



U N I T E D   N A T I O N S

ECONOMIC DEVELOPMENTS  
IN THE **MIDDLE EAST**

1956-1957

Supplement to World Economic Survey, 1957



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## FOREWORD

This report, Economic Developments in the Middle East, 1956-1957, forms part of the survey of the world economic situation prepared by the Secretariat of the United Nations, and is a supplement to World Economic Survey, 1957 (sales number: 58.II.C.1). It also complements the series of annual surveys prepared by the secretariats of the regional economic commissions and is a continuation of studies on the Middle East, of which the most recent is Economic Developments in the Middle East, 1955-1956 (sales number: 1957.II.C.2).

Unlike its predecessor, however, the present report is not limited to an analysis of current economic developments. As the World Economic Survey, 1957 presents a study of inflation, attention has been devoted to the economic forces in the region covered by this report which have given rise to inflationary or disinflationary pressures over the past few years.

The period investigated extends generally from 1953 to the end of 1957. Sometimes earlier years are brought into the picture as benchmarks for observing longer trends. Statistical data for the most part are not available to the end of 1957, a fact which renders tentative a good many of the conclusions reached with respect to developments during that year, and which sometimes limits the analysis to the end of 1956. Lack of adequate data also prevented covering all countries in the region. A brief regional summary of findings is given at the beginning for the purpose of presenting a concise general picture to the reader who is not looking for a detailed account of activity country by country. This is followed by individual country reports on Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Syria and Turkey.

In addition to the examination of inflationary and disinflationary forces, the present report includes a statistical picture of economic developments in the region. Not only have the figures shown in the latest report been brought up to date, but they have been expanded in a series of thirty-two tables relating to all phases of economic activity and classified into seven groups - agriculture, industry, foreign trade, petroleum, transportation, finance and development, and miscellaneous. In order to facilitate for the reader the tracing of development trends in these various fields of economic activity, a concise verbal review of the statistical tables is given.

This report was prepared by the Bureau of Economic Affairs in the United Nations Department of Economic and Social Affairs. In general, the statistical data were either prepared directly by the Statistical Office of the United Nations or obtained from data published by that office. In addition, other official international and national sources were utilized; when such data were not available, private sources were consulted. Because of variations in methods of compiling data, information for the various countries is not always strictly comparable.

Wherever the terms "Syria" and "Egypt" are used, reference is to the northern and southern regions of the United Arab Republic. The latter terms have not been used since the study covers the period ending in 1957, while the United Arab Republic was established in 1958. For the same reason no use is made of the term "Arab Federation".

## EXPLANATORY NOTE

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.

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., 1955/56.

Use of a hyphen (-) between dates representing years, e.g., 1950-1954, signifies the full period involved, including the beginning and end years.

References to "tons" indicate metric tons, and to "dollars" United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

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

Information regarding rates of exchange may be found in issues of the United Nations, Monthly Bulletin of Statistics.

Certain abbreviations have been used: FAO for Food and Agriculture Organization of the United Nations; GNP for gross national product; IBRD for International Bank for Reconstruction and Development; IMF for International Monetary Fund; NATO for North Atlantic Treaty Organization; TOPRAK for State Soil Products Purchasing Agency (Turkey); UNRWA for United Nations Relief and Works Agency for Palestine Refugees in the Near East.

The designations of countries and territories and the arrangement of material in this publication should not be considered as implying any endorsement or other judgement by the Secretariat of the United Nations regarding the legal status of any country or territory, or of its authorities, or in respect of the delimitation of its boundaries.

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## REGIONAL SUMMARY

A common characteristic of the countries of the Middle East is the intense conscious desire of peoples and Governments in the region for rapid economic development on a large scale. Although efforts expended in this direction and results achieved varied considerably from country to country, all eight countries included in the present study registered advances in production and income during the five-year period under consideration. Industrial production, on the whole, showed a steadier and faster expansion than agricultural production. <sup>1/</sup> Agricultural production oscillated considerably, owing to the great dependence of agriculture in most parts of the region on climatic conditions. On the other hand, the expansion of industry - though relatively fast - has not affected proportionately the rate of growth of total production, since industrial production is but a small percentage of total production in the region.

Development efforts in the form of relatively long-term investments were made throughout the region in fields such as irrigation, flood control, transportation, and public utilities, including water, electricity and communication facilities, as well as in industry. Public investment in the region as a whole increased faster than private investment. In 1956, private investment in Egypt, Iran, Iraq and Israel represented a fraction of public investment, ranging between 50 and 75 per cent, being lowest in Iraq and highest in Israel. In Turkey, Syria and Lebanon, private investment exceeded public investment.

Collective development efforts represented by marked increases in public investment during the last five years proceeded concomitantly with rising consumption expenditures. Increases in public consumption were particularly noticeable in the fields of defence, education and welfare. Public expenditure on ordinary budgets increased in each of the countries covered by the study. During the four-year period 1953-1956, this increase ranged from a moderate rate of 20 per cent, as in the case of Egypt, to as high a rate as 130 per cent in Israel. Among other countries, Syria showed an increase of over 90 per cent, and Lebanon and Iran about 70 per cent.

If development expenditures are added to the ordinary expenditures, the rates of increase during the same period become much steeper. The lowest would be about 35 per cent in Jordan, about 40 per cent in Turkey and Egypt and over 50 per cent in Iraq, and they would range between 120 and 170 per cent in the remaining countries. Total public expenditure in most of the countries under review constitutes a sufficiently sizeable proportion of national income to be capable of exercising a strong effect on prices. It ranges on the average from about 10 per cent in Lebanon and Iran to about 20 per cent in Egypt, about 25 per cent in Syria, over 30 per cent in Jordan and over 40 per cent in Israel and Iraq.

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<sup>1/</sup> An exception is to be found in Israel, where agricultural production at constant prices (1953 = 100) rose some 56 per cent between 1953 and 1956, whereas industrial production rose by 43 per cent (see table 33).

Rapidly rising public expenditures outstripped ordinary government revenues and resulted in public deficits in most countries. If the last five years are taken together as one period, only Iraq, Lebanon and Syria would show a net surplus. In 1956, however, even Iraq and Lebanon had deficits; Lebanon is estimated to have had a further deficit in 1957. The Lebanese deficits, however, are not financed by public borrowing but represent reduction in reserves. In some of the other countries there was a considerable increase in public debt. In the three-year period 1954-1956, public debt increased by 6 per cent in Iran, 18 per cent in Syria, 20 per cent in Turkey, 33 per cent in Israel and 80 per cent in Egypt.

Expanding national expenditures, public and private, for practically all the countries of the region, seem to have outstripped resources available from domestic sources. Iraq is the only country which did not show a deficit in its balance of payments throughout the period under consideration. For the three-year period 1954-1956, Syria's deficit on current account of goods and services was the lowest, amounting to 7 per cent of total imports. The deficit of Israel for the same period was the highest, amounting to 88 per cent. The deficits of the other countries were 15 per cent for Egypt, 22 per cent for Iran, 27 per cent for Turkey, and 68 per cent for Jordan. There are no official figures for Lebanon, but rough estimates place the Lebanese deficit at 15 to 20 per cent of total imports.

Import surpluses reflected in the above deficits were financed by different means in the different countries. Foreign aids and loans have been the chief source of external finance for Israel, Iran, Jordan and Turkey. 2/ The chief source of external finance in Egypt has been the sterling balances accumulated during the Second World War, in addition to the recently stepped up returns from the Suez Canal since its nationalization. Lebanese and Syrian deficits have been financed chiefly by the inflow of private capital; in the case of Syria there has been in addition a recent increase in oil transit royalties as a result of a new agreement with the Iraq Petroleum Company.

The pressure on domestic resources - with the consequent dependence of the region on foreign sources of finance - has arisen not only as a result of conscious collective efforts for economic and social development and for defence, but also because of a comparatively rapid population growth in practically all the countries of the region. For the most part the growth was attributable to a declining mortality rate. In Israel and Jordan there was the added factor of immigrants and refugees.

The pressure exerted upon the various price levels, as a consequence of the rapid rise of aggregate demand throughout the region, was further intensified in some countries by rapidly rising wages. In Israel in particular, where there is a strong labour movement which is well organized, the rise has been considerable;

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2/ Oil royalties are not considered in this context as a foreign source of finance but rather as a return for exports of production or services; thus the Iranian deficit is calculated after accounting for net oil exports. The case is similar for Iraq, where the current account of goods and services includes oil transactions and in consequence shows a net surplus.

in 1956 money wages are estimated to have stood at 65 per cent and real wages at 20 per cent higher than their 1953 level. Although there are no detailed labour statistics for other countries of the region, there are indications of substantial increases in the wage level throughout the region.

Some countries were in a better position than others to meet the rise in aggregate demand and in costs without an undue upward pressure on the price level. There is no uniform pattern or trend of price movements for all the countries of the region. While some countries - Turkey and Israel, for example - show a continuously rising wholesale price index in the period 1953 to 1957, Jordan, Lebanon and Syria manifest a more or less stable wholesale price level. Egypt and Iraq had fairly stable prices in the first part of the period, but during the last two years they experienced a considerable rise; conversely, Iran had rising prices in the first part of the period, stabilizing at a high level in the last two years.

Relative price stability, despite rapidly rising demand, is attributable in Jordan, Lebanon and Syria to strong disinflationary forces. In Jordan the major disinflationary forces have emanated from a consistently large import surplus made possible through foreign aid and loans. The internal price level has been to a large extent dominated by world prices because of the exceptionally large size of imports, which amounted on the average to more than one-third of national income. In addition there has been some response to increasing demand in the form of expansion in domestic production, particularly in industry, without any marked cost increases because of the existence of a large pool of unemployed labour.

In Lebanon, as in Jordan, the large proportion of imports to national income, amounting to about one-third, acted as a brake on price increases beyond the world price level. The increasing demand for local consumption and for investment has been satisfied mostly by an increasing volume of imports. Import surpluses, financed to a considerable extent by a continuous inflow of private capital, increased by about 65 per cent in the four-year period 1953-1956. Together with fiscal surpluses, they enabled the country to meet the rapidly rising demand without appreciable pressure on the price level. In the last two or three years, as the Government drew upon previously accumulated surpluses in order to finance increasing development expenditure, prices manifested a slight upward tendency.

The rising demand in Syria, resulting from large outlays on development, education and defence, was met to a considerable extent by a rapid expansion in total output due mainly to an increase in cultivated area, to generally good harvests, and to high prices fetched by cotton and wheat exports. Not only was Syria able, as a result of its steadily expanding exports, to increase its imports proportionally, but it was also able to finance from other receipts - chiefly private capital inflow and rising oil transit royalties - an import surplus which added to the domestically available supply of goods.

The chief disinflationary force in Iraq has been a large and growing import surplus made possible by a rising oil revenue receivable in foreign exchange. The rise in the import surplus between 1953 and 1956 was due to the continuous growth of imports from ID 57 million in 1953 to ID 88 million in 1956, and the continuous decline in exports (excluding petroleum) from ID 17 million in 1953 to ID 11 million in 1956. There has also been a response to the increasing demand in the form of moderate expansion in domestic industrial production, which

was brought about without an excessive rise in costs because of transfer of labour from agriculture to industry. The moderate rise in the price level experienced in the last two years is perhaps an indication that not much more labour can be thus transferred without impairing agricultural production unless methods of production are changed. It may also be an indication that as the country moves into higher stages of economic development, and despite the availability of large amounts of foreign currencies, imports alone cannot satisfy all the requirements of a growing economic activity.

The behaviour of the Egyptian price level was very similar to that of Iraq except for a steeper rise in the last two years. Fluctuations in import surpluses during the period tended to counteract the effects of domestic fiscal policy. As government deficit declined during the first part of the period, balance of payments deficits also declined. In the latter part of the period, with increased deficit financing, balance of payments deficits also expanded. Import surpluses were financed chiefly out of accumulated sterling balances. Another disinflationary force emanated from a decline in private investment which counteracted to a large extent the inflationary pressure arising from rapidly growing public investment. The somewhat sharp rise in the price level experienced during the last two years is attributable chiefly to the vast expansion in public expenditure, partly financed by domestic borrowing.

The price level in Iran rose sharply between 1951 and 1954. Prior to that period efforts had been launched to combat the inflationary pressures generated during the war years by reducing public deficits, increasing imports and stimulating local production. These efforts were thwarted by the interruption of revenue from petroleum following its nationalization in 1951. In consequence, imports were drastically reduced and government budget deficits increased sharply. The net effect was an upward pressure on prices. This pressure was reduced considerably in the period 1954-1957, owing to grants and loans from the United States Government and the subsequent reflux of oil revenue. Deficit spending was greatly reduced despite the large increase in public investment resulting from the new seven-year development programme. Foreign exchange proceeds multiplied, thus facilitating the import of large quantities of investment and consumption goods. Domestic production also expanded. The increase in the supply of domestic and imported goods has had a stabilizing effect on the price level during the last three years.

Only two countries in the region, Israel and Turkey, experienced a continuous rise in prices during the period under consideration. Both countries had undertaken heavy public expenditure on development and defence. Between 1953 and 1956, public consumption in Turkey rose by 33 per cent and in Israel by 180 per cent. Public investment during the same period also rose - by 77 per cent in Turkey and by 136 per cent in Israel.

The economic programme in Israel has been directed towards a fast development of the country's productive facilities and the maintenance of a relatively high level of living for a rapidly increasing population while keeping up large outlays on defence and the settlement of immigrants. Having to perform these tasks against a background of limited natural resources has brought about strong inflationary pressures, despite the heavy reliance of the economy on foreign resources in the form of loans and grants amounting, in the four years 1953-1956,



to an annual average of about 15 per cent of national income. Inflationary tendencies have been further strengthened by an increasing real wage level bolstered by a strong labour organization.

