5.5	3	
Netherlands							
1963	3	7	5	2	6	9	1.3
1964	8	6	2	16	12	15	3.1
1965	5	7	2	6	9	6	1.4
1966	5.5	4.5	2.5	8	8.5	9.5	
EFTA							
Austria							
1963	4	5	6	2	9	10	—
1964	6	4	6	9	8	9	1.1
1965	3	4	4	5	7	10	1.0
1966	3	5	3	3.5	7.5	8	
Denmark							
1963	1	—	3	-3	11	-1	—
1964	7	6	5	20	9	20	2.1
1965	5	5	10	6	9	7	1.6
1966	3						
Norway							
1963	5	4	6	8	13	10	-0.5
1964	7	4	4	2	9	8	0.4
1965	6	3	11	7	7	9	1.7
1966	4.5	4.5	3	5.5	6	5	
Portugal							
1963	6	11	-1	15	4	11	-1.2
1964	7	5	3	1	46	29	1.1
1965	7	12	8	2			2.3
Sweden							
1963	5	5	6	7	7	6	-0.1
1964	7	5	4	7	10	9	1.0
1965	4	4	7	5	3	11	1.5
1966	4	2.5	5	6.5	7	4.5	
Switzerland							
1963	5	5	8	6	5	5	1.4
1964	5	4	6	9	7	9	1.5
1965	5	4	3	2	8	2	1.0
1966	3.5	3	8	-4.5	5	-6	

Table 16. Developed market economies: Gross national product and its main components, by country, actual 1963-1965 and forecast for 1966 (*continued*)

(At constant prices, percentage change from preceding year)

Region, country and year	Gross national product	Personal consumption	Public consumption	Fixed investment	Foreign trade in goods and services		Change in inventories ^a
					Exports	Imports	
United Kingdom							
1963	4	5	2	2	4	3	0.6
1964	5	4	2	16	3	9	1.6
1965	2	2	4	4	5	2	1.0
1966	2	2	3	2	4.5	2.5	
Other western Europe							
Finland							
1963	2	4	7	-1	2	-1	1.8
1964	6	5	4	8	6	19	4.3
1965	5	6	5	10	5	6	3.8
1966	3.5	4	5	2	5	2	
Greece							
1963	9	11	6	-4	13	1	2.2
1964	10	8	7	23	8	20	3.3
1965	7	9	12	14	14	24	3.3
1966	7	6	4	17			
Iceland							
1963	7	7	8	31	7	19	1.3
1964	6	3	4	18	6	13	0.4
1965	5	4	6	-1	5	3	
Ireland							
1963	4	3	5	15	8	10	1.4
1964	4	6	4	12	6	13	1.9
1965	3	2	2	10	1	5	2.5
Spain							
1963	12	9	9	16	9	22	—
1964	8	6	—	6	33	15	—
1965	7						
1966	6						
Turkey							
1963	7	7	11	6			—
1964	4	-1	8	2			—
1965	5						
Japan ^b							
1963	12	9	11	12	9	24	5.0
1964	11	8	10	16	26	9	5.3
1965	3	3	8	4	23	8	3.1
1966	7.5	5	7	9	12	13	
Australia ^c							
1963	6	6	4	7	-2	22	2.0
1964	6	5	4	9	17	10	0.7
1965	6	4	9	11	1	18	3.2
New Zealand ^b							
1963	6	5	3	6	9	15	2.4
1964	7	6	8	9	7	4	2.4
1965	5						
South Africa							
1963	8	7	7	15	5	23	2.3
1964	6	9	12	15	4	21	3.0
1965	5	6	10	14	1	13	4.6

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from United Nations, *Yearbook of National Accounts Statistics*, and official national sources.

^a At current prices as percentage of gross national product at current prices.

^b Fiscal years starting 1 April of the year indicated.

^c Fiscal years ending 30 June of the year indicated.

Table 17. Developed market economies: Personal consumption and its main components, 1963-1965

(At constant prices; percentage change from preceding year)

Region, country and year	Total	Food, drink, tobacco	Clothing	Dwelling	Durables	
					Household goods	Passenger cars ^a
North America						
Canada						
1963	4	2	1	7	4	16
1964	6	3	3	5	8	13
1965	6	4	5			17
United States						
1963	4	2	2	6	6	9
1964	6	4	8	6	12	7
1965	6	5	4	7	5	15
EEC						
Belgium						
1963	5	3	10	1	10	19
1964	4	4	4	2	12	16
1965	3					16
France						
1963	7	3	10	4	11	15
1964	4	3	3	4	6	—
1965	3	2	1	3		—6
Germany (Federal Republic)						
1963	3	1	1	7	—1	2
1964	5	4	6	5	8	5
1965	6	4	3	6		13
Italy						
1963	10	8	6	2	17	44
1964	3	1	—	3	—	—9
1965	3	3	1	3	—7	7
Netherlands						
1963	7	5	7	2	15	25
1964	6	3	5	3	16	23
1965	7	4				10
EFTA						
Austria						
1963	5	2	5	3	10	5
1964	4	4	4	2	5	7
1965	4	2	4		4	16
Denmark						
1963	—	3	1	4	—8	—22
1964	6	4	7	4	11	31
1965	5	3	8	5	10	—15
Norway						
1963	4	2	3	2	8	13
1964	4	1	2	2	6	15
1965	3	4	2	4	—	2
Sweden						
1963	5	1	6	4	5	17
1964	5	4	4	5	9	7
1965	4	1	7	5	7	7
United Kingdom						
1963	5	2	4	3	6	29
1964	4	2	4	2	4	18
1965	2	—1	4	3	1	—6
Other western Europe						
Finland						
1963	4	4	—5	5	—2	27
1964	5	—	—3	5	8	57
1965	6	5	—4	5	8	22

Table 17. Developed market economies: Personal consumption and its main components, 1963-1965 (*continued*)

(At constant prices; percentage change from preceding year)

Region, country and year	Total	Food, drink, tobacco	Clothing	Dwelling	Durables	
					Household goods	Passenger cars ^a
Ireland						
1963	3	2	3	3	9	16
1964	6	2	16	5	17	12
1965	2					4
Japan ^b						
1963	9	6	6	9		15
1964	8	7	6	6		111
1965	3	3	5	4		30
Australia ^c						
1963	6	5	3	3	9	32
1964	5	3	8	4	6	17
1965	4	3	4	4	8	6
South Africa						
1963	7	4	10	3	18	16
1964	9	6	10	3	23	34
1965	6	6	3	2	3	-11

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from United Nations, *Yearbook of National Accounts Statistics*, and official national sources

^a Registration of new passenger cars.

