the share of the British Commonwealth in world trade contrasts sharply with the fall in that of the French and Netherlands Empires.

III.—PERCENTAGE DISTRIBUTION OF WORLD TRADE BY POLITICAL GROUPS, 1929, 1932, 1935, and 1936.

(Basis: Recorded values in U.S.A. old gold dollars.)

Group.	Imports.				Exports.				Total Trade.			
	1929.	1932.	1935.	1936.	1929.	1932.	1935.	1936.	1929.	1932.	1935.	1936.
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
British Commonwealth	29·4	28·9	30·9	32·2	26·3	26·0	28·6	29·6	27·9	27·5	29·8	30·9
French Empire..........	8·5	11·6	9·5	9·4	7·6	8·6	7·9	6·8	8·0	10·2	8·7	8·1
Netherlands Empire....	4·8	5·3	4·5	4·3	4·6	4·9	4·6	4·7	4·7	5·1	4·6	4·5
Totals..............	42·7	45·8	44·9	45·9	38·5	39·5	41·1	41·1	40·6	42·8	43·1	43·5
Rest of the World—												
United States.........	12·2	9·5	9·9	10·9	15·6	12·2	11·5	11·4	13·8	10·8	10·6	11·2
Other countries.......	45·1	44·7	45·2	43·2	45·9	48·3	47·4	47·5	45·6	46·4	46·3	45·3
Totals..............	57·3	54·2	55·1	54·1	61·5	60·5	58·9	58·9	59·4	57·2	56·9	56·5
Grand Totals.......	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0

Rise of Discriminatory Measures in the Period 1928-32.—Changes in the geographical distribution of trade in the past decade have, to a great extent, been the result of commercial policy. Some ten years ago, there were relatively few exceptions to the rule that each country endeavoured to sell its products in the dearest market and buy the goods it required in the cheapest market; at present, price is in many countries no longer the only factor governing the direction of trade.

The change in commercial policy was due largely to the disturbances in the international accounts of numerous countries during the past decade and particularly to the heavy reduction in the supply of capital available to the principal debtor countries from the middle of 1928. The discontinuation of French capital exports on any considerable scale and the withdrawal of French short-term assets abroad, from the time when the franc was legally stabilized in June of that year, was an important and early factor in bringing about a change in the relationship between creditor and debtor countries. The decline in United States capital exports followed almost immediately upon that of the French, while British capital exports fell off in 1930.

The consequences of this change in capital movements can be only briefly outlined here. The redistribution of capital resources and the accompanying change in relative prices at first gave rise to a boom in certain creditor countries, while the chief debtor countries suffered from an inadequate supply of foreign means of payments; after the breakdown of the boom in 1929-30, the economic situation of these countries rapidly grew worse, their gold and currency resources were reduced as well as the prices of primary products, their terms of trade deteriorated, while their charges in the form of interest and amortization remained fixed. The terms of trade of the industrial creditor countries, as well as of Germany, improved, but the general price fall that occurred did not spare the economy of any country.

During the early part of the depression both debtor and creditor countries endeavoured to protect their economies against disturbances in their international accounts by new import barriers, but those raised by creditor countries were of particular importance as they directly impeded the adjustment of trade balances to the balances of capital transactions. A particularly disturbing example was the