The Turkish Government is also committed to a programme which involves rapid development in the fields of agriculture, transportation and industry as well as large defence outlays. In addition to public expenditure, private consumption and private investment increased at a comparatively rapid rate in the period 1953-1956. Pressures on the price level have been aggravated by the ease of credit in general, substantial budget deficits and the method of financing guaranteed prices for agricultural products. The expansion of domestic production has not been sufficient to meet these pressures, which have led to a continuous rise in the price level. Rising prices, however, have been tempered by a continuous substantial import surplus made possible through foreign loans and grants. On the other hand, a steady decline in exports aggravated the adverse balance of payments situation and led - during the past two years - to further tightening on imports, resulting in a further upward pressure on domestic prices. In these circumstances, to achieve internal price stability, the Government is considering a slower rate of investment to bring this last more in line with available resources.

## EGYPT

### Economic background

The main objective of Egyptian economic policy in post-war years has been the maintenance of the level of living in the face of a rapidly growing population. For the last hundred years the population of Egypt has been increasing at an average annual rate of over 20 per thousand. Economic growth concomitant with this population increase has come about mainly through an expansion of the cultivated area under irrigation. Earlier development up to the first quarter of the present century was based on cotton, the output of which increased several times in the space of fifty years, resulting in a vast expansion of exports. The income from increased cotton exports, keeping well ahead of the increase in population in the earlier period, contributed substantially to the building up of certain sectors of the economy, particularly in the fields of transport, public utilities and banking.

The second quarter of the present century, however, witnessed a marked slowing down of economic expansion while the population continued to grow at a rapid rate. The reclamation and irrigation of new areas became increasingly difficult. Soil exhaustion during the war period, the difficulty of importing fertilizers, and the reduction of cotton acreage, owing to the difficulty of exporting cotton and, concomitantly, importing cereals, led to a decrease in net agricultural output which was not adequately offset by the expansion of industry experienced during the war.

It is against this background that post-war Egyptian economic policy is to be viewed. It aimed mainly at augmenting and diversifying agricultural production, expanding industry, increasing the financial autonomy of the country and improving the fiscal system. Government effort along these lines in the first half of the post-war period did not seem very effective, and achievement fell considerably short of aims. It was not until 1952 that a systematic drive for development was launched and government machinery was set up for planning and executing development projects. It was in that year also that economic policy was widened to incorporate an attempt at some redistribution of income to be effected through land reform.

In the absence of detailed social accounts, it is difficult to gauge accurately the progress achieved or express it in terms of quantitative aggregates. Figures of output, however, together with an account of government projects accomplished, point to a reasonable amount of progress during the last six years.

The physical output of the major agricultural crops shows a moderate increase of about 12 per cent between 1952 and 1956. <sup>1/</sup> Industrial output, on the other

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<sup>1/</sup> See table II.

hand, has registered a far greater increase. The index of all manufacturing <sup>2/</sup> shows a rise of 22 per cent between 1952 and 1955. This rate of increase seems to be kept up in 1956 with no sign of recession in 1957. <sup>3/</sup> The over-all picture of the economy as represented in the figures on availability and use of resources prepared by the National Planning Commission (table 1) is one of continuous growth, except for a brief recession in 1952, attributable chiefly to a local political situation of transition to the present government regime. Although no figures for 1957 are available, there is no reason to expect a halt to, or a reversal in, the upward trend.

Table 1. Egypt: Availability and Use of Resources at Current Prices  
(Millions of Egyptian pounds)

Item	1950	1951	1952	1953	1954	1955	1956
<u>Availabilities:</u>							
Domestic production . . . . .	819	887	839	878	975	1,033	1,052
Net import surplus . . . . .	-1	81	34	0	-6	-4	13
Total availabilities	818	968	873	878	969	1,029	1,065
<u>Uses:</u>							
Private consumption . . . . .	630	760	693	697	763	832	885
Government consumption . . . . .	73	65	64	65	71	75	70
Total consumption	703	825	757	762	834	907	955
Private investment . . . . .	112	103	83	64	57	54	39
Public investment . . . . .	22	29	25	34	53	62	66
Changes in stocks . . . . .	-19	11	8	18	25	6	5
Total investment	115	143	116	116	135	122	110

Source: National Planning Commission, Office of the Secretary-General (unpublished material). The figures for government consumption and for domestic production exclude payments of salaries and wages to regular government staff.

When the total domestic product shown in table 1 is deflated by the general wholesale price index, the following result is obtained (in millions of Egyptian pounds):

	1951	1952	1953	1954	1955	1956
Total domestic product at 1953 prices . .	821	799	878	1,005	1,043	956

<sup>2/</sup> Prepared by the National Planning Commission, Section of Production and Employment (unpublished material).

<sup>3/</sup> National Bank of Egypt, Economic Bulletin, vol. X, No. 3 (Cairo, 1957).

It will be noted that growth in real terms thus obtained does not differ substantially from growth calculated at current prices except in 1956, when, at constant prices, the total domestic product shows a decline rather than an increase. It is evident from this comparison that the growth achieved during the period under consideration has come about without great fluctuations in the price level except after 1955 when actual development expenditures were stepped up considerably.

### Price movements

Price movements in Egypt are shown in table.2. In addition to the general indices of wholesale prices and cost of living, the table presents price indices for particular groups of commodities as well as for individual commodities of special importance to the Egyptian economy.

Table 2. Egypt: Indices of Wholesale Prices, Cost of Living, and Foreign Trade  
(1953 = 100)

Item	1951	1952	1953	1954	1955	1956	1956 (January-June)	1957
<u>Wholesale prices:</u>								
General . . . . .	108	105	100	97	99	110	107	119
Building materials . . . . .	89	108	100	94	99	111	109	116
Textile products . . . . .	100	115	100	99	102	105	104	114
Cotton (Ashmouni) a/ . . . . .	197	157	100	114	101	120	118	112
Cotton (Karnak) b/ . . . . .	214	163	100	112	111	140	133	133
Rice (Burma) c/ . . . . .	75	87	100	82	68	59	60	59
Wheat (United States) d/ . . . . .	95	98	100	90	86	81	80	81
<u>Cost of living:</u>								
All items . . . . .	108	107	100	96	96	98	97	101
Food . . . . .	110	107	100	101	103	104	103	108
Imports, unit value e/ . . . . .	87	103	100	96	99	100		
Exports, unit value e/ . . . . .	179	136	100	113	111	121		

Source: United Nations, Monthly Bulletin of Statistics, 1957 and January 1958; unit value indices of imports and exports taken from United Nations, Yearbook of International Trade Statistics, 1956, Vol.1 (Sales No.: 1957.XVII.6).

- a/ Domestic/import price c.i.f. Liverpool, spot, Egyptian Ashmouni, fully good.
- b/ Domestic/import price c.i.f. Liverpool, spot, Egyptian Karnak, fully good.
- c/ Average of export contract prices f.o.b., white rice, No. 1 small mill special ngasein.
- d/ Export price f.o.b. Galveston, IWA sales, No. 1 hardwinter; average export price obtained by deducting the average export subsidy from the average domestic f.o.b. quotation.
- e/ Value indices are chained indices computed by the Fisher ideal formula.

While prices of individual commodities, such as cotton and rice, manifest fairly strong fluctuations during the period under consideration, commodity aggregates reflected in general indices of wholesale prices, cost of living and imports show comparatively much milder movements. The general index of wholesale prices, for instance, reflects a steady gradual decline from 108 in 1951 to 97 in 1954, a mild rise of two points in 1955 and - only in 1956 - a sharp rise, which continues into 1957. The cost of living index follows much the same direction, with a smaller amplitude, declining from 108 in 1951 to 96 in 1954 and 1955 and rising only mildly thereafter to 101 by the middle of 1957.

Marked fluctuations are noted in the prices of cotton, which registered a sharp decline from 1951 to 1953, a rise in 1954, a mild drop in 1955, a sharper rise in 1956 and a slight dip in 1957. Cotton price trends are reflected in the unit-value index of exports since over two-thirds of the total value of Egyptian exports is accounted for by cotton. The smaller amplitude manifested in the unit-value index, however, is attributable to milder fluctuations in other exports as well as to a reversal of price trends in certain of them such as rice, which showed a considerable rise between 1951 and 1953 <sup>4/</sup> when cotton prices were falling, and a steady decline between 1953 and 1957 when cotton prices, on the whole, were on an upward trend.

Despite sharp fluctuations in individual commodities, the over-all picture of Egyptian price movements since the end of the Korean hostilities is one of a mild decline in the first half of the period, but a distinct upward trend in the past three years. Price-level movements, while symptomatic, do not reveal the sources of inflationary and deflationary pressures, which arise from discrepancies between aggregate demand on the one hand - represented by current private and public expenditure on consumption and investment - and aggregate supply on the other - represented by the value (at constant prices) of available goods produced domestically, by capital inflow and remittances from abroad. These pressures may be partially or totally absorbed by other adjustments in the economy, such as changes in imports, investment or domestic production. It would therefore be necessary to investigate the sources of such pressures, and their effect on economic aggregates in order to determine the extent to which a given economic policy is compatible with stability.

#### Fiscal policy

The government sector in Egypt is sufficiently large, in comparison with the private sector, for fiscal policy to exert significant pressure upon the price level. Public expenditure forms at least one-fifth of total national expenditure and more than one-fourth of the value of domestic production. While public expenditure on the ordinary budget increased somewhat during the past five years, its ratio to total domestic production tended to be fairly constant, as can be seen from table 3.

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<sup>4/</sup> In 1952 and 1953, however, rice exports declined in quantity, since there were smaller surpluses available.

Table 3. Egypt: Ratio of Ordinary Budget Expenditure to Domestic Production

(Millions of Egyptian pounds)

Item	1952	1953	1954	1955	1956	1957
Ordinary budget expenditure . . . . .	209	185	174 <sup>a/</sup>	195 <sup>a/</sup>	209 <sup>a/</sup>	249 <sup>a/</sup>
Domestic production . . . . .	839	878	975	1,033	1,052	...
Ratio of expenditure to production (per cent) . . . . .	25	21	18	19	20	...

Source: United Nations, Statistical Yearbook, 1956; National Planning Commission.

a/ Estimates.

Since expenditure on the ordinary budget does not show total public expenditure, the estimated expenditure of the development, public services and autonomous budgets must be added to it. These amounted to £E 76 million <sup>5/</sup> in 1955, and to £E 100 million in 1956, thus raising the ratio of public expenditure to domestic production from 19 per cent for 1955 and 20 per cent for 1956 to 26 per cent and 29 per cent, respectively. Total public expenditure, therefore, seems to have increased at a distinctly higher rate than domestic production.

The bulk of this increase is attributable to the extraordinary budgets earmarked for development purposes, together with some items on the ordinary budgets which rose sharply. The most notable of these latter are education and defence, the first rising from £E 22 million in 1953 to £E 31 million in 1957, and the second rising in the same period from £E 36 million to £E 75 million. The development budget was first established in March 1953 with an appropriation of £E 21.6 million. The appropriations for the following years were: £E 41.2 million for 1954; £E 54.3 million for 1955; £E 45.9 million for 1956, and £E 28.3 million for 1957. Actual expenditure, however, fell considerably short of that which was budgeted. Total expenditure from 1953 to 30 June 1956 amounted to £E 89.8 million - not quite two-thirds of the amount budgeted. To this should be added an expenditure of £E 20 million to £E 30 million a year by other departments or public agencies with autonomous budgets, such as Agrarian Reform, Government Employees Fund, Universities, the Public Services Council (before its unfinished projects were reabsorbed in the general budget in 1956) and others.

Up to the middle of 1954, development was still largely in the planning stage and expenditures were correspondingly modest. In the following three years there seems to have been a considerable acceleration of expenditure, accounted for chiefly by the expansion in the development programme, and partly by the mounting defence outlays.

<sup>5/</sup> National Bank of Egypt, Economic Bulletin, vol. VIII, No. 2, 1955, pages 105 to 107.

The extent to which increasing public expenditure exercises inflationary pressures upon an economy depends on how such expenditure is financed. If the fiscal policy of the country confines public expenditure to the amount derived from taxes, the Government's share of domestic savings and the inflow of resources from abroad, the growth of public expenditure is not likely to generate serious inflationary pressures. This, however, does not seem to be the case in Egypt, where public expenditure has been financed partly by domestic borrowing. The figures for the Egyptian public debt are shown in table 4.

The issue of Treasury bills was first authorized in 1946, when £E 12 million worth were issued, not so much for the purpose of providing the Treasury with funds - since at that time it had a sizable surplus - but rather to create a bill market in Egypt. In 1952, legislation was passed authorizing another issue of three-month bills up to a limit of £E 50 million. This limit was raised in 1954 to £E 60 million, and in 1955 to £E 150 million. Before 1955, Treasury bills were used only to finance the cotton transactions of the Government, but since 1955 they have been used for financing the Government's general activities.

The public debt shown in table 4 does not include seasonal advances made to the Government by the National Bank. The bank is authorized to make advances of up to 10 per cent of the average budgetary receipts for the previous three years. Table 4 also excludes Treasury bills issued for the purpose of covering the note issue. These may be issued in amounts up to £E 100 million; their value cannot be used by the Government but simply represents a contra item to the bills lodged with the issue department at the bank.