^b Fiscal year starting 1 April of years indicated.

^c Fiscal year ending 30 June of years indicated.

Table 18. Developed market economies: Gross domestic fixed investment and its main components, 1963-1965

(At constant prices; percentage change from preceding year)

Region, country and year	Total	Housing	Manufacturing	General government ^a
North America				
Canada				
1963	5	4	3	-2
1964	12	12	31	—
1965	10	—	18	22
United States				
1963	4	4	7	2
1964	6	—	18	5
1965	8	-3	20	6
EEC				
Belgium				
1963	2	-5	6	23
1964	8	31	-5	14
1965	-1			
France				
1963	7	10	5 ^b	11
1964	10	23	11 ^b	10
1965	5	18	— ^b	11
Germany (Federal Republic)				
1963	3	3	-3	14
1964	12	13	7	11
1965	7	4	9	3
Italy				
1963	7	12	6 ^c	3
1964	-10	5	-21 ^c	—
1965	-10	-6	-20 ^c	1

Table 18. Developed market economies: Gross domestic fixed investment and its main components, 1963-1965 (*continued*)*(At constant prices; percentage change from preceding year)*

<i>Region, country and year</i>	<i>Total</i>	<i>Housing</i>	<i>Manufacturing</i>	<i>General government^a</i>
Netherlands				
1963	2	2	5	2
1964	16	26	16	14
1965	6	12	3	7
EFTA				
Austria				
1963	2	1		6
1964	9	3		-9
1965	5			
Denmark				
1963	-3	-3	-12	-5
1964	20	28	15	18
1965	6			
Norway				
1963	8	1	1	14
1964	2	1	6	17
1965	7	3	11	1
Portugal				
1963	15	18	11	40
1964	1	14	7	6
1965	2			
Sweden				
1963	7	8	1	23
1964	7	12	-7	13
1965	5	2	8	
United Kingdom				
1963	2	2	-9	5
1964	16	27	12	19
1965	4	3	9	5
Other western Europe				
Finland				
1963	-1	3	-12	15
1964	8	-9	27	9
1965	10			
Greece				
1963	-4	10	-3	-6 ^d
1964	23	21	11	3 ^d
1965	14			
Japan ^e				
1963	12	22	10	7
1964	16	16	9	6
1965	4			

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from official national sources.

^a Excluding government enterprises

^b Private enterprises.

^c Including mining, quarrying, construction, electricity, gas, water and sanitary services.

^d Including public corporations and government enterprises.

^e Fiscal years starting on 1 April of years indicated

Table 19. Selected developed market economies: Rates of growth in gross national product, actual average 1960-1965, 1966 forecast and medium-term targets

Country	1960-1965	1966	Medium-term targets	
			Projected rate	Period
Canada	4.9	5.0	5.5	1963-1970
United States	4.5	5.0		
EEC	4.9	4.5	4.3	1960-1970
France	5.3	5.5	5.0	1966-1970
Germany (Federal Republic)	4.3	3.5	3.5	1960-1970
Sweden	4.9	4.0	4.2	1966-1970
United Kingdom	3.6	2.0	3.8	1964-1970

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Kingdom, *The National Plan*, Cmd 2764 (London, HMSO, September 1965); European Economic Community, *Draft of the First Medium-Term Economic Policy Programme*, May 1966, and Canada, Economic Council, *Annual Report 1966*.

Table 20. Developing countries: Indices of agricultural and food production, 1960-1965^a

(1957-1959 = 100)

Item and region	1960	1961	1962	1963	1964	1965 ^b
Agricultural production						
Total						
Latin America ^c	104	110	112	116	114	123
Africa ^d	109	104	113	115	118	120
West Asia	96	108	120	121	125	132
Southern and south-eastern Asia	110	114	114	120	123	120
Developing countries combined	108	111	114	118	120	121
Per capita						
Latin America ^c	98	101	100	101	96	101
Africa ^d	104	97	103	103	103	103
West Asia	91	100	108	107	107	110
Southern and south-eastern Asia	105	107	104	106	107	101
Developing countries combined	103	104	103	105	104	102
Food production ^e						
Total						
Latin America ^c	105	109	113	118	120	125
Africa ^d	108	104	113	115	116	117
West Asia	95	107	119	120	122	130
Southern and south-eastern Asia	111	114	114	120	124	120
Developing countries combined	108	111	114	119	121	121
Per capita						
Latin America ^c	99	100	101	103	102	103
Africa ^d	103	97	103	103	102	100
West Asia	90	99	107	106	104	109
Southern and south-eastern Asia	106	107	104	107	107	101
Developing countries combined	104	104	103	106	105	101

Source: Communication from the Foreign Regional Analysis Division, United States Department of Agriculture (Washington, D.C.).

^a Calendar years; production is credited to the year in which the bulk of the crop is harvested.

^b Preliminary.

^c Twenty republics.

^d Excluding South Africa.

^e Including oil-seeds, cocoa and sugar, but excluding coffee and tea.

Table 21. Developing countries:^a Indices of industrial production, 1960-1965

Item	Developing countries				Southern and south-eastern Asia ^b			
	1963 (Previous year = 100)	1964 (Previous year = 100)	1965 ^c (1960 = 100)	1965 ^c (1960 = 100)	1963 (Previous year = 100)	1964 (Previous year = 100)	1965 ^c (1960 = 100)	1965 ^c (1960 = 100)
Total industrial production ^d	106	108	107	142	110	109	108	151
Mining	107	108	107	154	106	110	110	149
Manufacturing	105	107	107	135	111	108	108	150
Light ^e	104	105	107	128	108	106	109	141
Heavy ^f	106	110	106	144	114	111	108	168
Food, beverage, tobacco	103	103	107	121	103	106	108	130
Textiles	104	107	104	123	107	108	104	129
Paper and paper products	108	106	107	148	114	108	107	158
Chemicals, petroleum and coal products	108	107	105	138	117	110	107	160
Non-metallic mineral products	105	110	104	132	109	110	111	160
Basic metals	106	108	100	132	112	102	103	145
Metal products					114	116	110	190
Electricity and gas	110	111	109	156	113	114	111	184

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data supplied by the Statistical Office of the United Nations.

