

United States exports in recent years is unlikely to be maintained, and is indeed already falling. United States trade in 1952-53 compared with the recent past is estimated as follows (1936-38 = 100):—

	<i>U.S. imports</i>	<i>U.S. exports</i>
1947	110	272
1948 (1st half)	121	218
1952-53	155	170

The United States supplies nearly half the world exports of manufactures in 1947, while the German and Japanese share of the trade was negligible. The following table shows the approximate change in the distribution of world trade in manufactures that has been assumed in the forecast of the United Kingdom position:—

	<i>Per cent. of world exports of manufactures</i>		
	<i>1936-38</i>	<i>1947</i>	<i>1952-53</i>
United Kingdom	18.6	20.4	23
United States	16.3	48.0	29
Germany	19.8	0.5	8
Japan	7.0	negligible	3
Other countries	38.3	31.1	37
	100.0	100.0	100

World Prices

7. The relative and absolute levels of world prices in the future are clearly of great importance to both the United Kingdom and to the Dominions. As a result of a decision reached by O.E.E.C. all countries were obliged to draw up their balance of payments estimates for 1952-53 on the completely arbitrary assumption that import and export prices were the same as had been assumed for 1948-49 (for the United Kingdom, about the current levels). It is possible that some fall in food and some raw material prices may occur as production increases but may be balanced by a reduction in United Kingdom export prices to meet increasing competition from other countries, and that the United Kingdom terms of trade will not in fact be very different in 1952-53 from those ruling at present. In attempting to estimate the probable balance of payments position and the dollar earnings of the rest of the sterling area, however, it has not been considered necessary to adhere rigidly to the assumption of 1948-49 prices and different price assumptions have been made where this has seemed justifiable.

United States Overseas Investment

8. Another important factor in the world economic situation in the 1950's is the level of United States overseas investment. It seems probable that a major part of any commercial lending will be in other parts of the Western Hemisphere, and it has seemed unwise to count on any significant contribution from this source to the dollar income of the rest of the world. It is assumed that the United States Government, which is contributing over £1,000 million in E.R.P. assistance alone in 1948-49, will not be lending abroad in the 1950's except perhaps in the form of some continued assistance to Germany and Japan.

The Pattern of Trade and Payments

9. The pattern of trade and payments envisaged in 1952-53 in the conditions described above is that of a large United Kingdom surplus on current account with the sterling area, a small surplus with the O.E.E.C. countries, and a deficit with the Western Hemisphere and with the rest of the world. The surplus with the sterling area is entirely due to the Dominions and is assumed to be financed partly by debt repayment and capital exports from the United Kingdom, partly by the proceeds of gold production and partly by these countries' surplus with Europe. The surplus which the Colonies are estimated to have with the United States is assumed to be available to help meet the deficits of the rest of the Sterling Area. Some transfer of surpluses with the O.E.E.C. countries to meet deficits with other non-dollar countries is also assumed. In estimating the balance of payments position with Canada it appears probable that the sterling area as a whole will have a deficit with Canada, and it is assumed that this will be met from the Sterling Area's gold production.