The most noteworthy feature of the marked growth of the public debt during the last two years is that about four-fifths of it has been financed by the banking system, particularly the Central Bank, which absorbed about two-thirds, thus pumping considerable purchasing power into the economy. Government deficits, calculated by comparative changes in government debt and government deposits, are as follows (in millions of Egyptian pounds): 6/

	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	End of August <u>1957</u>
Government deficits (-)	-7.9	-45.9	-53.3	+2.2	-2.6	-50.1	-97.2	-1.5

From these figures there seems to be little doubt that in 1953 and 1954, when development was still mainly in the planning stage, government finance exerted no inflationary pressure upon the economy, and may in fact have been disinflationary. The price level during this period did show a somewhat downward trend. In 1955 and 1956, the Government went into heavy deficit financing to meet a rising development expenditure, a stepped-up defence outlay and an extraordinary expenditure arising from the Suez crisis and its aftermath. Treasury bills rose from £E 38 million at the end of 1954 to £E 71 million at the end of 1955,

6/ Government deposits (1950-July 1957) from International Monetary Fund, International Financial Statistics (Washington, D.C.), December 1957; government deposits for 1949 used in the calculation of deficit for 1950 from International Financial Statistics, July 1955, government debt (1950 to August 1957) from National Bank of Egypt, Economic Bulletin, No. 2, 1955 and No. 3, 1957; outstanding debt for 1949 from Ministry of Finance and Economy, Statistical Pocket Yearbook, 1953 (Cairo, 1954).

Table 4. Composition of Egyptian Public Debt at Year End<sup>a/</sup>  
(Millions of Egyptian pounds)

Item	1951	1952	1953	1954	1955	1956	1957 <sup>b/</sup>
National and Palestine loans . . . . .	108.0	108.0	108.0	108.0	108.0	108.0	108.0
Cotton loan . . . . .		15.0	15.0	15.0			
Agrarian reform bonds . . .				12.5	14.6	16.7	22.3
Development loan . . . . .					25.0	50.0	50.0
Total loans in bonds	108.0	123.0	123.0	135.5	147.6	174.7	180.3
Treasury bills . . . . .	35.0	50.0	49.5	38.0	71.0	146.0	150.0
Total	143.0	173.0	172.5	173.5	218.6	320.7	330.3

Source: National Bank of Egypt, Economic Bulletin, No. 2, 1955, No. 2, 1956, Nos. 3 and 4, 1957.

a/ The Egyptian public debt is composed of: (1) two national loans of £E 11 million and £E 67 million; (2) two Palestine loans of £E 15 million each, issued for the purpose of defraying outlays relating to military action in Palestine in 1948; (3) a cotton loan of £E 15 million for the purpose of financing the Government supported price of cotton, issued in 1952 and retired in 1955; (4) agrarian reform bonds issued in 1954 and subsequent years in payment for requisitioned land; (5) five development loans of £E 5 million, £E 10 million and £E 10 million issued in 1955, and £E 5 million and £E 20 million issued in 1956; and (6) three-month Treasury bills, varying from £E 35 million in 1951 to £E 150 million at the end of November 1957.

b/ End of November.

£E 146 million at the end of 1956 and £E 150 million at the end of November 1957. Government deficit in 1955 reached £E 50 million, and in 1956 it hit a peak of £E 97 million. Although the figures for the whole of 1957 are not available, the deficit is likely to be much smaller than in the previous two years. During the period 1954-1957 the price level went up some 10 to 15 per cent.

#### Savings and investment

Inflationary pressures generated by government finance have been dampened to a considerable extent by a decline in gross private capital formation and by balance of payments deficits. Estimates of capital formation are shown in table 5.



Table 5. Egypt: Savings and Investment  
(Millions of Egyptian pounds)

Item	1950	1951	1952	1953	1954	1955	1956
Total investment . . . . .	115	143	116	116	135	122	110
Gross private investment . . . . .	112	103	83	64	57	54	39
Public investment . . . . .	22	29	25	34	53	62	66
Changes in stocks . . . . .	-19	11	8	18	25	6	5
Total domestic savings . . . . .	135	51	74	98	116	120	92
Private savings . . . . .	121	68	92	62	66	108	123
Public savings . . . . .	14	-17	-18	36	50	12	-31

Source: National Planning Commission, Office of the Secretary-General. Domestic savings have been calculated as total investment adjusted by the foreign balance; public savings have been calculated as public investment adjusted by the government deficit or surplus; private savings have been calculated as the difference between domestic and public savings.

Except for a slight drop in 1952 - the year marking the change of political regime - public investment rose continuously, from £E 22 million in 1950 to £E 66 million in 1956. This partly accounts for the growing government deficit. Gross private investment, on the other hand, declined steadily from £E 112 million in 1950 to £E 39 million in 1956.

Total national investment has oscillated considerably, but, during the past five years at least, it has not shown an upward trend - the increase in public investment having been counterbalanced by a decrease in private investment. Under such circumstances, since consumption seems to have maintained a fairly constant ratio to production, it may be presumed that domestic resources have not been overstrained and that the present scale of total investment does not necessarily lead to inflationary pressures. The shift from private to public investment, however, raises other questions, such as whether the basic long-run test of relative need and relative profitability is being met, or whether the increasing share of government investment is resulting in excessive pressure on the banking system to provide for the capital needs of private enterprise.

It may be noted in this connexion that loans and discounts to the private sector kept very much in unison with the direction, though not the proportion, of change in government deficits, as can be seen from the following figures for loans and discounts outstanding at year end (in millions of Egyptian pounds): 7/

7/ Figures for June, 1956 and 1957, from National Bank of Egypt, Economic Bulletin vol. X, Nos. 2 and 3, 1957; the rest from International Monetary Fund, International Financial Statistics, vol. XI, No. 1, January 1958, page 93.

<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	June <u>1956</u>	June <u>1957</u>
127	123	156	167	187	144	142

In view of the steady decline in private investment, it may be inferred that a good portion of the increasing bank advances shown above have gone into financing trade transactions, into speculation in assets and into consumption. If this is correct, this development would have offset, to a certain extent, the disinflationary effects of the decline in private investment. Although total national investment was at a modest level in relation to gross domestic product, ranging between 12 and 15 per cent of domestic production in the period 1952-1956, it was not financed wholly out of domestic savings, except in 1950, when domestic savings exceeded national investment. In succeeding years domestic savings, though increasing, fell considerably short of investment requirements - which had to be met partially by reliance on outside resources. It must be noted in this connexion that means of saving provided by the Post Office, co-operatives or government bonds, for instance, have been improved in the past five years. As a consequence, domestic savings have increased continuously in absolute figures, except for a drop in 1956, attributable to an exceptionally large amount of dis-saving incurred by the public sector during that year.

Relative to domestic production, however, no such steady growth in domestic savings can be seen. Expressed as percentages of domestic production, total savings rose from 9 per cent in 1952 to a peak of 15 per cent in 1954, declined to 12 per cent in 1955 and back to 9 per cent in 1956. The failure of total domestic savings to grow at a rate faster than or even equal to that of domestic product is attributable to a number of forces. In the public sector, the chief factor militating against such steady growth of savings has been the expansion of expenditure on defence, education and welfare. In the private sector, these forces have included the land reform measures contributing to a downward distribution of income, the rise in the price level during the past three years which may have impaired the capacity and will to save because of fear of further price rises, the rise in urban real wages brought about through government policy, and the fact that increases in domestic product attributable to good harvests and accruing to the rural community are appropriated by a sector of the economy with an exceptionally low marginal propensity to save.

Whether for this or other reasons, total gross investment does not seem to have increased despite mounting government expenditure on development. This has had a tempering effect on the rise in the price level.

#### Foreign trade and balance of payments

Another tempering effect on the inflationary pressures arising from public and private finance has come from the balance of payment deficits on current account. Table 6 shows the balance of payments position in recent years.

Table 6. Foreign Trade: Balance of Current Account  
of Goods and Services  
(Millions of Egyptian pounds)

Item	1952	1953	1954	1955	1956	1956 (January-June)	1957
Exports, f.o.b. . . . .	148.8	137.7	144.2	139.1	132.5	81.8	86.2
Imports, c.i.f. . . . .	-208.2	-166.7	-156.2	-201.3	-198.1	-109.9	-94.4
Suez Canal dues . . . . .	26.6	29.1	30.6	31.8	29.3	18.0	4.4
Other (net) . . . . .	-20.6	-8.0	-16.4	-13.7	-5.8	-3.0	3.5
Balance . . . . .	-53.4	-7.9	2.2	-44.1	-42.1	-13.1	-0.3

Source: International Monetary Fund, International Financial Statistics, vol. XI, No. 1, January 1958, page 93; the last two columns based on data from the National Bank of Egypt, Economic Bulletin, vol. X, No. 3, 1957, page 256.

It will be noted that in 1952 Egypt had a high balance of payments deficit, amounting to £E 53.4 million; the deficit declined in 1953 to £E 7.9 million and was wiped out completely in 1954, the balance of payments for that year showing a surplus of £E 2.2 million. High deficits set in again in 1955 and 1956, reaching £E 44 million and £E 42 million respectively. The likelihood for 1957 is a smaller deficit than in 1956. Fluctuations in balance of payments deficits have come about mainly through changes in imports. Imports declined by £E 42 million in 1953 and a further £E 10 million in 1954, chiefly because of a decline in the imports of wheat and flour made possible by the expansion of domestic wheat production, and also because of widespread duties on non-essential imports. There was a sharp rise of £E 45 million in 1955 and only a very slight decline of £E 3 million in 1956. The rise is attributable to an increase in the import of development goods and to a poor wheat crop in 1955. Changes in exports have been comparatively much less pronounced and have been due mainly to changes in cotton quantities and prices. The over-all trend in exports for the whole period has been slightly downward.

This downward trend in exports, appearing despite the inflationary pressures generated by financing development, may provide an explanation of why under-employment or disguised unemployment can persist to a great extent even under inflationary conditions. In Egypt, cotton constitutes over 80 per cent of the value of exports. Increasing the labour force employed in the cultivation of cotton is not feasible because of the limited area of cultivable land. Under these circumstances, an increase in aggregate demand, generated by increased public expenditure, instead of increasing employment in this major export industry - and thus leading to an expansion of exports to counterbalance the expansion of imports arising from the increased aggregate demand - would lead to a rising domestic price level. The rise would have been even sharper had it not been possible to maintain a balance of payments deficit.

## Wages

While the price level registered a rising trend only during the past three years, urban wages have been rising steadily for a longer period. Table 7 shows the rise in money and real wages.

Table 7. Money and Real Wages of Urban Workers

Item	1950	1951	1952	1953	1954	1955	1956
General wage level:							
Weekly earnings (piasters) . . . . .	160	184	190	194	212	221	240
Money-wage index (1953 = 100) . . . . .	82.5	94.8	98.0	100	109.3	114.0	124.0
Real wage index:							
Money-wage index/cost of living index (1953 = 100) . . . . .	83.3	87.7	91.6	100	113.8	118.7	126.5

Source: United Nations, Monthly Bulletin of Statistics, February 1958; International Labour Office, Yearbook of Labour Statistics (Geneva, 1957).

Between 1950 and 1956 real wages have risen by over 50 per cent. In the absence of detailed productivity studies, it is difficult to tell whether the rise in real wages is balanced by labour productivity, or to what extent this is so. It is possible, however, that real wages have outstripped improvement in labour productivity because of the government programme of maintaining a low cost of living by subsidizing certain consumer commodities. As a result, there seems to have been some redistribution of income in favour of urban wage earners, particularly those in manufacturing and mining. Since they constitute only a small percentage of the whole population, however, the transfer to them of real income from inflation-penalized groups is a long way from threatening the economy with a price-cost spiral.

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The foreign sector in Egypt seems to have acted as a shock absorber in its over-all stabilizing effect on the economy, particularly in counteracting the effects of domestic fiscal policy. In the period 1952 to 1954, for instance, there were disinflationary forces arising from a reduction in government deficit, turning into a small surplus in 1953, and from a contraction in private credit, particularly in 1953. These disinflationary forces were counteracted by a reduction in the balance of payments deficits. The period 1954 to 1956, on the other hand, was characterized by inflationary forces in the domestic sector

arising from deficit financing. Here again, the inflationary forces were counteracted in the foreign sector by large balance of payments deficits.

The countereffect of the foreign sector has been particularly noteworthy in the past two or three years. Egypt succeeded during this period in directing towards import goods a substantial proportion of the excess demand generated in the domestic sector, and has thus tempered the rise in domestic prices. This has been possible chiefly because of the large sterling balances which had accrued to Egypt during the war. These have been drawn down from over £E 400 million in 1945 to £E 66.1 million at the end of August 1957. Drawings in the period under consideration were, in millions of Egyptian pounds: 22.5, 9.8, 17.7, 21.3, 24.6, for the years 1952 to 1956 respectively. In 1957, £E 34.2 million were drawn by the end of August.

It is obvious that this source cannot be counted on indefinitely to take care of excess demand generated domestically. Unless exports are increased - which is not an easy matter for a one-export-crop economy with a strictly limited cultivable area - or some external source of finance is developed, sooner or later the flow of imports will have to be curtailed. If excess demand persists under such circumstances, it will almost certainly result in rising domestic prices unless domestic production expands proportionately.

The usefulness to the economy of this outside source of finance was clearly manifested during the latter part of 1956 and early 1957 when Egyptian foreign assets were blocked. It was not possible to effect immediately a substantial reduction in imports, particularly as there had been a strong need for importing wheat, the local stocks of which had been run down considerably following a poor 1955 crop. Neither was it possible to increase exports. In fact, in 1956 exports declined by about £E 6.5 million. Foreign receipts seem to have declined even more than this owing to some unrequited exports made in payment for value received earlier. This emergency period was finally bridged through the agreement of certain countries to accept Egyptian currency for some of their exports to Egypt. The result was a considerable growth in Egyptian foreign liabilities and a marked decline in the value of the Egyptian pound in foreign markets.