^a Latin America, British Honduras, the Guianas, Surinam and a number of Caribbean countries and territories; Africa, excluding South Africa; West Asia, excluding Israel, and southern and south-eastern Asia as defined in foot-note b.

^b Afghanistan, Brunei, Burma, Ceylon, China (Taiwan), Hong Kong, India, Indonesia, Iran, Japan, Malaysia (ex-

cluding Sabah), Pakistan, the Philippines, the Republic of Korea, the Republic of Viet-Nam and Thailand.

^c Preliminary

^d Mining, manufacturing, electricity and gas

^e Food, beverages and tobacco; textiles and clothing; wood products; leather, rubber and related products; and printing and publishing

^f Paper, chemical, non-metallic mineral and metal products.

Table 22. Developing countries: Indices of value of exports and imports, 1960-1965

Region ^a	Exports, i.e.b.				Imports, c.i.f.			
	Index of value (1960 = 100)				Index of value (1960 = 100)			
	1961	1962	1963	1964	1961	1962	1963	1964
Developing countries	27.3	101	106	115	126	134	103	104
Latin America	8.6	102	107	114	123	130	104	105
West Indies ^c	1.4	110	111	115	116	121	107	108
Africa	5.2	102	105	119	137	149	102	98
West Asia	4.3	104	116	125	143	153	102	106
Southern and South-eastern Asia	7.7	98	100	110	114	122	102	105

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat based on United Nations, *Monthly Bulletin of Statistics*, and International Monetary Fund, *International Financial Statistics* (Washington, D.C.).

^a As defined in table 24.

^b Preliminary; based for most countries on less than twelve months' returns.
^c Consisting mainly of Barbados, British Guiana (now Guyana), British Honduras, Guadeloupe, Jamaica, Martinique, the Netherlands Antilles, Surinam, and Trinidad and Tobago.

Table 23. Developing countries: Distribution of changes in exports and imports, 1961-1965^a

Index (preceding year = 100)	Exports					Imports				
	Number of countries					Number of countries				
	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965
Less than 90	8	7	1	7	5	2.6	2.0	—	1.5	0.5
Less than 95	13	7	3	10	10	4.1	2.0	0.5	1.8	0.8
Less than 100	26	12	8	14	21	9.5	3.4	2.5	2.1	5.3
100 or more	39	53	57	51	44	11.6	18.9	22.0	24.8	23.3
More than 105	24	38	46	40	32	5.5	12.7	15.1	16.0	15.6
More than 110	18	25	36	28	20	4.2	7.0	12.2	10.1	9.1
More than 120	10	10	18	16	7	1.4	2.2	3.6	6.4	2.6
More than 130	4	7	12	8	4	0.3	0.6	2.3	4.0	0.5
Total	65	65	65	65	65	21.1	22.3	24.5	26.9	28.6

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, *International Finance Statistics* (Washington, D.C.).

^a The country coverage is as follows: Angola, Argentina, Barbados, Bolivia, Burma, Brazil, Cambodia, Cameroon, Ceylon, Chile, China (Taiwan), Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Equatorial Africa, Ethiopia, Ghana, Guadeloupe, Guatemala, Haiti, Honduras, Hong Kong, India, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, the Republic of Korea, Libya, Madagascar, the Federation of Malaya, Martinique, Mauritius, Mexico, Morocco, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, the Philippines, Réunion, Southern Rhodesia-Zambia-Malawi, Sabah, (formerly North Borneo), Sarawak, Sierra Leone, Singapore, the Sudan, Syria, Tanzania, Thailand, Trinidad, Tunisia, Uganda, Uruguay, the United Arab Republic, Venezuela, the Republic of Viet-Nam and West Africa (Dahomey, the Ivory Coast, Mali, Mauritania, the Niger, Senegal and the Upper Volta).

Table 24. Developing countries: Indices of export and import *quantum*, 1960-1965

(1960 = 100)

Region	Export quantum					Import quantum				
	1961	1962	1963	1964	1965 ^a	1961	1962	1963	1964	1965 ^a
Developing countries ^b	105	112	119	127	134	104	106	109	116	121
Latin America ^c	104	111	115	116	124	104	105	105	114	116
Africa ^d	105	111	122	137	150	101	98	100	106	110
West Asia ^e	106	118	128	146	155	103	106	110	124	135
Southern and south-eastern Asia ^f	105	110	120	123	127	104	108	115	118	123

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from the Statistical Office of the United Nations.

^a Preliminary; based for most countries on less than twelve months' returns.

^b Latin America, the West Indies, Africa (other than South Africa) and Asia (other than mainland China, Mongolia, North Korea and North Viet-Nam).

^c Twenty republics.

^d African continent (other than South Africa) and associated islands.

^e Aden, Bahrain, Cyprus, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Qatar, Saudi Arabia and Syria.

^f Afghanistan, Brunei, Burma, Cambodia, Ceylon, China (Taiwan), Hong Kong, India, Indonesia, Laos, Macao, the Federation of Malaya, North Borneo (now Sabah), Pakistan, the Philippines, the Republic of Korea, the Republic of Viet-Nam, Ryukyu Islands, Sarawak, Singapore and Thailand.

Table 25. Developing countries: Changes in unit values of exports and imports, 1960-1965

(1960 = 100)

Region ^a	Unit value of exports					Unit value of imports					Terms of trade ^b				
	1961	1962	1963	1964	1965 ^c	1961	1962	1963	1964	1965 ^c	1961	1962	1963	1964	1965
Developing countries	97	95	97	99	100	99	98	99	100	101	98	96	98	98	98
Latin America	98	96	99	106	105	100	100	99	100	100	99	97	101	107	106
Africa	97	95	98	100	99	101	102	103	104	106	96	92	95	96	93
West Asia	98	98	98	98	99	99	100	101	102	101	99	98	97	96	98
Southern and south-eastern Asia	94	91	92	92	95	98	97	98	100	102	96	94	94	92	93

Source: See table 24.

