

trade in foodstuffs, and raw materials employed in the manufacture of consumption goods. The unstable political situation towards the end of 1937 and at the beginning of 1938 is known to have led to purchases by certain countries, for government or private account, of certain commodities, such as foodstuffs, metals, and mineral oils, for storage; authoritative information concerning the amount of such purchases is, however, not available. These facts help to explain why prices of certain foodstuffs, coal, certain steel products, etc., continued to rise in the second half of 1937. The decline in the prices of certain other primary products must be attributed to the fact that their production had risen disproportionately owing to the relatively high prices brought during the preceding period when demand had risen briskly, while supply in many cases had been restricted by measures of control adopted by the principal producers.

Geographic Distribution of World Trade.—In Statement III, showing the percentage distribution of world trade by continents for the period 1929-37, the figures for each continental group are the sums of those of the individual countries comprising such group and therefore include trade between the members of the group. The United Kingdom and the United States have been separated from the remainder of their respective continental groups because trade tendencies in these two principal trading countries show movements differing from those of the remainder of their continental groups. Thus while the total trade of the United Kingdom has become an increased percentage of total world trade, that of the remainder of Europe has become considerably less. The trade of the United States has declined materially as a percentage of world trade, but that of the remainder of North America (chiefly Canada), after declining during the depression, was about the same percentage in 1936 as in 1929. These trends were reversed in 1937, the trade of the United States and the smaller countries of Europe expanding more than the general average of world trade.

The movement of the figures in this statement between 1929 and 1932 on the one hand and between 1932 and 1937 on the other is naturally due largely to variations in the relative price movements; it is natural, for example, that Europe's share in world trade expanded with the improvement in the terms of trade of industrial countries (trading largely between themselves) during the first depression years, and declined during the subsequent period. But as price relationships in 1937 reverted nearly to the position of 1929, comparison between the percentage distribution of trade in these two years is not greatly affected by relative price movements and is likely to bring out the trend of events more clearly than comparisons with the intervening years.

The similarity between the years 1929 and 1937—both being, in a sense, 'boom' years and years in which the prices of primary products were relatively high—renders clear the fundamental changes in the conditions under which world trade is conducted that have taken place during the intervening years.

Imports into Europe represented a higher share in world trade in 1937 than in 1929, while the reverse is true of North America. The increase in Europe's share is due wholly to the United Kingdom, whose share in world imports represented 17·2 p.c. in 1937 as against 15·2 p.c. in 1929. The relatively high level of United Kingdom imports must undoubtedly be attributed to the fact that her net capital exports in 1929 estimated at £118,000,000, were turned into a net capital import in 1937. The rise in Africa's share in world imports between 1929 and 1937 is accounted for largely by the Union of South Africa, and is due to the relative increase in wealth brought to that country by profitable gold exports.