More basic adjustments were made in 1957. A comparison of the first half of that year with the first half of 1956 shows that exports were increased by some £E 4.5 million, chiefly through an increase in the proceeds of cotton and rice exports. Imports in the same period were reduced far more drastically, from £E 110 million in the first half of 1956 to £E 94 million in the corresponding period of 1957, as a result of a policy of restricting imports and strict budgeting of foreign exchange. The decision to reduce imports was greatly facilitated by internal fiscal policy, which aimed at a considerable reduction in deficit spending. Government deficit by the end of August 1957 reached £E 1.5 million as compared with £E 97.2 million in 1956. Of course, this meant a substantial reduction in development expenditure from £E 45.9 million budgeted in 1956 to £E 28.3 million budgeted for 1957.

The adjustments of 1957 make it clear that without an equivalent to the present outside source of finance represented by accumulated foreign balances, extensive programmes of development can hardly be financed without releasing

strong inflationary pressures which will raise domestic prices. This outside source of finance, however, is on the decline and will soon disappear. The consequences of its disappearance for Egypt's future development would have been grim indeed had it not been for the emergence of a fresh source of outside finance in the form of dues from the Suez Canal which will probably more than compensate for the loss of this source, and also the contracting of a foreign loan from the Soviet Union. What effect the merger with Syria into one political entity will have on separate or common foreign resources, it is too early to assess.

## I R A N

### Economic background

During the post-war years the economic policy of the Iranian Government has aimed at encouraging a rapid development of the country's resources within as stable a price structure as possible. A seven-year development plan for public investment was put into effect in 1949, anticipating an expenditure of 21 billion rials (\$656 million). Revenue derived from petroleum production, which was rising rapidly as a result of increasing world demand for oil, was set aside for financing the plan. Attempts were made to check the inflationary pressure which had originated largely during the war years by reducing the government deficit, increasing imports and stimulating local production. 1/

The stoppage of oil exports, following the nationalization of the petroleum industry in 1951, interrupted revenue from this source for three and a half years. Because of the relatively large magnitude of the amounts involved, this interruption had great repercussions on the Iranian economy. Expenditures under the seven-year development plan came nearly to a halt. The Government's budget deficit increased sharply. Imports were reduced drastically, while there was an increase in domestic output and exports. The net effect of this development was an upward pressure on prices.

The new Government which came to office in August 1953 obtained large-scale grants and loans from the United States Government, and concluded in 1954 an agreement with a consortium of petroleum companies for resumption of oil operations. The greater part of the rising oil income was devoted to a new seven-year development programme which went into effect in 1955 and is planned to cost 84 billion rials (\$1,120 million). There was a large increase in the gross investment of both private and public sectors. Foreign exchange proceeds of the country multiplied, and this in turn facilitated imports of larger quantities of investment and consumer goods. Deficit spending in the government sector continued but at a greatly reduced rate. The appreciable increase in supply of goods, domestic and imported, appears to have been sufficient to meet a greater part of rising demand and reduce inflationary pressures in the period 1954-1957 as compared with the preceding years.

### Price movements

The movement of the wholesale price and cost of living index, by category, is shown in table 8. In general, there was a sharp rise in the price and cost of living index, between 1950 and 1954, but the rate of increase slackened in the following years. The index of wholesale prices, after a rise of 61 per cent between 1950/51 and 1954/55, declined 4 per cent in 1955/56 and rose 7 per cent in the following year. The cost of living index, on the other hand, continued

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1/ For further discussion of the developments during this period, see United Nations, Economic Developments in the Middle East, 1945 to 1954 (Sales No.: 1955.II.C.2).

Table 8. Iran: Indices of Wholesale Prices  
and Cost of Living a/

(1953 = 100)

Item	1950	1954	1955	1956	1956 August	1957
<u>Wholesale prices, general</u> . . .	69	111	107	115	112	112
Foodstuffs . . . . .	62	110	102	110	106	106
Cereals . . . . .	57	113	91	96	95	108
Dried fruits . . . . .	59	101	105	137	136	117
Animal products . . . . .	73	139	137	144	129	150
Raw materials . . . . .	73	108	115	127	125	125
Textile products . . . . .	76	111	105	103	100	102
Metal products . . . . .	66	114	114	116	111	109
Construction materials . . .	88	135	141	152	155	155
Fuel and light . . . . .	86	113	103	111	110	114
<u>Cost of living, all items</u> . . .	79	117	118	128	124	133
Food . . . . .	75	112	111	120	113	122
Rent . . . . .	89	121	145	167	164	175
Fuel and light . . . . .	70	123	97	111	105	117
Clothing . . . . .	75	113	110	112	110	115
Miscellaneous . . . . .	98	116	118	123	120	132
<u>Import prices</u> . . . . .	69	106	98	91	89	81
<u>Export prices</u> . . . . .	64	106	107	125	123	119

Source: Bank Melli Iran, Bulletin (Tehran).

a/ Twelve months beginning 20-21 March of year stated.

its upward trend (except for 1955/56 when there was no change). Export prices followed more or less the same pattern, but import prices, after a rise of 53 per cent between 1950/51 and 1954/55, continued to decline in the subsequent years, and by August 1957 were 24 per cent below the average for 1954/55. This was brought about largely by the appreciation of local currency, in terms of foreign currencies, as a result of larger supplies of foreign exchange proceeds, and in turn had its effect on import components of the wholesale price and cost of living index. Thus, prices of textile and metal products in August 1957 were below their 1954/55 averages. However, the largest increase among the components of the wholesale price index was in prices of construction materials, which



resulted largely from an increased demand caused by expansion of construction activities. The rent component of the cost of living index for Tehran showed an even larger increase due to the shortage of housing in the Tehran area as well as the increased cost of construction materials and higher value of land, mainly because of speculation.

Some of the important factors affecting the movement of prices in Iran are discussed below. It must be noted, however, that data needed for such analysis are scanty, and the fragmentary statistics available permit only a general description of the influence of these factors.

#### Availability and use of resources

There is no detailed compilation of the national accounts of Iran. An approximate estimate prepared recently on available resources and their use contains a large margin of error and may be relied upon only to indicate the general picture of developments in recent years. Other indicators are utilized to check the validity of the trends.

Data given in table 9 indicate that there has been an appreciable increase in the gross national product of Iran (including the net contribution of the petroleum sector) in recent years. This growth has been achieved largely by the expansion of petroleum production and agricultural output - the increase in the latter being partly due to the good harvests (table 10). Output in the

Table 9. Iran: Estimate of Available Resources  
and National Expenditures a/  
(Millions of dollars, at 1955 prices)

Item	1955	1956	1957
<u>Available resources:</u>			
Gross national product . . . . .	2,075	2,215	2,405
Import surplus <sup>b/</sup> . . . . .	85	75 <sup>c/</sup>	85
Total available resources	2,160	2,290	2,490
<u>Use of resources:</u>			
Private consumption . . . . .	1,720	1,760 <sup>d/</sup>	1,815
Government consumption . . . . .	200	215	270
Private investment <sup>d/</sup> . . . . .	120	125	140
Government investment . . . . .	120	190	265
Total expenditures	2,160	2,290	2,490

Source: United States Operations Mission in Iran, unpublished material.

a/ Twelve months beginning 20-21 March of year stated.

b/ Contribution of petroleum sector included on net, rather than gross, basis.

c/ Revised figure.

d/ Excluding investment by the oil consortium.

Table 10. Iran: Output of Selected Major Products  
(Thousands of metric tons, except as indicated)

Category and product	Annual average					
	1948-1952 <u>a/</u>	1953	1954	1955	1956	1957
<u>Agriculture:</u>						
Wheat . . . . .	1,860	2,240	2,100	2,313	2,700	2,800
Barley . . . . .	767	820	820	880	1,000	1,000
Rice (paddy) . . . . .	424	499	526	322	350	340
Cotton . . . . .	26	50	60	60	62	61
Sugar-beets . . . . .	349	531	445	522	562	...
Tobacco . . . . .	12	18	12	11	14	17
Oil-seeds . . . . .	61	114	134	134	...	...
Citrus fruits . . . . .	47	45	35	40	45	...
Dates . . . . .	125	125	141	100	132	104
Raisins . . . . .	41	49	50	60	62	63
<u>Mining:</u>						
Crude petroleum . . . . .	32,259	1,489	3,500	17,070	26,481	(35,300)
Coal . . . . .	200	155	252	180	330	...
Copper ore (Cu content) . . . . .	-	1	4	4	5	...
Lead ore (Pb content) . . . . .	2	8	18	18	32	...
Chrome ore (Cr <sub>2</sub> O <sub>3</sub> content) . . . . .	15 <sup>b/</sup>	3	18	18	33	...
<u>Manufacturing:</u>						
Sugar . . . . .	55	71	70	76	82	...
Cigarettes (millions) . . . . .	4,190	5,772	6,681	6,813	...	...
Tobacco (metric tons) . . . . .	3,847	5,167	5,295	4,762	...	...
Refined petroleum (major products) . . . . .	23,176	1,235	2,810	7,274	11,030	...
Cement . . . . .	54	65	62	80	156	...
Cotton (used in manufacturing) . . . . .	10	15	15	17	20	...

Source: United Nations, Statistical Yearbook, 1957; Food and Agriculture Organization of the United Nations; United States Embassy, "Quarterly Economic Survey" (Tehran), 15 October 1957 (mimeographed).

a/ Data for mining and manufacturing are for 1950.

b/ 1951.

manufacturing and construction branches has also risen, but because they are relatively of less importance in the national economy they have had much less influence on the growth of total national output. The trade and transport sectors appear to have expanded greatly, along with domestic production and imports. Government services, as will be seen later, have also gone up sharply.

A larger part of the increase in available resources has been absorbed by investment - which is reflected in expansion of development activities since 1954. Gross investment in the public sector (including the Seven-Year Plan Organization, National Iranian Oil Company and Railroads Administration) has grown much more rapidly than in the private sector because of the increased availability of funds from petroleum operations and of loans and credits from the International Bank for Reconstruction and Development, the United States Export-Import Bank and British sources. In order to stimulate private investment, it was decided, in May 1957, to use the seven billion rials (\$93 million) resulting from the revaluation of the currency <sup>2/</sup> for extending loans and credits to private enterprises. Because of the inflationary nature of such credit expansion and with due regard to the monetary situation in Iran, it was decided that credits would be utilized over a five-year period, half in agriculture and half in manufacturing. <sup>3/</sup> In addition to private and public investment, the petroleum consortium accounts for a considerable share. No data are available on the magnitude of such investments in the past, but in 1957 an investment programme was announced which will cost about \$140 million in the next few years. The inflationary pressures resulting from such a high level of investment are largely offset by the increased import surpluses, which will be discussed later.

#### Foreign trade and balance of payments

In recent years, there has been a great improvement in the balance of payments condition of Iran, after a period of deterioration which followed the stoppage of petroleum exports in 1951. The country's foreign exchange proceeds have increased sharply since 1954. This has resulted in a sharp rise in imports and in import surpluses, which have exerted a deflationary influence on the movement of prices.

Table 11 gives the major components of balance of payments. The main items of foreign exchange receipts consist of proceeds of exports (excluding petroleum), petroleum revenues and local expenditures of oil companies in the form of foreign currencies, and United States grants and loans. Values of exports, in terms of dollars, increased 40 per cent between 1951/52 and 1954/55, due partly to the stimulus of higher foreign exchange rates. In the following two years, however, the value of exports declined, apparently because of increased local demand, appreciation of local currency and increased competition abroad. Total foreign exchange proceeds from petroleum operations, which ceased between mid-1951 and October 1954, rose rapidly in the subsequent period to \$196 million in 1956

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<sup>2/</sup> The revaluation of the rial in terms of foreign exchange, and other modifications in the note cover requirements in May 1957, released an amount of \$93 million in gold and foreign exchange which was set aside as note cover for the issue of new currency providing for loans to productive projects.

<sup>3/</sup> Information supplied by the High Economic Council of Iran.

and \$252 million in 1957, as compared with \$101 million in 1950. <sup>4/</sup> United States grants and loans, which assumed a large proportion of foreign exchange receipts in 1953 and 1954, tended to decline in the following years, as revenue from oil resources increased. In addition to the foregoing sources of foreign exchange receipts, Iran has drawn, in 1955/56 and 1956/57, \$28.5 million from the International Monetary Fund (of which \$12 million was paid back by the end of the period), \$15.3 million from credits extended by the United Kingdom, and \$15 million from a \$75 million loan contracted with the International Bank for Reconstruction and Development.

The increased foreign exchange receipts have enabled Iran to build up again its official gold and foreign exchange holdings, which had partly been used to finance import surplus in the period 1950-1953. As a result, such holdings increased from \$173 million in March 1953 to \$219 million in March 1957, as compared with \$274 million in March 1950. Another effect of this development has been the appreciation of the rial in terms of foreign currency so that the effective selling rate of the dollar - which had increased from a range of 40 to 48.75 rials, at the end of 1950, to a range of 82 to 91.5 rials at the end of March 1953 - declined to 76.5 rials in mid-1955 and thereafter.

Imports, on the other hand, have been affected largely by the availability of foreign exchange. Total imports declined considerably in 1952 and 1953 and rose continuously in the following years - being, in terms of value, about twice as large in 1955/56 and 1956/57 as in 1952/53 and 1953/54. The increase in imports in the latter period has also been stimulated by the pent-up demand of the 1951-1953 period as well as by the relaxation of import restrictions by the Government.