^a As defined in table 24.

^b Unit value of exports divided by unit value of imports.

^c Preliminary; based for most countries on less than twelve months' returns.

Table 26. Export price index of primary commodities, 1960-1965 and first quarter 1966

Commodity	Index 1960 = 100					Index (corresponding quarter of previous year = 100)	
	1961	1962	1963	1964	1965	First quarter	
						1965	1966
Wheat	102	107	105	109	100	93	100
Rice	103	109	109	109	107	99	101
Barley	101	114	102	107	116	104	110
Maize	97	98	108	109	113	110	95
Coffee	95	92	95	126	118	93	100
Tea	96	98	96	96	96	101	100
Cocoa	79	75	94	86	62	84	109
Beef	97	94	97	124	131	114	99
Pork	101	101	111	130	117	71	117
Bacon	96	95	101	107	104	90	111
Mutton and lamb	90	94	98	115	124	131	89
Cheese	100	101	106	111	119	108	101
Butter	91	102	115	124	116	99	89
Sugar	96	99	204	156	86	41	98
Olive oil	97	113	158	101	113	127	98
Copra	81	78	88	93	104	118	90
Coconut oil	80	79	89	94	112	123	97
Ground-nuts	100	93	92	99	106	113	96
Ground-nut oil	100	94	94	99	100	111	93
Palm kernels	83	84	95	94	116	127	94
Palm-kernel oil	78	75	88	94	123	125	121
Palm oil	101	95	99	105	113	110	97
Linseed oil	108	98	82	92	82	97	89
Linseed	104	104	94	93	91	99	94
Soya beans	122	111	121	121	127	108	98
Soya-bean oil	131	106	107	107	129	141	99
Cotton-seed oil	127	114	102	105	116	134	101
Lard	102	85	96	115	130	122	100
Wool	99	98	118	121	102	74	107
Cotton	100	98	99	102	100	101	95
Jute	126	86	85	90	95	123	99
Sisal	91	99	145	129	91	64	87
Wood pulp	99	94	94	99	102	103	98
Lumber	98	96	97	101	104	106	103
Tobacco	102	103	110	111	110	99	102
Rubber	76	72	67	64	66	107	98
Hides and skins	97	89	74	76	84	101	149
Iron ore	103	102	97	94	94	99	103
Bauxite	103	105	101	100	101	104	100
Copper ore	97	97	98	139	180	140	177
Lead ore	90	78	88	142	153	156	83
Zinc ore	88	77	86	127	124	120	94
Tin ore	113	113	115	153	176	117	111
Nickel ore	105	108	107	107	106	100	98
Manganese ore	97	94	85	88	97	115	100
Chrome ore	100	100	90	90	90	100	100
Petroleum	98	98	98	98	98	100	100
Coal	102	103	108	109	113	102	105

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on information provided by the Statistical Office of the United Nations

Table 27. Developing countries: Balance of trade and changes in liquidity, 1960-1965
(Millions of dollars)

Region	Balance of trade ^a					Changes in total reserves ^b					Net changes in other balance of payments items							
	1960	1961	1962	1963	1964	1965 ^c	1960	1961	1962	1963	1964	1965 ^c	1960	1961	1962	1963	1964	1965 ^c
Developing countries ^d	-2,900	-3,400	-2,500	-1,300	-1,200	-500	197	-384	-186	1,079	146	1,230	3,097	3,016	2,314	2,379	1,346	1,730
Selected countries in:																		
Latin America ^e	172	81	509	1,366	1,216	1,622	28	-106	-380	500	140	475	-144	-187	-889	-866	-1,076	-1,147
Excluding Venezuela	-1,072	-1,240	-989	-313	-254	214	143	-77	-383	338	54	-488	1,215	1,163	606	651	308	274
Africa ^f	-1,190	-1,315	-920	-664	-214	-70	20	-421	15	-217	-28	136	1,210	894	935	447	186	206
West Asia ^g	960	898	1,344	1,563	1,685	1,850	34	125	238	478	51	359	-926	-773	-1,106	-1,085	-1,634	-1,491
Southern and south-eastern Asia ^h	-1,811	-1,762	-2,012	-1,993	-2,241	-2,336	75	42	-51	332	-70	274	1,884	1,804	1,961	2,325	2,171	2,610
Total of above selected countries	-1,869	-2,098	-1,079	272	446	1,066	157	-359	-180	1,097	92	1,244	2,026	1,739	899	825	-354	178
Excluding Venezuela	-3,113	-3,419	-2,577	-1,407	-1,024	-342	272	-330	-183	935	6	1,257	3,385	3,089	2,394	2,342	1,030	1,599

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, *International Finance Statistics* (Washington, D.C.).

^a Exports, f.o.b., minus imports, c.i.f.

^b Gold, convertible foreign exchange and reserve position in the International Monetary Fund.

^c Preliminary; including estimates based on less than twelve months' returns for some countries.

^d As defined in table 24 above, excluding Cuba and Indonesia. These figures include estimates for countries excluded from the regional subgroups for lack of adequate data.

^e Nineteen republics (excluding Cuba), plus Jamaica.

^f Excluding South Africa.

^g Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Saudi Arabia and Syria.

^h Burma, Ceylon, China (Taiwan), the Federation of Malaya, India, Pakistan, the Philippines, the Republic of Korea, the Republic of Viet-Nam and Thailand.

