

I.—EXPORTS OF NON-MONETARY GOLD INCLUDED IN MERCHANDISE TRADE STATISTICS, FISCAL YEARS 1935-39.

Item and Country.	1935.	1936.	1937.	1938.	1939.
	\$	\$	\$	\$	\$
<b>DOMESTIC EXPORTS.</b>					
United Kingdom.....	16,702,500	2,600,196	1,884,894	2,533,022	51,607
United States.....	83,741,672	85,583,067	81,117,759	90,921,880	95,274,563
Other countries.....	6,970	33,620	161,897	210,448	375,890
<b>TOTALS, DOMESTIC EXPORTS.....</b>	<b>100,451,142</b>	<b>88,216,883</b>	<b>83,164,550</b>	<b>93,665,350</b>	<b>95,702,060</b>
<b>FOREIGN EXPORTS.</b>					
United Kingdom.....	Nil	Nil	Nil	Nil	Nil
United States.....	38,325	87,000	11,200	12,999	214,734
Other countries.....	Nil	Nil	Nil	Nil	Nil
<b>TOTALS, FOREIGN EXPORTS.....</b>	<b>38,325</b>	<b>87,000</b>	<b>11,200</b>	<b>12,999</b>	<b>214,734</b>
<b>GRAND TOTALS.....</b>	<b>100,489,467</b>	<b>88,303,883</b>	<b>83,175,750</b>	<b>93,678,349</b>	<b>95,916,794</b>

**Subsection 1.—Value and Quantum of World Trade.\***

World imports and exports, on which the figures in Statement V, pp. 507-508, are based, are the sum of the recorded imports and exports of individual countries reduced to the common monetary unit of United States old gold dollars (i.e., of gold valued at \$20.67 per fine ounce). On this basis, the value of world trade fell off by nearly 13 p.c. in 1938 compared with 1937. The average prices in gold for goods entering into world trade fell by 5 p.c. and the quantum of trade fell by about 8 p.c., being about 11 p.c. below that of 1929. The quantum of trade declined annually from 1929 to 1932 when it had reached a level of about 25 p.c. below that of 1929. After 1932, quantum increased each year until 1937 and dropped again in 1938. Average gold prices of goods comprising world trade had been declining since 1925, the annual declines being comparatively small until the end of 1929, but became quite precipitous to 1932 and then tapered off to 1935, in which year they were only 42.5 p.c. of their level in 1929 or about 41 p.c. of that of 1927. The trend of gold prices turned upward in 1936 and the first half of 1937, but declined again in the second half of 1937, the year's average being 48.0 p.c. For 1938 the average was 45.5 p.c. Signs of an improvement in trade occurred in the middle of the year, the downward trend of the first half being arrested in the second half, while a normal seasonal expansion in quantum is noticeable for the last quarter.

Recent changes in world trading conditions appear to have been determined chiefly by the variations in the United States demand for goods, raw materials in particular, that resulted from the sharp changes in her industrial activity in 1937 and 1938. In the latest year, United States imports were over a third lower than in 1927, but her exports declined at a lower rate than those of her chief competitors. Japan also suffered a severe set-back in her trade with countries outside the 'yen bloc', while Germany increased both the quantum and the value of her imports in 1938, in spite of a decline in her competitive power in export markets. The increased demand for materials for armament purposes and for machinery and other capital equipment from non-industrialized countries were off-setting factors that appear to have abated the aggravation of trading conditions that began in 1937. The non-industrial countries as a general rule maintained their imports at a high level despite the reduced demand for most of their products and the deterioration in

\*Abbreviated from "Review of World Trade, 1938", published by the League of Nations.