The increased import surpluses, combined with lower foreign exchange rates for imports, have had a deflationary effect on the price level. This was somewhat dampened, however, because a substantial part of the increase in imports consisted of capital goods which did not greatly contribute to the relief of internal pressure upon domestic consumer goods. Furthermore, the import surplus was not as large as it might have been, as is evidenced by the increases in the foreign exchange holdings of the Central Bank. These foreign holdings arose chiefly from the acquisition by the bank of foreign exchange accruing to the Government from oil operations, against which the bank created deposits for the Government in local currency. Under existing regulations, however, the bank was not able to sell this foreign exchange to importers as readily as it acquired it.

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<sup>4/</sup> This sharp rise resulted largely from a more favourable agreement between the Iranian Government and the consortium of oil companies rather than from increased output of petroleum.

Table 11. Iran: Balance of Payments<sup>a/</sup>  
(Millions of dollars)

Item	1950	1951	1952	1953	1954	1955	1956 <sup>b/</sup>
<u>Transactions of oil sector:</u>							
Exports, f.o.b. . . . .	694	216	-	3	90	234	381
Imports, c.i.f. for own use . .	-22	-6	-	-6	-7	-31	-56
Imports, c.i.f., for sale to employees . . . . .	-7	-2	-	-	-	-	-4
Profits, capital movements, and expenses abroad . . . . .	-550	-178	-	-	-44	-86	-157
Net transactions of oil sector . . . . .	115	30	-	-3	39	117	164
<u>Other goods and services:</u>							
Exports, f.o.b. . . . .	66	85	86	93	120	105	105
Imports, c.i.f. . . . .	-189	-170	-117	-170	-232	-291	-278
Other (net) . . . . .	-10	-11	-5	3	-7	-17	-34
Net transactions, other goods and services . . . . .	-133	-97	-36	-74	-119	-203	-207
<u>Private donations</u> . . . . .	6	4	1	-	1	2	1
<u>Other private capital</u> . . . . .	...	...	...	...	...	10	-36
<u>Official donations</u> . . . . .	...	2	16	63	56	28	42
<u>Official and bank capital</u> . . . . .	-	56	30	-32	3	39	35
<u>Long-term capital</u> . . . . .	-	-1	-1	1	2	46	21
<u>Short-term capital:</u>							
Use of IMF resources . . . . .	-	9	-	-	-	-	17
Other liabilities . . . . .	5	-19	10	-5	9	-6	8
Foreign assets (increase -) . .	-6	67	20	-28	-8	-1	-11
Monetary gold (increase -) . .	1	-	1	-	-	-	-
Net errors and omissions . . . .	12	5	-11	46	20	7	1

Source: International Monetary Fund, International Financial Statistics  
(Washington, D.C.).

a/ Years beginning 21 March.

b/ Preliminary.

## Public finance

Revenue and expenditures of the public sector in Iran have expanded sharply in recent years, but no data are published on consolidated accounts of government operations. <sup>5/</sup> A rough estimate of consumption and investment in the public sector is given in table 9, which shows that they have increased from a total of \$320 million in 1955/56 to \$535 million in 1957/58 - two-thirds of the increase having been absorbed by investments. As a result, the share of the public sector in total national expenditures appears to have risen from 15 per cent to over 20 per cent. Because of the relatively important position of the public sector in the national economy, its operations have exerted a great influence on the movement of prices.

Table 12 gives data on actual ordinary revenues and expenditures of the Central Government and the outstanding domestic loans of the public sector, including all governmental agencies. Government finance has exerted strong inflationary pressures, since expenditures have consistently exceeded by large amounts revenues from domestic sources. These inflationary pressures have to a large extent been offset by an import surplus, largely made possible, since mid-1953, by United States financial aid. The net effect of the operation of the public sector has been somewhat inflationary throughout the period under study, excluding the year 1955/56. The outstanding net domestic debt (excluding deposits) of the public sector increased by three times between 1950/51 and 1954/55 and, after a small decline in 1955/56, expanded again in 1956/57. Since these loans were contracted with the Bank Melli Iran through credit expansion, they contributed to the rise in prices. In fact, the price level seems to have moved in the same direction as the net domestic public debt.

During the period 1951 to 1953, government revenues declined sharply because of the stoppage of petroleum revenues and the decline in customs receipts resulting from reduced imports. On the other hand, despite a sharp reduction in the Government's development outlays, <sup>6/</sup> expenditures rose substantially, due to a large deficit in the budget of the National Iranian Oil Company. <sup>7/</sup> As a result, the outstanding net domestic debt of the public sector rose from 5.2 billion rials in March 1951 to 14.0 billion rials in March 1954.

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<sup>5/</sup> It is estimated that gross expenditures of the public sector (including outlays of the Treasury, Plan Organization, National Iranian Oil Company, Railroads Administration, municipalities, government establishments and other public agencies) amounted to about \$750 million in 1957.

<sup>6/</sup> Largely because of shortage of funds, the Plan Organization was able to spend only 28 per cent of projected expenditures in its first five years of operation.

<sup>7/</sup> During the first three years of its operation (March 1951-March 1954), the National Iranian Oil Company incurred a debt of 3.5 billion rials in order to keep its labour force intact for the resumption of oil operations in future.

Table 12. Iran: Actual Government Revenues and Expenditures  
and Outstanding Domestic Loans  
(Millions of rials)

Item	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57
<u>Government budgets:</u>							
Expenditures . . . . .	8,700	9,563	8,815	10,498	12,305	15,100	17,840
Revenues . . . . .	8,100	7,409	6,894	8,346	9,982	11,260	16,690
Deficit, government budgets . . . . .	-600	-2,154	-1,921	-2,152	-2,323	-3,840	-1,150
<u>Financing deficit:</u>							
United States aid . . . .	-	-	-	1,758	2,325	3,620	1,520
Other sources (net) . . .	600	2,154	1,921	394	-2	220	-370
Total, financing deficit . . . . .	600	2,154	1,921	2,152	2,323	3,840	1,150
<u>Outstanding domestic loans and deposits of public sector (end of period):</u>							
<u>Outstanding loans:</u>							
Treasury . . . . .	6,395	7,675	9,622	10,604	11,272	11,426	12,014
Government agencies . . .	1,322	1,786	3,217	5,266	6,147	6,708	7,354
Certificate account . . . .	-	-	-	1,590	1,512	1,046	1,426
Total, outstanding loans . . . . .	7,717	9,461	12,839	17,460	18,931	19,180	20,794
<u>Outstanding time and demand deposits . . . . .</u>	2,542	2,049	2,100	3,482	3,733	4,381	4,002
<u>Outstanding domestic debt to Bank Melli Iran (net)</u>	5,175	7,412	10,739	13,978	15,198	14,799	16,792

Source: Bank Melli Iran, Balance Sheet (Tehran); United States Government, United States Aid Operation in Iran, Hearing before a subcommittee of the Committee on Government Operations, House of Representatives, 84th Congress (Washington D.C., 1956).

The situation changed considerably after August 1953. There were large-scale United States grants in the following three years, but these declined in 1956/57. Oil operations were resumed in late 1954 and revenue from this source continued to rise sharply - reaching a record level of \$210 million in 1957 as compared to \$152 million in 1956 and \$45 million in 1950. Other government revenues also increased because of a large increase in imports and other economic activities. In addition, as pointed out in the discussion on balance of payments, several loans were contracted abroad. Government expenditures, on the other hand, continued to soar, due largely to the increasing expenditures on development projects as well as to a rise in salaries and military expenditures. The increased availability of funds permitted a great expansion in the development activities of the Plan Organization (see table 13). Capital expenditures of the National Iranian Oil Company also increased, amounting to nearly \$40 million in the period between October 1954 and March 1957. <sup>8/</sup> The Government continued to resort to internal and external borrowing, and the net outstanding domestic debt of the public sector increased from 14 billion rials in March 1954 to 16.8 billion rials in March 1957.

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The price level in Iran may continue to rise moderately in the immediate future. Investments, in both the private and the public sectors, are expected to continue to increase. The Central Bank is authorized, as explained above, to issue additional currency in the amount of seven billion rials (\$93 million) and extend credits to private enterprises engaged in agricultural and industrial activities in the next five years. In the public sector, efforts to reduce the deficit in the ordinary budget may be more than counterbalanced by an increase in development expenditure. Foreign aid has gradually declined in recent years and there is no guarantee that it will continue even at the present reduced level. Although the net effect of these forces may be inflationary, other forces may be expected to have a deflationary tendency. Increasing petroleum income, which will result from the large-scale development in Iran and rising world demand for oil products, together with loans contracted abroad, will permit the expansion of imports and the maintenance of larger import surpluses. It is also expected that the large investments which are now being made will start to bear fruit in the near future by adding to the supply of domestic goods and services.

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<sup>8/</sup> National Iranian Oil Company, Naft, No. 6, 1957 (in Persian).



Table 13. Iran: Actual Revenue and Expenditures  
of the Plan Organization  
(Millions of rials)

Item	1954/55	1955/56	1956/57	1957/58 <sup>a/</sup>
<u>Expenditures:</u>				
Agriculture and irrigation . . . . .	157	723	1,633	3,253
Industry and mining . . . . .	371	718	1,379	1,785
Transport and communications . . . . .	448	1,454	3,300	5,510
Social . . . . .	67	683	1,301	2,356
Administrative and other expenditures.	807	832	390	220
Total expenditures	1,850	4,410	8,002	13,124
<u>Receipts:</u>				
Petroleum revenues . . . . .	1,059	4,100	5,330	8,460
Other revenues . . . . .	719	220	344	200
Total revenues	1,778	4,320	5,674	8,660
Borrowing from Bank Melli Iran . . . . .	549	25	1,313	-
Borrowing from IBRD . . . . .	-	-	750	4,875
Other receipts (net) . . . . .	-477	65	265	-411
Total receipts	1,850	4,410	8,002	13,124

Source: Data obtained from the Bank Melli Iran.

a/ Estimated.

Table 14. Iran: Money Supply and Credits Granted by Banking System<sup>a/</sup>  
(Millions of rials)

Item	1952	1953	1954	1955	1956	1957	1957 August
Total money supply . . . . .	14,218	17,762	21,897	23,420	24,562	28,894	29,382
Currency in circulation.	6,878	8,581	10,075	10,878	10,777	11,676	10,796
Private demand deposit . . . . .	7,340	9,181	11,822	12,542	13,785	17,218	18,586
Total credits granted by banks . . . . .	14,604	18,230	23,637	26,509	28,370	30,887	32,710
Private sector . . . . .	5,143	5,391	6,177	7,550	9,190	10,093	12,614
Public sector . . . . .	9,461	12,839	17,460	18,931	19,180	20,794	20,096
P e r c e n t a g e s							
Total money supply . . . . .	80	100	123	132	138	163	165
Currency in circulation.	80	100	117	127	126	136	126
Private demand deposit . . . . .	80	100	129	137	150	188	202
Total credits granted by banks . . . . .	80	100	130	145	156	169	179
Private sector . . . . .	95	100	115	140	170	187	234
Public sector . . . . .	74	100	136	147	149	162	157

Source: Bank Melli Iran, Bulletin and Balance Sheet.

a/ Twelve months beginning 21-22 March of year stated.

## I R A Q

### Economic background

Since 1950 Iraq, enabled to do so by the increasing revenues from oil, has embarked upon a major development programme, the aim of which is to equip the country with such production facilities that, if and when the oil wealth tapers off, it can maintain an adequate and growing income on a permanent basis. To this aim Iraq has been devoting 70 per cent of its oil income, not all of which has actually been spent because of inevitable time lags between planning and execution, particularly in the initial stages. The remaining 30 per cent is allocated to the ordinary budget.

The relatively large size of the development programme that has been under way since 1950 is in itself a potential cause of inflationary pressure. Direct revenue from oil reached ID 73.8 million in its peak year, 1955, but declined to ID 68.8 million in 1956; it had been expected to reach ID 80 million in 1957, but actually dwindled to ID 48.9 million in that year because of the Suez crisis and the temporary cessation of the oil flow through the pipelines to the Mediterranean terminals. Oil consumption in western Europe, the main outlet for Iraqi oil, is increasing at a compounded rate of over 10 per cent a year; and Iraqi oil production and royalties are likely to grow along with it, provided that larger pipelines and more loading facilities are made available.

The investment programme has been revised upward more than once. The credits for 1955-1959, originally put at ID 304 million, have recently been increased to ID 500 million, to cover the period 1955-1960. The bulk of the investment goods has come from imports, in turn financed with the foreign currencies accruing from oil royalties; local resources have so far adequately met a growing local demand, and no serious bottlenecks in factors of production have appeared. Yet, since it is expected that the ratio of disbursements to allocations will rise, oil income will grow, and more and more projects will be under way, the demand for local resources must be expected to increase. In these circumstances an increase in the level of domestic production in sectors other than oil is a necessary condition for the avoidance of inflation.

### National product and investment

The high ratio of investment to national product, made possible by the income accruing from oil, has been steadily growing since 1950 to a very high level and is expected to grow further.

National income estimates for 1956 were as shown in table 15.

No estimates are available on gross private investment in Iraq. <sup>1/</sup> During 1956 the total value of such capital goods as excavating and grinding machines,

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<sup>1/</sup> Estimates from the same source as that given in table 15 show only net private investment.