Table 28. Developing countries: Ratio of international liquidity^a to imports,^b 1960-1965

<i>Region and country</i>	<i>1960</i>	<i>1961</i>	<i>1962</i>	<i>1963</i>	<i>1964</i>	<i>1965^c</i>
Developing countries, total ^d	32	30	28	31	29	31
Developing countries, excluding certain petroleum exporting countries ^e	30	28	27	28	26	29
Latin America ^f	35	33	28	35	33	38
Argentina	42	26	8	28	14	20
Bolivia	10	10	4	10	23	30
Brazil	24	32	26	21	29	63
Chile	21	12	14	14	15	23
Colombia	34	27	18	21	21	29
Dominican Republic	26	11	14	23	19	52
Ecuador	36	36	44	40	31	24
Haiti	14	9	7	8	7	6
Mexico	37	36	37	44	39	34
Panama	27	18	18	18	10	14
Paraguay	1	6	5	8	14	18
Peru	20	24	22	23	28	24
Uruguay	86	101	92	111	96	126
Venezuela	51	53	53	78	65	59
Africa ^g	33	26	27	22	20	21
Cameroon	23	21	27	32	31	19
Central African Republic	3	—	2	7	24	41
Chad	49	31	36	39	43	45
Congo (Brazzaville)	7	4	13	3	1	9
Dahomey			33	30	32	30
Ethiopia			64	45	50	52
Gabon	30	30	27	16	17	31
Ghana	107	48	59	33	36	30
Ivory Coast			22	24	17	27
Libya	49	58	47	51	59	77
Morocco	50	41	40	25	12	22
Niger			28	36	23	8
Nigeria	74	59	56	43	36	33
Senegal			49	29	21	22
Sudan	91	64	56	35	26	30
Togo			27	31	27	39
Tunisia	45	35	29	28	13	16
West Asia	42	45	53	68	59	66
Iran		30	42	47	30	27
Iraq	66	53	53	92	60	56
Israel	42	47	66	77	65	77
Jordan	38	44	45	41	55	89
Kuwait	30	34	34	34	34	
Lebanon	44	48	58	53	54	
Saudi Arabia	79	92	87	161	148	
Syria	21	16	18	16	17	18
Southern and south-eastern Asia ^h	48	49	45	46	42	43
Burma	50	55	76	80	75	72
Ceylon	25	25	24	24	12	24
China (Taiwan)	39	42	38	63	69	54
India	29	29	22	24	18	21
Malaysia	112	118	114	112	109	103

Table 28. Developing countries: Ratio of international liquidity^a to imports,^b 1960-1965 (continued)

Region and country	1960	1961	1962	1963	1964	1965 ^c
Pakistan	48	43	38	35	24	21
Philippines	19	8	11	16	14	21
Republic of Korea	46	66	40	24	34	32
Thailand	82	94	96	94	97	102
Republic of Viet-Nam	90	69	58	61	47	49

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, *International Financial Statistics* (Washington, D.C.)

^a End-of-year value of gold, convertible foreign exchange and reserve positions in the International Monetary Fund.

^b Imports, c.i.f., in the year indicated.

^c Preliminary; including estimates based on less than twelve months' returns for some countries

^d Excluding Cuba and Indonesia.

^e Excluding, in addition to Cuba and Indonesia, Iran, Iraq, Kuwait, Libya, Saudi Arabia and Venezuela

^f Excluding Cuba, but including Jamaica.

^g Including estimates for countries not listed

Table 29. Developing countries: Indicated change between 1964 and 1965 in gross domestic product, volume of imports and total supplies^a

Country ^b	Gross domestic product	Imports ^c	Total supplies ^d	Country ^b	Gross domestic product	Imports ^c	Total supplies ^d
Burma ^e	D	D	D	Venezuela	C	A	C
Costa Rica	C	F	D	Israel	C	—B	C
Honduras	D	E	D	Nigeria	B	C	B
China (Taiwan)	C	F	D	Brazil	C	—D	B
Nicaragua	C	D	C	Tanzania	B	C	B
Kenya	C	E	C	Ethiopia	B	F	B
Uganda	C	F	C	Ghana	B	C	B
Federation of Malaya	C	D	C	Mexico	B	B	B
Peru	C	F	C	El Salvador	B	B	B
Paraguay	B	F	C	Tunisia	C	A	B
Argentina	C	C	C	Philippines	B	B	B
Panama	C	C	C	Chile	B	—E	B
Republic of Korea	C	C	C	Colombia	B	—F	A
Guatemala	C	E	C	India	A	B	A
Jordan	C	B	C	Morocco	B	—D	A
Thailand	C	D	C	Sudan ^e	B	—G	A
Bolivia	B	E	C	Haiti	A	—D	—A
Iraq	C	C	C	Uruguay	A	—F	—B
Pakistan ^e	B	E	C	Dominican Republic	—C	—G	—E
Ecuador	B	D	C				

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from United Nations, *Monthly Bulletin of Statistics* and *The Latin American Economy in 1965* (United Nations publication, Sales No.: 66.II.G.8); International Monetary Fund, *International Financial Statistics* (Washington, D.C.); United States Department of Agriculture, *The 1966 World Agricultural Situation* and regional supplements (Washington, D.C.); United States Department of State, *Agency for International Development Data Book* (Washington, D.C.); replies of Governments to the United Nations questionnaire on economic trends, problems and policies, and national sources

^a Based on preliminary official estimates of the national accounts or "indicators" derived from official or semi-official statistics of production, trade and transport. Where indicators were used, changes in gross domestic product reflect changes in real terms in the output of all the

items of goods and services for which data were obtainable, combined in accordance with weights derived from national accounts of 1960. The indicated changes are necessarily tentative, being based in some cases on less than a full year's figures for some of the components of the gross domestic product. The symbols indicate the percentage range of increase or decrease (—): A = —1 to 1; B = 2 to 5; C = 6 to 10; D = 11 to 15; E = 16 to 20; F = 21 to 30; G = 31 and over.

^b Countries are arranged in descending order of change in total supplies between 1964 and 1965.

^c Quantum index of imported goods; in some cases it includes goods and services.

^d Weighted aggregate of gross domestic product and imports; the weight attached to imports was derived from national accounts for 1960.

^e Change between fiscal years (July/June for Pakistan and the Sudan, and October/September for Burma).