Table 15. Iraq: Composition of National Product  
(Millions of dinars; per cent of total)

Item	Millions of dinars	Per cent of total	
		Including oil	Excluding oil
<u>Value added by:</u>			
Agriculture . . . . .	70.0	24	33
Manufacturing . . . . .	33.7	12	16
Oil industry . . . . .	78.2	27	-
Housing and other building . . .	18.9	7	9
Wholesale and retail trade . . .	31.0	11	14
Transport . . . . .	11.5	4	5
Services . . . . .	49.1	17	23
Total, including oil . .	292.4	100	-
Total, excluding oil . .	214.2	-	100

Source: K.G. Fenelon, statistical expert to the Government of Iraq, extracts from a lecture delivered to the Kirkuk Fields Club, 11 June 1957.

tractors and agricultural machinery, trucks, engines and electric motors and other items, which - according to their nature and to the conditions prevailing in Iraq - are most likely to have been imported to serve private operators, amounted to some ID 23 million. More than half this amount must have been used for imports of capital goods employed in projects financed by the Development Board. These would have been included in public capital formation and must be deducted from the figure mentioned above, which leaves some ID 10 million to represent private capital imports, including about ID 3.5 million imported by oil companies. <sup>2/</sup> During the same period about 10,000 building permits were released, and the private investment involved cannot have amounted to less than ID 10 million. Increases in trade stocks attributable to the growing volume of import trade, together with other items of private investment, must have amounted to at least another ID 5 million. Altogether, the order of magnitude of gross private investment during 1956 could not have been less than ID 25 million, and may have been more.

During the same year public investment out of the Development Budget amounted to ID 45 million, to which should be added ID 5.30 million of loans and advances to other public authorities. Public investment out of the ordinary budget might have amounted to 5 to 10 per cent of total outlays, that is, around ID 5 million. Thus, total public investment, even excluding municipalities and government agencies - for which investment figures are not available - should have been over ID 55 million. If approximately ID 25 million of private investment is

<sup>2/</sup> Government of Iraq, Directorate General of Customs and Excise, Foreign Trade Statistics, 1956 (Baghdad).

added to this, the figure for total gross investment, public and private, reaches ID 80 million. Since the total national product of Iraq was estimated during the same year at ID 292 million, the ratio of total gross investment to national product might have been about 27 per cent, and the ratio of total net investment to national product could not be very much less than 20 per cent. Such a high rate of investment may involve considerable inflationary potential.

Price movements

Price trends show a moderate increase throughout the period 1953 - September 1957, with a faster rise in the cost of living than in the wholesale price index (table 16). These increases are more or less in line with price increases in most world markets. The fact that the ratio of imports to national product is rather high (ID 87.63 million of foreign goods entered the country in 1956, while during the same year the national product was estimated at ID 292.4 million, including oil, and at ID 214.1 million excluding oil) might account for the phenomenon that the index of wholesale prices - with a higher import component than the cost of living index - rose more slowly than the latter.

As to wholesale prices, the largest increases are in foodstuffs (meat and dairy products) and in building materials. Textiles, on the other hand, showed a decline. The cost of living index has been mostly affected by the increase in foodstuffs, while the index of the clothing section showed, in 1956, a slight decrease compared to the 1953 level.

Table 16. Iraq: Indices of Price Trends  
(1953 = 100)

Year	Wholesale prices	Cost of living
1954 . . . . .	96	98
1955 . . . . .	97	101
1956 . . . . .	104	108
1957 (September) . . . . .	108	113

Source: International Monetary Fund, International Financial Statistics (Washington, D.C.), February 1958.

Wage level

Indications are that most of the surplus agricultural labour may already have been absorbed by the increasing demand in other parts of the economy. Between 1953 and the beginning of 1955 the number of workers on the payroll

of the Development Board alone rose from 5,000 to 27,000 and must be much higher by now. That skilled workers are in very great demand is proved by the fact that they are currently hired at salaries up to ID 1.50 a day, while the semi-skilled workers employed by firms under contract to the Development Board received salaries up to about 500 fils a day in 1954. While there may still be some rural under-employment or seasonal unemployment, chronic unemployment has practically disappeared even among unskilled workers in urban areas. The legal minimum daily salary of 250 fils a day is applied scarcely anywhere; probably the prevailing level is close to twice as much. The over-all rate of increase in wage rates during 1955 and 1956 is estimated at between 10 per cent and 20 per cent, and this is entirely a consequence of a rising demand for labour, since in Iraq there are no organized labour unions with any bargaining power. <sup>3/</sup>

Salaries and wages in 1956 accounted for only 22 per cent of total national income; they are likely to assume a larger share in the future. The non-monetized sector, estimated at 13 per cent of total income in 1956, will progressively shrink, and as a consequence the economic system will become more sensitive to inflationary pressures expressing themselves through monetary channels.

#### Public finance

The ordinary budget, which includes 30 per cent of the oil income, showed moderate deficits in 1953/54 and 1954/55, and a considerable surplus in 1955/56, followed by a substantial deficit again in 1956/57, as a consequence of a decline in oil income following the Suez crisis (table 17).

Table 17. Iraq: Actual Revenue and Expenditure  
of Ordinary Budget  
(Millions of dinars)

Year	Revenue	Expenditure	Balance
1953/54 . . . . .	47.52	50.15	-2.63
1954/55 . . . . .	52.18	53.80	-1.62
1955/56 . . . . .	65.28	55.27	10.02
1956/57 <sup>a/</sup> . . . . .	61.68	74.51	-12.83

Source: Ministry of Economics, Statistical Abstract of Iraq (Baghdad, 1957).

a/ Estimated.

<sup>3/</sup> Human Relations Area Files, Iraq, 1956.

In addition to the ordinary budget, there is a special development budget, comprising funds earmarked for development purposes. The development budget showed large surpluses in 1953/54, 1954/55 and 1955/56, since disbursements on the projects to be financed from the oil income could not keep pace with the rapidly rising income itself. In 1956/57, increased disbursements and a decline in income resulted in only a nominal surplus (table 18).

A complete picture of the over-all budgetary operations should include the "related budgets", that is, the Iraqi State Railways, the Port of Basra, the FAO dredging scheme and the tobacco monopoly, plus the budgets of the municipalities. Detailed and complete information is not available beyond the fiscal year 1953/54. The related budgets for the five-year period ending in 1953/54 are shown in table 19.

It will be seen from table 19 that the deficits of the first two years and the surpluses of the following three years are very small. This tendency towards a balanced budget is likely to have continued in later years. In consequence, it will be safe to disregard the effect of the special agencies and municipalities upon the consolidated public budgetary operations, and take into consideration only the ordinary and the development budgets. The combined effect of these budgets appears in table 20.

The over-all budgetary operations showed substantial and increasing surpluses in 1953/54, 1954/55 and 1955/56, but a sizable deficit in 1956/57 because of the temporary decline in oil income. These surpluses are not thought to have exerted

Table 18. Iraq: Actual Revenue and Expenditure  
of Development Board  
(Millions of dinars)

Year	Revenue	Direct expenditure	Loans disbursed	Surplus
1953/54 . . . . .	35.28	-12.26	-6.09	16.93
1954/55 . . . . .	40.73	-20.87	-0.85	19.01
1955/56 . . . . .	60.75	-33.42	-5.56	21.77
1956/57 <sup>a/</sup> . . . . .	50.77	-45.00	-5.30	0.47

Source: International Monetary Fund.

a/ Estimated.

Table 19. Iraq: Related Budgets and Municipalities  
(Millions of dinars)

Item	1949/50	1950/51	1951/52	1952/53	1953/54
<u>Receipts:</u>					
Related budgets . . . . .	6.562	6.382	7.319	7.237	10.643
Municipalities . . . . .	3.465	3.598	6.398	7.045	9.192
Total receipts	10.027	9.980	13.717	14.282	19.835
<u>Expenditure:</u>					
Related budgets . . . . .	7.250	7.271	6.834	7.274	9.869
Municipalities . . . . .	3.443	3.936	5.001	5.781	8.437
Total expenditure	10.693	11.207	11.835	13.055	18.306
Net balance . . . . .	0.666	1.227	+ 1.882	+ 1.227	+ 1.529

Source: Human Relations Area Files, Iraq, 1956.

Table 20. Iraq: Ordinary and Development Budgets - Combined  
Balances of Actual Accounts  
(Millions of dinars)

Year	Ordinary budget	Development budget	Over-all net balance
1953/54 . . . . .	-2.43	+ 16.93	+ 14.50
1954/55 . . . . .	-1.62	+ 19.01	+ 17.39
1955/56 . . . . .	+ 10.02	+ 21.77	+ 31.79
1956/57 <sup>a/</sup> . . . . .	-12.83	+ .47	-12.36

Source: International Monetary Fund.

a/ Estimated.



strong disinflationary pressures, since for the most part they represent an increase in the foreign assets of the public sector. Nor is the deficit of 1956/57 likely to have exerted any strong inflationary pressure, because it was possible to maintain imports by drawing upon accumulated balances of foreign exchange.

#### Money and credit

From the end of 1953 to the end of August 1957, money supply went up from ID 51 million to ID 74.9 million, representing an increase of 47 per cent, which does not seem out of proportion with the expanding volume of economic activity (table 21).

During the period under consideration government deposits increased by 121 per cent, current deposits with commercial banks, by 61 per cent and savings deposits, by 87 per cent.

The large volume of development expenditure did not bring about a proportionate increase in money supply because of its large foreign exchange component, defrayed by drawings on foreign exchange arising from the oil income.

Foreign reserves were more than adequate to finance an increasing volume of imports, for development as well as for consumption, and, up to the end of 1956, they showed the following considerable increases from year to year: 4/

#### Foreign exchange reserves

(Millions of dinars)

1953 . . . . .	85.9
1954 . . . . .	107.0
1955 . . . . .	127.0
1956 . . . . .	138.9
1957 . . . . .	120.9

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4/ International Monetary Fund, International Financial Statistics, February 1958.

Table 21. Iraq: Money Supply and Deposits  
(Millions of dinars)

Item	1953	1954	1955	1956	1957
Money supply (currency and private deposits) . . . .	51.0	61.2	65.1	73.5	74.9 <sup>a/</sup>
Government deposits . . . .	40.8	62.5	85.7	90.1 <sup>b/</sup>	-
Current deposits with commercial banks . . . .	16.6	19.4	21.3	24.5	26.8 <sup>c/</sup>
Savings deposits . . . . .	10.8	12.0	14.0	17.4	20.2 <sup>c/</sup>

Source: International Monetary Fund, International Financial Statistics, February 1958.

a/ End of August.

b/ End of June.

c/ End of September.

In 1956/57 the Suez Canal crisis and the interruption of the flow of oil through the Iraq Petroleum Company pipelines resulted in a decline in oil revenues to the amount of around ID 30 million. In order to carry on the development programme, even at a somewhat reduced speed, it became necessary to convert part of the previously accumulated foreign reserves into Iraqi dinars, so that the level of reserves increased in 1956 by only ID 12 million as against an average level of increase of ID 20 million during each of the three previous years, and eventually decreased by ID 18 million during the first eight months of 1957. On the other hand, the accumulation of government deposits had almost come to a standstill by mid-1956. No data are available after this period, but the fact that the Government negotiated with the oil companies a non-interest-bearing loan for ID 25 million indicates that budget deficits must have occurred.

Actually, for the first time since the commencement of the Development Board's operations, a substantial deficit is forecast in 1957/58, amounting to over ID 40 million. This deficit might dwindle during actual operations, but some imbalance can be expected.

#### Foreign trade and balance of payments

The main defence against inflation in Iraq is the possibility the country enjoys, as a consequence of its large availabilities of foreign income, to check rises in prices by means of large imports. Iraq has abundant sterling resources and, even if it is a part of the dollar pool (as a member of the sterling area), it benefits from especially liberal hard currency availabilities. With the

exception of 1956, when, due to the Suez crisis, oil revenue fell short of expectations, there has been a consistent surplus in the balance of payments (table 22).

During the period 1952-1956, foreign reserves went from ID 65.8 million to ID 138.9 million - a net increase of ID 73.1 million - followed by a decline of ID 18 million between January and June 1957. The surplus in the transactions of the oil sector has supplied the foreign currencies necessary to pay for a sharply increasing volume of imports: ID 113.41 million in 1956 as against ID 68.34 million in 1953 (and ID 37.59 million in 1950), an over-all increase of 66 per cent. The largest increases are in paper products (137.3 per cent), iron and steel (79.9 per cent), pharmaceuticals (79.9 per cent) and industrial machinery (65.5 per cent). The increase in the import of foodstuffs has been lower (43.2 per cent), and in textiles almost negligible (1.6 per cent). More details are given in table 23.

Exports, even if petroleum is included, rose more slowly than imports during 1953-1956, by 21 per cent as against the 66 per cent increase in imports during the same period. Exports, excluding petroleum, covered approximately one-third of imports in 1952: ID 19.97 million against ID 61.79 million. This ratio dropped in 1956 to a little more than one-ninth: ID 13.17 million as against ID 113.41 million. The reduction in the volume of exports is due mostly to the halving of the volume of foodstuffs, while raw textiles (wool and cotton), with fluctuations during the period under consideration, were much the same in 1956 as in 1950: ID 2.33 million as against ID 2.46 million.

Table 22. Iraq: Balance of Payments Summary, 1953-1956  
(Millions of dinars)

Item	1953	1954	1955	1956
Transactions of the oil sector . . . . .	55.30	66.39	93.72	79.91
Other goods and services . . . . .	-32.73	-47.65	-76.05	-91.03
Net goods and services . . . . .	+ 22.57	+ 18.74	+ 17.67	-11.12

Source: International Monetary Fund, International Financial Statistics, February 1958.