Table 30. Developing countries: Change in cost of living, 1964-1965

Item	1964	1965
<i>Percentage of countries in which, in relation to the preceding year, the rise in the index was</i>		
1 per cent or less	33	23
2 to 5 per cent	31	38
6 to 9 per cent	11	18
10 to 20 per cent	16	11
21 per cent or over	8	10
Total ^a	100	100

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, *Monthly Bulletin of Statistics*.

^a Based on sixty-one countries.

Percentage of countries in which, in relation to the preceding year, the upward movement

Continued	23	22
Accelerated ^b	23	31
Decelerated	44	31
Was negligible ^c	10	15
Total ^a	100	100

^b Including countries in which the movement of the index changed from downward to upward.

^c Including countries in which the index declined at a slower pace.

Table 31. Developing countries: Distribution of changes in the supply of money, 1964-1965

Index of change in money supply ^a (corresponding figure in preceding year = 100)		Countries in which, in relation to the trend during the preceding year, the trend during the indicated years registered:					
		Continuation		Deceleration		Reversal	
		1964	1965	1964	1965	1964	1965
Less than 97.5	6	2	Burma	Senegal	Mauritania	Burma Dominican Republic Congo (Braz- zaville) Panama Niger Philippines	
98 to 100	5	4	Chad Iraq Tunisia	Chad Iraq Tunisia			Jamaica Somalia
101 to 103	6	5	Dahomey	Dahomey Haiti Morocco Somalia Sudan Upper Volta	Ecuador El Salvador Nigeria Ivory Coast		
104 to 110	10	21	Gabon Guatemala Thailand	Ceylon Costa Rica India Saudi Arabia Thailand Upper Volta	Cameroon China (Taiwan) Guatemala Mali Mexico Pakistan Paraguay United Arab Republic	Morocco Sudan Tunisia	Congo (Braz- zaville) Panama Philippines Senegal

Table 31. Developing countries: Distribution of changes in the supply of money, 1964-1965 (continued)

Index of change in money supply ^a (corresponding figure in preceding year = 100)	Countries in which, in relation to the trend during the preceding year, the trend during the indicated year registered:									
	Continuation		Deceleration		Acceleration		Reversal			
	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965
111 to 117	15	13								
	Ecuador Nicaragua Pakistan	Gabon Ethiopia Honduras Iran Jordan Nicaragua Peru Venezuela	Central African Republic	Colombia	Cameroon Ethiopia Honduras Iran Jordan Republic of Korea Mali Peru Venezuela Togo	Iraq Israel Syria	Jamaica	Dominican Republic		
118 and over	14	11								
	Bolivia China (Taiwan) Mexico United Arab Republic	Brazil Chile Ghana Togo		Argentina	Argentina Brazil Chile Colombia Ghana Libya Nigeria Paraguay Republic of Viet-Nam Uruguay	Bolivia Central African Republic of Korea Libya Republic of Viet-Nam		Niger		
Total of countries	56	56	10	22	17	14	22	12	7	8

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, *International Financial Statistics* (Washington, D.C.).

^a Measured between successive year-ends.

^b In some cases, change between as earlier month of 1965 and the corresponding month in 1964.

Table 32. Developing countries: Distribution of changes in governmental budgetary position,^a 1964-1965

Movement in government indebtedness during the indicated year, compared with that in the preceding year	Change in government indebtedness during the indicated year as a percentage of government expenditure in the preceding year									
	Number of countries		0 to 5		6 to 10		11 to 15		Over 15	
	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965
Change from rise to fall	3	3	Honduras	China (Taiwan) Iran	El Salvador Thailand					Burma
Smaller fall	—	1		Thailand						
Fall at same rate	2	3	Republic of Korea	Honduras		El Salvador	Nicaragua	Nicaragua		
Larger fall	3	—			Ecuador Togo		Venezuela			
Change from fall to rise	2	4		Republic of Korea Venezuela Togo	China (Taiwan) Iraq		Ecuador			
Smaller rise	8	11	Haiti Israel	Ceylon Costa Rica Dominican Republic Guatemala Israel Paraguay Peru	Dominican Republic Mexico Philippines		India	Pakistan United Arab Republic Sudan	Argentina Brazil Ghana	
Rise at same rate	6	5	Bolivia Paraguay Peru	Colombia	Ceylon	Haiti		Burma Chile	Chile Republic of Viet-Nam United Arab Republic	
Larger rise	9	6	Colombia Costa Rica		Guatemala Iran			Argentina Brazil Ghana Sudan Republic of Viet-Nam Philippines	Bolivia India Iraq Mexico	
Total	33	33	9	15	12	2	3	2	9	14

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations *Statistical Yearbook*; International Monetary Fund, *International Financial Statistics* (Washington, D.C.), and national sources.

^a As measured by net change—claims minus deposits—in government dealings with the banking system.

Table 33. Centrally planned economies: Changes in national income^a, 1962-1965
(Percentage change over preceding year)

Country	1962	1963	1964	1965		1966 Planned
				Actual	Planned	
Bulgaria	6.2	7.8	9.6	6.0	7.7	9.5
Czechoslovakia	1.4	-2.1	0.9	2.5	4.1	3.8
Eastern Germany ^b	2.2	2.9	4.5	4.7	.	5.0
Hungary	5.0	6.0	5.0	2.0	3.0	3.0
Poland	2.2	7.0	6.5	6.0	5.2	3.7
Romania	4.1	10.2	10.4	9.1	.	7.0
USSR	5.7	4.2	9.4	6.0	8.0	6.4
Total of above countries ^c	5.0	4.5	8.0	5.7	.	.
Yugoslavia ^d	4.2	12.2	12.4	3.0	9.0	8 to 10

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on reports on fulfilment of plans; national statistical yearbooks and statistical bulletins, and replies of Governments to the United Nations questionnaire of November 1965 on economic trends, problems and policies.

^a Net material product at constant prices

^b In current prices; indices of expenditure on net material product in 1962-1964 at current and at constant prices published in the East German

statistical yearbook for 1965 indicate that no significant changes in prices occurred during that period.

^c Weighted by coefficients derived from the estimates of relative value of net material product of various centrally planned economies, as indicated in *Sopostavlenie urovnia ekonomicheskovo razvitiia socialisticheskikh stran* (Moscow, 1965)

^d Social product, which, in addition to net material product, includes depreciation

Table 34. Centrally planned economies: Changes in gross agricultural output, 1962-1965

(Percentage change over preceding year)

Country	1962	1963	1964	1965		1966 Planned
				Actual	Planned	
Bulgaria	4.2	2.6	11.4	.	7.7	10.7
Czechoslovakia	-7.6	7.3	2.5	-3.3	5.1	7.9
Eastern Germany	-4.7	12.5	7.9 ^a	4.8 ^a	.	3.0 ^a
Hungary	1.0	5.8	4.6	-4.4	1.5	5.0
Poland	-8.4	4.0	1.0	7.4	2.7	-3.3
Romania	-8.3	3.3	6.3	6.1	.	5.0
USSR	1.2	-7.5	14.4	1.0	.	9.0
Total of above countries ^b	-1.3	-3.2	10.9	1.9	.	.
Yugoslavia	2.9	10.3	5.9	-6.0	.	.

Source: See table 33

^a In current prices.

^b Weights are derived from data on the rela-

tive value of agricultural production in various centrally planned economies given in the source quoted in table 33, foot-note c.

Table 35. Centrally planned economies: Changes in industrial production, 1962-1965^a

(Percentage change over preceding year)

Country	1962	1963	1964	1965		1966 Planned
				Actual	Planned	
Bulgaria	11.0	10.0	10.0	13.7	9.8	10.2
Czechoslovakia	6.1	-0.6	4.2	7.9	5.5	5.5
Eastern Germany	6.4	4.2	6.7	6.1 ^b	5.7 ^b	5.0 ^b
Hungary	8.0	7.0	9.0	5.0	4.2 to 4.5	5.0
Poland	8.6	5.4	9.2	9.2	7.8	6.5
Romania	14.8	12.3	14.4	13.1	13.0	10.5
USSR	9.7	8.1	7.3	8.9	8.1	6.7
Total of above countries ^c	9.1	7.2	7.5	8.7	.	.
Yugoslavia ^d	7.4	14.9	16.0	10.8	.	.

Source: See table 33.

^a Gross value of output, unless otherwise stated.

^b "Commodity production", equivalent to gross output less work in progress

^c Weights are derived from data on the relative value of industrial production in various centrally planned economies given in the source quoted in table 33, foot-note c

^d Net output

Table 36. Centrally planned economies: Changes in gross fixed investment, 1962-1965^a
(Percentage change over preceding year)

Country	1962	1963	1964	1965		1966 Planned
				Actual	Planned	
Bulgaria	6.5	14.6	10.3	6.1	4.8	16.2
Czechoslovakia	-2.6	-11.0	11.9	6.6	8.0	7.9
Eastern Germany ^b	1.8	5.4	8.7	7.5	10.0 ^c	10.0 ^c
Hungary	15.2	15.8	4.5	-1.0	—	8.0
Poland	11.0	3.0	5.0	9.0	8.5	5.2
Romania	14.7	8.8	10.7	8.6 ^d	11.0 ^d	—
USSR	4.8	5.1	9.0	7.3	11.3 ^e	6.4
Yugoslavia	8.9	15.3	17.7	-10.0	—	—

Source: See table 33, *Nepssabadsag* (Buda-pest), 10 April 1966, and *Planovo Stopanstvo i Statistika*, No. 1, 1966 (Sofia).

^a Unless otherwise stated, the data are expressed in constant prices and refer to total investment in the case of Czechoslovakia, Eastern Germany, Poland and the Soviet Union, and to the socialized sector only in the case of Bulgaria, Hungary, Romania and Yugoslavia.

^b In current prices

^c Not including capital repairs covered by the data relating to actual changes.

^d State only; in 1964, the increase in this sector amounted to 11 per cent.

^e Centrally planned investment only, the actual increase in which amounted to 6.8 per cent in 1965

Table 37. Centrally planned economies: Changes in volume of retail trade, 1962-1965
(Percentage change over preceding year)

Country	1962	1963	1964	1965		1966 Planned
				Actual	Planned	
Bulgaria	7.4	9.3	5.8	7.8	6.6	5.9
Czechoslovakia	2.4	1.4	2.8	5.1 ^a	3.2 ^a	4.5
Eastern Germany ^a	-0.7	0.3	3.3	4.0	3.0	3.0
Hungary	5.0	9.0	7.0	4.0	3.5	—
Poland	5.1	4.8	4.3	8.6	6.0	—
Romania	12.8	8.0	8.0	7.3	11.0	—
USSR	6.2	4.7	5.3	10.1	7.9	5.6
Yugoslavia	4.0	14.0	13.0	1.6	—	—

Source: See table 33.

^a In current prices

Table 38. Centrally planned economies: Allocation of national income, 1964 and 1965

Country and item	Percentage share		Volume index 1965 (1964 = 100)
	1964	1965	
Czechoslovakia ^a			
National income	100.0	100.0	102.5
Net domestic expenditure	97.9	99.2	103.8
Consumption	85.0	86.6	104.4
Accumulation	12.9	12.6	100.2
Balance of foreign trade ^b	2.1	0.8	—
Eastern Germany ^c			
National income	100.0	—	104.7 ^d
Net domestic expenditure	97.6	100.0	105.6
Consumption	78.8	78.7	102.8
Accumulation	18.8	21.3	116.7
Balance of foreign trade ^b	2.4	—	—
Hungary ^e			
National income	100.0	100.0	102.0
Net domestic expenditure	102.9	100.6	99.7
Consumption	74.1	74.1	102.0
Accumulation	28.8	26.5	93.9
Balance of foreign trade ^b	-2.9	-0.6	—
Poland ^f			
National income	100.0	100.0	106.0
Net domestic expenditure	97.4	98.4	107.0
Consumption	72.4	72.1	105.5
Accumulation	25.0	26.3	111.4
Balance of foreign trade ^b	2.6	1.6	—

Table 38. Centrally planned economies: Allocation of national income, 1964 and 1965 (*continued*)

Country and item	Percentage share		Volume index 1965 (1964 = 100)
	1964	1965	
Yugoslavia ^a			
National income ^b	100.0	100.0	103.5
Net domestic expenditure	102.9	100.0	100.5
Consumption	59.0	59.0	103.5
Accumulation	43.9	41.0	96.5
Balance of foreign trade ^b	-2.9	—	

Source: See table 33, *Hospodarske Noviny*, No. 12, 1966 (Prague) and *Statistische Praxis*, No. 3, 1966 (Berlin).