Table 23. Iraq: Foreign Trade, by Principal Commodities, 1953-1956  
(Millions of dinars)

Item	1953	1954	1955	1956
<u>Imports:</u>				
Foodstuffs . . . . .	10.22	12.11	13.69	14.64
Textiles . . . . .	10.40	11.85	12.44	10.57
Pharmaceutical products . . . . .	2.09	2.66	3.54	3.76
Paper products . . . . .	1.34	1.63	1.61	3.18
Machinery, autos, iron and steel . . . . .	30.09	28.07	40.09	49.82
Construction . . . . .	1.46	1.61	3.27	2.67
Fuels . . . . .	0.02	0.02	0.01	0.04
Miscellaneous . . . . .	1.64	2.09	2.25	2.95
Total imports	57.26	60.04	76.90	87.63
<u>Exports:</u>				
Foodstuffs . . . . .	14.42	14.36	10.91	7.89
Cotton and wool . . . . .	1.46	1.23	2.09	2.33
Miscellaneous . . . . .	1.15	0.75	0.93	0.94
Total exports, excluding petroleum . . . . .	17.03	16.34	13.93	11.16
Petroleum . . . . .	120.07	134.64	168.13	156.64
Total exports, including petroleum . . . . .	137.10	150.98	182.06	167.80

Source: United Nations, Yearbook of International Trade Statistics, 1955 (Sales No.: 1956.XVII.6.4) and vol. 1, 1956, (Sales No.: 1957.XVII.6.vol.1).

Iraq had adequate income and foreign exchange available to finance this growing foreign trade gap and to increase its foreign exchange reserves and government deposits at the same time. At the end of a six-year period of heavy development outlays, however, exports other than oil decreased and domestic production of consumer goods did not greatly expand. This is attributable chiefly to the fact that development consisted largely of long-term capitalization which has not yet borne fruit, while income generated therefrom was partly used to bid for export goods.

#### Special features of the economy

While population increased from 4.8 million in 1947 <sup>5/</sup> to 6.5 million according to the 1957 census, domestic production of goods and services other than oil did not in general increase greatly. Apart from oil production, which represented 27 per cent of gross national product in 1956, the largest sector is agriculture (24 per cent). Industrial production is not shown separately in the estimates of national product recently released. Manufacturing is grouped in one sector with building and contracting; together these account for 12 per cent of the national product. Output from manufacturing has increased markedly during the period under consideration <sup>6/</sup> (continuous data are not available), but its added value is not a large fraction of national product.

The effects of the development projects are not yet felt in agriculture to any large extent (table 24), apart from protection against floods and consequent crop damage, as afforded by the already complete Wadi Thartar and Habbaniya schemes, whose total cost, ID 24.5 million, is estimated to equal the total amount of damages in one single ruinous flood year - 1954, for instance. <sup>7/</sup>

Development plans, however, aim at a considerable expansion of cultivable and irrigated areas. Most of the large sums so far invested for agricultural development have not yet paid dividends, partly because many of the projects are not completed, and partly because construction of dams, reservoirs and main irrigation canals must be followed by construction of field canals, resettlement of the population, rural housing, sanitation projects, extension work and dissemination of expert knowledge before they can result in a substantial increase in production.

In 1954, 2.7 million hectares were under dry farming and almost 2.3 million hectares were under various systems of irrigation, but only about 2.9 million hectares were actually productive because of the fallow system. The total agricultural programme of the Development Board will result in approximately 1.5 million hectares of new cultivated land - 600,000 hectares in the Euphrates

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<sup>5/</sup> Human Relations Area Files, Iraq, 1956.

<sup>6/</sup> Especially in such new sectors as oil refining, and in conventional ones such as textiles, cement and sugar.

<sup>7/</sup> The Economist (London), 22 June 1957.

Table 24. Iraq: Agricultural Area, Production and Yields  
(Thousands of tons, except as indicated)

Crop and item	1952/53	1953/54	1954/55	1955/56	1956/57
<u>Wheat:</u>					
Production . . . . .	762	1,160	453	776	1,100
Area (hectares). . . . .	1,182	1,390	1,425	1,314	1,456
Yield (kilogrammes per hectare). . . . .	640	830	310	590	750
<u>Barley:</u>					
Production . . . . .	1,111	1,239	757	1,066	1,305
Area (hectares) . . . . .	1,096	1,122	1,205	1,171	1,240
Yield (kilogrammes per hectare). . . . .	1,010	1,100	620	910	1,050
<u>Rice:</u>					
Production . . . . .	163	180	83	110	...
Area (hectares). . . . .	95	120	54	70	...
Yield (kilogrammes per hectare). . . . .	1,710	1,500	1,530	1,570	...
<u>Cotton</u> . . . . .	3	3	7	9	...
<u>Dates</u> . . . . .	371	365	421	300	...

Source: Food and Agriculture Organization, and for 1956/57, Iraq Times, 25 September and 9 October 1957 (Baghdad).

basin and 900,000 hectares in the Tigris basin - all under irrigation. 8/ Iraq has two main assets on which it can depend for a future increase in domestic product: large areas of good unexploited land and large amounts of irrigation water from its river system; this latter the Development Board is putting to use.

Iraq has some special agricultural problems which are likely to retard the expansion of agricultural production. Due to prevailing soil conditions, the new system of irrigation, without drainage, causes salination and ultimate sterility of the land. It has been estimated that in Iraq, in recent years, 20 per cent to 30 per cent of the cultivable - mostly irrigated - land has been abandoned because the salt content had reached the critical point. A salt content of more than 0.5 per cent renders the soil unfit for the cultivation of wheat; with more than 1 per cent no barley can be grown; with more than 2 per cent, not even dates. Much of this land is recoverable by special "laundering" processes, and drainage will prevent salination in newly irrigated lands, but until the farmer becomes fully aware of this state of affairs and familiar with the proper way to avoid the danger, large areas of land may be brought under cultivation at great cost and with poor results.

Rotation of crops is not a prevalent method of cultivation in Iraq; the fertility of the soil is restored by the fallow system, which keeps 50 per cent of the land, rain-fed and irrigated alike, out of production. This drastically cuts the economic yield of irrigation works; salination and the spread of diseases associated with irrigation eat into the remaining 50 per cent. The situation is further complicated by the problems posed by an antiquated and complex system of land tenure prevailing in large parts of the area. 9/

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So far, the execution of the development programme, amply financed from the oil income, has not caused any significant inflationary pressures. This has been largely due to the abundance of foreign currency, permitting a high level of import of consumer goods as well as of capital equipment for development projects, and also to the existence of a sizable pool of under-employed rural labour from which manpower was obtained for development projects. It does not seem likely, however, that a much greater labour force can be moved from rural to urban employment without impairing agricultural production, unless methods of production are changed. Shortage of labour could therefore become a bottleneck to development.

Development allocations for the 1955-1960 six-year plan are expected to rise sharply from ID 61 million in 1955/56 to an annual average of more than ID 90 million in the later years of the plan. Even though allowance should be made for underspending of development funds, as in the past, it must be expected that the volume of investment and the demand for labour and other local factors of production will be stepped up in the near future. The new 1955-1960 development plan, with its great emphasis on construction, in absolute as

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8/ Human Relations Area Files, Iraq, 1956.

9/ Ibid.

well as relative value, significantly increases the demand for local factors of production, as may be seen from the following figures: 10/

	1955-1959		1955-1960	
	Millions of ID	per cent of total	Millions of ID	Per cent of total
Building and housing . . . . .	48.650	16	104.360	20.9
Total programme . . . . .	304.306	100	500.007	100.0

As Iraq evolves into higher stages of economic development, it will probably become increasingly apparent that, despite the large availability of foreign currencies, imports cannot satisfy all the requirements of a growing economic activity.

In many cases the last stages of projects structurally completed or under way will have a larger local currency component than their basic phases - for instance, the building of field irrigation canals leading from irrigation dams and reservoirs; and the settlement upon newly irrigated lands will entail a much higher demand for labour and domestic materials than the building of the main dams. In other cases putting into operation new manufacturing and processing plants, such as textile factories, sugar factories and cement works, will create a further demand for local manpower and supplies. Moreover, under the impact of the development plan, private consumer demand is likely to gain momentum in the foreseeable future. This would constitute an inflationary potential unless there is a corresponding expansion in the output of domestic goods and services.

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10/ Bureau of Documents for Syria and Other Arab Countries, L'économie et les marchés des pays arabes (Damascus), No. 37, 1957.



## I S R A E L

Since the establishment of the State of Israel, in May 1948, this country has been confronted with the major tasks of building up its production facilities while maintaining a relatively high level of living for a rapidly increasing population and meeting the large requirements for current government outlays for defence and the settlement of immigrants. The country's substantial efforts to perform these tasks against a background of very limited natural resources have inevitably brought about strong inflationary pressures, despite the heavy reliance of the economy upon foreign resources, largely unrequited, and upon imports.

At the present stage the country is still far from achieving an external financial equilibrium. Without further external financial aid, it is doubtful whether the progress so far achieved can even be maintained, especially in the face of a continuing - possibly heavy - influx of immigration.

The effects of inflationary pressures on price and cost levels have been enhanced by the continuous increases in real wages - which in turn reflects the strong position of the Israel trade unions. The prevailing cost of living-wages link is one of the main instruments of the trade unions' policy. Its use strongly magnifies the inflationary pressures inherent in a fast pace of growth.

At the present stage, inflation is one of Israel's greatest obstacles to achieving its aims in a reasonable amount of time. To what extent inflationary pressures prevail in the country and what effect they exercise on economic growth will be dealt with below.

### Availability and use of resources

In recent years the aggregate demand for private consumption, public expenditure and private investment has apparently exceeded the value (at constant prices) of goods and services available from domestic production, as can be seen from table 25.

Another feature of Israel's economic growth in recent years is that consumption has been exceeding net output, for the reason that some resources from abroad have been used for consumption. This does not mean that private savings are not accumulated, but that certain groups, especially the Central Government and other public bodies, actually dis-save more than other groups save. Table 26 shows this trend in more detail.

Total uses at current prices exceeded available resources at constant prices by about £I 259.1 million in 1954, £I 420 million in 1955 and £I 687 million in 1956. The widening of the gap between constant and current prices is an indication of net inflationary pressures. Actually, the gap may not be as wide as it appears in view of the fact that imports are tabulated

Table 25. Israel: Resources at 1953 Prices,  
and Uses at Current Prices <sup>a/</sup>  
(Millions of Israeli pounds)

Item	1953	1954	1955	1956
<u>Available resources:</u> <sup>b/</sup>				
Gross national product . . . . .	1,349.0	1,643.3	1,784.4	1,976.1
Resources from abroad . . . . .	317.0	300.6	426.6	490.9
Total, available resources	1,666.0	1,943.9	2,211.0	2,467.0
<u>Use of resources:</u> <sup>c/</sup>				
Public consumption . . . . .	245.0	343.0	436.0	689.0
Private consumption . . . . .	1,088.0	1,444.0	1,644.0	1,850.0
Gross investment . . . . .	333.0	416.0	551.0	615.0
Total, use of resources	1,666.0	2,203.0	2,631.0	3,154.0

Source: Bank of Israel, Bulletin, No. 10, 1958 (Jerusalem); Reply of the Government of Israel to the United Nations National Accounts Questionnaire, 1957; resources converted into base, 1953=100.

<sup>a/</sup> National Accounts, 1953-1956.

<sup>b/</sup> 1953 prices.

<sup>c/</sup> Current prices.

Table 26. Israel: National Accounts, 1953-1956, at Current Prices  
(Millions of Israeli pounds)

Item	1953	1954	1955	1956
Gross national product . . . . .	1,349	1,771	2,122	2,509
Depreciation . . . . .	80	100	120	150
Net product . . . . .	1,267	1,608	1,988	2,337
Total consumption (public and private) . . . . .	1,333	1,787	2,080	2,539
Excess of consumption over net product . . . . .	66	179	92	202

Source: Bank of Israel, Bulletin, No. 10, 1958; Reply of the Government of Israel to the United Nations National Accounts Questionnaire, 1957.

at the official rate of exchange, which is lower than the effective rate. 1/  
This might over-emphasize the imbalance between demand and supply at constant prices.

The growth of national product, from £I 1,349 million in 1953 to £I 2,509 in 1956, is not entirely a reflection of the growth in physical output, since a good part of it represents price increases. Table 27 shows the components of gross national product in real as well as in monetary terms.

It will be noted, however, that the increase in physical volume of domestic product has exceeded the increase in price. Both the gross and net national product show a volume increase of 47 per cent in 1956 over 1953, whereas the price increase was only 26 per cent. The picture is different with respect to the foreign sector. The prices of both imports and exports show a greater increase than the volume. This is accounted for mainly by a substantial decline in the exchange value of the Israeli pound, which affects export as well as import prices, since the bulk of Israel's exports are quoted in foreign exchange. Export prices have risen more than import prices because of an additional factor - the indirect subsidization of imports through the exchange mechanism.

The growth in national product represents growth in both consumption and investment. It is important to note that the growth in volume of public consumption by far exceeded that of private consumption. While private consumption rose by 34 per cent in 1956 over the 1953 level, public consumption almost doubled, which is an indication of the growing importance of the public sector, particularly with reference to the effect of its behaviour on the price level.

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1/ The official rate of exchange, at which transactions are converted, is £I 1.80 = US \$1.00, while in certain cases proceeds from Israel's exports are converted by the Government at the rate of £I 2.65 = US \$1.00.

Table 27. Israel: Volume and Price Indices<sup>a/</sup>  
(1953 = 100)

Item	1954	1955	1956
<u>Net national product:</u>			
Volume index . . . . .	122.9	136.6	147.5
Price index . . . . .	107.1	115.5	126.5
<u>Gross national product:</u>			
Volume index . . . . .	122.4	135.9	147.0
Price index . . . . .	107.2	115.8	126.5
<u>Imports:</u>			
Volume index . . . . .	109.2	116.7	136.4
Price index . . . . .	138.7	147.6	156.8
<u>Total available resources:</u>			
Volume index . . . . .	118.6	130.3	144.0
Price index . . . . .	114.9	123.6	134.0
<u>Public consumption:</u>			
Volume index . . . . .	126.8	142.2	197.8
Price index . . . . .	110.6	125.4	142.5
<u>Private consumption:</u>			
Volume index . . . . .	118.2	127.1	134.4
Price index . . . . .	112.2	118.8	126.4
<u>Gross investment:</u>			
Volume index . . . . .	114.5	137.2	137.8
Price index . . . . .	109.1	120.7	134.0
<u>Exports:</u>			
Volume index . . . . .	116.5	118.1	131.7
Price index . . . . .	161.9	170.2	181.6

Source: Bank of Israel, Bulletin, No. 10, 1958; Reply of the Government of Israel to the United Nations National Accounts Questionnaire, 1957.

a/ National Accounts, 1953-1956.