^a Estimated on the basis of data for 1964 in current prices converted into 1960 prices and volume indices for 1965, as indicated in *Hospodarske Noviny*, No. 12, 1966 (Prague).

^b Includes statistical discrepancy and losses in national income.

^c The shares for 1964 are estimated on the basis of data given in the *Statistical Yearbook of the German Democratic Republic, 1965* (Berlin); those for 1965 are derived by the use of volume indices relating to consumption and accumulation, as indicated in *Statistische*

Praxis, No. 3, 1966 (Berlin).

^d Value index in current prices.

^e In 1959 prices, based on absolute data for 1964 and indices of growth for 1965.

^f In 1961 prices, based on absolute data for 1964 and indices of growth for 1965.

^g According to the reply of the Yugoslav Government to the United Nations questionnaire of December 1965 on economic trends, problems and policies, the volume of consumption and national income increased in 1965 by 3 to 4 per cent. Data in the table represent an average of these two figures.

^h Gross national income, including depreciation.

Table 39. Centrally planned economies: External trade, 1962-1965
(Millions of dollars)

Country	1962	1963	1964	1965
Bulgaria				
Exports	772.2	834.0	979.7	1,172.8
Imports	784.7	933.2	1,062.4	1,280.4
Balance	-12.5	-99.2	-82.7	-107.6
Czechoslovakia				
Exports	2,193.5	2,461.5	2,668.2	2,784.7
Imports	2,070.0	2,160.3	2,428.9	2,672.5
Balance	123.5	301.2	239.3	112.2
Eastern Germany				
Exports	2,378.0	2,713.0	2,930.0	^a
Imports	2,404.0	2,325.0	2,630.0	
Balance	-26.0	388.0	300.0	
Hungary				
Exports	1,098.8	1,209.5	1,354.3	1,516.2
Imports	1,449.9	1,303.2	1,490.6	1,524.7
Balance	-51.1	-93.7	-136.3	-8.5
Poland				
Exports	1,646.1	1,770.0	2,096.4	2,227.9
Imports	1,885.4	1,979.0	2,072.3	2,340.3
Balance	-239.3	-209.0	24.1	-112.4
Romania				
Exports	817.9	915.0	1,000.1	1,100.1
Imports	941.1	1,022.0	1,168.1	2,284.9
Balance	-123.2	-107.0	-168.0	-184.8
USSR				
Exports	7,023.0	7,265.0	7,674.0	8,155.0
Imports	6,449.0	7,051.0	7,729.0	8,044.0
Balance	574.0	214.0	-55.0	111.0
Yugoslavia				
Exports	690.5	790.3	893.2	1,091.3
Imports	897.7	1,056.6	1,323.2	1,287.7
Balance	-197.2	-266.3	-430.0	-196.4

Source: See table 33.

^a Exports plus imports amounted to \$5,838

million in 1965, as compared to \$5,560 million in 1964.

Table 40. Poland and the Soviet Union: Selected targets of the five-year plans, 1966-1970, and actual changes in 1961-1965

(Percentage increase: final year of planned period over year preceding the period indicated, unless otherwise stated)

Item	Poland		USSR	
	1961-1965 Actual	1966-1970 Planned	1961-1965 Actual	1966-1970 Planned
National income	33	30 ^a	36	38 to 41
Consumption	26	27	31 ^b	40 ^b
Retail sales	34	34	34	44
Gross fixed investment ^c	46	36 to 38	44	47
Agriculture ^c	52	88	52	87
Fixed assets, productive sectors			50	50 ^d
Industry			66	60
Agriculture			51	90 ^d
Investment-output ratio ^e	4.7	5.5 to 5.6	3.91	4.04 to 3.74
Incremental capital-output ratio ^f			2.1	1.99 to 1.85
Employment total	21	16	24	18 to 20
Industry				
Total production	51	45 to 47	51	47 to 50
Producer goods	60		58	49 to 52
Consumer goods	37		36	43 to 46
Employment	22	20	20	10 to 11
Output per man	23	22 to 25	26	33 to 35
Agricultural production ^g	14	14 to 15	12	25
Average money wages	17 ^h	11	19	20
Real per capita income of the population ^h			20	30

Source: IV Zjazd Polskiej Zjednoczonej Partii Robotniczej (Warsaw, 1964); Twenty-third Congress of the CPSU (Moscow, 1966), and statistical yearbooks of Poland and the Soviet Union.

^a "Income for distribution", i.e., consumption plus accumulation. The growth of the national income (net material product) is presumably planned at approximately the same rates as that of income for distribution. In 1961-1965, income for distribution increased by 30 per cent.

^b For 1961-1965, in current prices; for 1966-1970, in constant prices. The indices were estimated on the basis of data for 1960-1964 in current prices shown in *Vestnik Statistiki*, No. 4, 1966 (Moscow), and the statement by the Chairman of the Council of Ministers, Mr. A. Kosygin (in the report on the directives for the five-year plan for 1966-1970), indicating that the average annual rise in consumption amounted to 6.5 billion roubles in 1961-1965 and will amount to 11 billion roubles in 1966-1970. According to the same statement, total

consumption in 1966-1970 will exceed the total of the preceding five years by 36 to 39 per cent.

^c Percentage increase of the five-year total during the period indicated, over the total of the preceding five years.

^d It is not certain whether these data include increases in livestock which are included in the data for 1961-1965. The increase in fixed assets in agriculture, exclusive of changes in livestock, amounted to 75 per cent between 1960 and 1965.

^e Total gross fixed investment in relation to increment in national income (net material product).

^f Increment of productive fixed assets in relation to the increment in national income (net material product).

^g Real wages increased by 8 per cent.

^h Income in money and in kind calculated in constant prices, including social security payments, grants and other benefits financed out of state and other social or enterprise funds.