## Price movements

As a consequence of these conditions, the price level has been rising constantly (see table 28). A large increase is noticeable in wholesale prices, which went up by 51 per cent during the period 1953 to October 1957. The increase in the building materials index was much sharper still: in the same period prices more than doubled, due to the high volume of construction activities for public works and residential housing, with a large input of local factors of production.

Cost of living rose less - 37 per cent - during the period under consideration, mostly because of controls and subsidies. Subsidies account for the moderate increase in the food price index, which rose during the same period by 12 per cent only. Between 1953 and 1957, food subsidies disbursed by the Government rose by £I 3.52 million to reach a figure of £I 35.04 million.

Table 28. Israel: Indices of Wholesale Prices and Cost of Living  
(1953 = 100)

Item	1954	1955	1956	1956	1957
Wholesale prices, general . . . . .	118	124	131	139 <sup>a/</sup>	151 <sup>a/</sup>
Building materials (residential).	148	170	203	206 <sup>b/</sup>	209 <sup>b/</sup>
Cost of living, all items . . . . .	112	119	127	132 <sup>a/</sup>	137 <sup>a/</sup>
Food . . . . .	103	106	110	110 <sup>a/</sup>	112 <sup>a/</sup>

Source: Bank of Israel, Bulletin, No. 6, December 1957.

<sup>a/</sup> October.

<sup>b/</sup> September.

## Population trends

A fast-increasing population is one of the causes of growing aggregate demand for private consumption. The population increase is the effect not only of a relatively high birth rate combined with a relatively low death rate, but also of the influx of immigrants.

The total population in May 1948, when the State of Israel was established, was 833,367, of which number 649,633 were Jews. At the end of 1956, the total population was 1,872,408, out of which 1,667,455 were Jews. During the period under consideration, the Jewish population increased as set out in the table below: 2/

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2/ Central Bureau of Statistics of Israel, 1956/57.

Israel: Increase in the Jewish Population  
Between 15 May 1948 and 31 December 1956

	<u>Number of persons</u>
Total increase, 15 May 1948 to 31 December 1956 . . . . .	1,017,822
Natural increase . . . . .	256,226
Migratory balance . . . . .	+ 761,596
Immigrants . . . . .	826,622
Net movement of residents . . . . .	-78,947
Net movement of travellers . . . . .	+ 13,921
Population at beginning of period . . . . .	649,633
Population at end of period . . . . .	1,667,455

Often the new immigrants bring with them capital which they spend partly for consumption, and continue to receive remittances from abroad, a part of which they also spend for consumption, thus inflating over-all demand without contributing correspondingly to production. It is true that some of this additional consumption demand is satisfied by imported goods, but the volume of these imports has not been increasing significantly during the period under consideration, as is shown in the table below (in millions of dollars): 3/

	1953	1954	1955	1956	1956 January-June	1957
Imported consumer goods . . . . .	59.1	52.9	51.3	56.0	28.2	33.7

The fact that imports have not kept pace with the increase in consumption demand has contributed to the strong pressure on the domestic price level.

Wage level

The 225 per cent increase in population for the eight-and-one-half-year period shown above has resulted in a continuous expansion of the labour force. Consumer demand has also been strengthened by a consistent increase in the purchasing power of the wage earners, whose wage level already favourably compares with that of some industrialized countries of western Europe. There has been a consistent wage increase for the period under consideration. The increase in wage rates has been higher than that in cost of living and wholesale prices. The

3/ Bank of Israel, Bulletin, No. 6, 1957.

level of nominal wages rose by about 67 per cent between 1953 and 1956, while the level of real wages rose by 21 per cent during the same period, as shown in table 29. Although figures for 1957 are not available, it is believed that a further rise in real wages was registered during that year.

Table 29. Israel: Wage Levels

Item	1953	1954	1955	1956
Average daily wages in manufacturing (in Israeli pounds, at current prices) . . . . .	5.82	6.84	8.44	9.62
Index (1953 = 100)	100	117	145	165
Average daily wages in manufacturing (in Israeli pounds, at constant purchasing power) . . . . .	5.82	6.02	6.84	7.02
Index (1953 = 100) . . . . .	100	103	118	121

Source: United Nations, Monthly Bulletin of Statistics, January 1958.

The increased pressure on available resources was further enhanced by the growth in the labour force and the decline in unemployment, as shown in the following table (in thousands): 4/

Number of unemployed in Israel, 1953-1957

1953	1954	1955	1956	1957 September
17.68	13.46	10.74	12.29	8.92

These figures do not give a full picture of the unemployment situation: they exclude persons temporarily engaged in so-called "relief works" as well as a large number of immigrants being assimilated into the working community, whose contribution to the national product will inevitably remain for some time negligible.

The existence of a wage-cost of living index has contributed to a continuous increase in production costs and thereby to increasing export difficulties. Attempts are being made at least to moderate the impact of purely seasonal fluctuations on the cost of living index or the impact of fluctuations in the cost of living index upon the wage scales by resorting to

4/ United Nations, Monthly Bulletin of Statistics, January 1958.

such measures as temporarily increasing the size of food subsidies at strategic moments. The fact that an inflationary process is under way, however, has so far caused these efforts to fail.

### Public expenditure

Government expenditure has been steadily increasing, not only in absolute figures, but also relatively to gross national product. In 1950 it stood at £I 88.37 million, which was 18.6 per cent of gross national product, in 1953 it went up to £I 264.65 million, or 19.6 per cent of gross national product, and in 1956 it reached £I 662.56 million - 26.4 per cent of gross national product.

Table 30 reveals that the major increases were in interest on public debt (£I 1.71 million in 1950, £I 13.28 million in 1953 and £I 41.67 million in 1957) and in national defence (£I 23.84 million in 1950, £I 46.13 million in 1953 and £I 142.50 million in 1957).

This increased government expenditure was financed mostly by direct taxes, indirect taxes and counterpart funds (originating from United States grants and German reparations payments) until 1957, when increasing defence outlays caused large domestic borrowing.

The figures mentioned above do not give a full account of the defence expenditure. The Finance Minister of Israel, in his budget speech on 9 November 1957, disclosed that defence expenditure preceding the Sinai campaign, together with the cost of the campaign itself, amounted to £I 350 million. This necessitated an increase in the public debt, in foreign as well as local currency. In 1956/57 the deficit in the defence budget amounted to £I 140 million; of this amount, £I 65 million were advanced by the Bank of Israel, while the remainder, approximately £I 70 million, was financed by means of current debts to the banking system and by the postponement of payments to other economic bodies.

It must be noted that the figures in table 30 relate to the operations of the Central Government, but exclude the municipalities, the Jewish Agency and certain other public bodies. Actual total public expenditure is far greater than appears in government budgets, as can be seen from the figures on public consumption (table 25) and public investment (table 31).

In 1953, total public spending for consumption and investment amounted to £I 392.8 million, as opposed to £I 264.5 million on the government budget. Similarly, the figures for 1954, 1955 and 1956 were £I 551.3 million, £I 736.0 million and £I 1,039.0 million for total public expenditure, as opposed to £I 356.21 million, £I 511.82 million and £I 662.58 million of central government expenditure.



Table 30. Israel: Budget Accounts<sup>a/</sup>  
(Millions of Israeli pounds)

Item	1950	1953	1954	1955	1956 <sup>b/</sup>	1957 <sup>b/</sup>	1958 <sup>c/</sup>
<u>Total expenditure</u> . . .	88.37	264.65	356.21	511.82	662.56	688.61	856.75
<u>Total ordinary expenditure:</u> . . .	53.17	163.87	192.02	301.34	386.99	449.85	579.25
Interest on public debt . . . . .	1.71	13.28	9.31	25.30	29.59	41.67	45.00
Food subsidies . . . . .	1.58	3.52	3.99	9.97	29.33	35.04	56.10
National defence . . . . .	23.84	46.13	50.47	60.15	58.74	142.50	182.61
Other . . . . .	26.04	100.94	128.25	205.92	269.33	230.64	295.54
<u>Total development expenditure:</u> . . . .	35.20	100.78	164.19	210.48	275.57	238.76	277.50
Housing . . . . .	9.85	15.75	19.14	27.46	37.05	25.71	69.30
Development loans . . . . .	13.65	56.45	73.51	97.58	121.60	118.99	131.45
Other . . . . .	11.70	28.58	71.54	85.44	116.92	94.06	76.75

Source: United Nations, Statistical Yearbook, 1957 (Sales No.: 1957.XVII.1).

a/ End of March of year stated.

b/ Provisional.

c/ Estimated.

### Investment

The increasing level of investment, public as well as private, is another cause of expanding aggregate demand.

Data are not available for 1957, but indications are that the increase of previous years has been maintained. Such high levels of investment are made possible by the inflow of capital from abroad. In 1956 gross investment was approximately 20 per cent of total available resources, and almost 24 per cent of the net national income at market prices. Its absolute level was somewhat lower than that of the inflow of capital from abroad, because, as already pointed out, part of the foreign resources was diverted to consumption. An inflationary feature of this investment is that a large part of it goes into construction, with a high input of local factors of production (table 32).

The high level of expenditure on dwellings arises from the need to settle large numbers of immigrants, close to one million of whom arrived in Israel

Table 31. Israel: Gross and Net Investment  
(Millions of Israeli pounds at current prices)

Item	1953	1954	1955	1956
Private investment . . . . .	185.0	207.0	251.0	265.0
Public investment . . . . .	147.8	208.3	300.0	350.0
Total, gross investment . . . . .	332.8	415.3	551.0	615.0
Amortization . . . . .	80.0	100.0	120.0	150.0
Net investment . . . . .	252.8	315.3	431.0	465.0

Source: Reply of the Government of Israel to the United Nations National Accounts Questionnaire, 1957.

Table 32. Israel: Capital Formation<sup>a/</sup>  
(Millions of Israeli pounds at current prices)

Item	1953	1954	1955	1956
<u>Fixed capital formation:</u>				
Dwellings . . . . .	105.0	136.7	176.1	183.7
Non-residential buildings . . . . .	33.3	27.4	62.0	72.6
Other construction . . . . .	88.4	113.2	141.1	144.6
Transport equipment . . . . .	11.7	19.9	43.6	50.4
Machinery and other equipment . . . . .	81.8	98.6	116.2	162.4
Total, fixed capital formation . . . . .	320.2	395.8	539.0	613.7
<u>Increase in stocks</u> . . . . .	12.6	19.5	4.4	9.5
<u>Gross domestic capital formation</u> . . . . .	332.8	415.3	543.4	623.2

Source: Reply of the Government of Israel to the United Nations National Accounts Questionnaire, 1957.

a/ There are some statistical discrepancies between the totals in this table of gross domestic capital formation for 1955 and 1956 and the general totals reported in table 25 which come from a different source. It should be noted, however, that no such discrepancy occurs if the two years are taken together.

between May 1948 and the end of 1957. It has been estimated <sup>5/</sup> that the cost of housing and other measures necessary for the absorption of one immigrant amounts to £I 1,200. From 1948 through March 1957 about £I 700 million have been spent for that purpose, and an additional £I 300 million are to be spent in the next few years.

While the increase in production shown in table 33 had to cope with a rapidly increasing local demand, the volume of investment mentioned in table 31 has enabled the country to produce some 70 per cent of its food and an even higher percentage of certain manufactured goods, as well as to expand its exports at a high rate.

It should be noted that the Government's role in capital formation is larger than that shown in table 34. To make local capital available at reasonable terms for private investment, large amounts of counterpart funds, from United States loans and grants and German reparations, are used for medium-term and long-term loans to private enterprises, at 6 per cent interest.

Table 30 shows the almost constant yearly increase of development loans, which are budgeted for 1958 at a level that is 2.35 times as high as in 1953. Industrial development has become almost entirely dependent upon the Government. <sup>6/</sup>

The Bank of Israel has been faced with the difficult alternative, either to control credit expansion tightly in order to slow down inflation, or to slow down investment in order to moderate credit expansion. <sup>7/</sup> It can be said here that the Government has been partially successful in limiting credit extended to the public, and, to a lesser degree, that extended on its own account.

Government debt in local currency has continued to rise, increasing in the eight months from September 1956 to May 1957 by £I 58.3 million, as is shown in table 34.

Table 33. Israel: Trends in Production and Consumption  
(Millions of Israeli pounds)

Item	1953	1954	1955	1956
Manufacturing production <sup>a/</sup> . . . . .	629	945	1,055	1,235
Rate of growth <sup>b/</sup> . . . . .	100	129.06	134.19	143.59
Agricultural production <sup>a/</sup> . . . . .	223	332	377	487
Rate of growth <sup>b/</sup> . . . . .	100	120.37	131.48	156.48
Private consumption <sup>b/</sup> . . . . .	100	118.2	127.1	134.4
Public consumption <sup>b/</sup> . . . . .	100	126.8	142.2	197.8

Source: United Nations Bureau of Economic Affairs.

<sup>a/</sup> Gross value at current prices.  
<sup>b/</sup> At constant prices, 1953 = 100.

<sup>5/</sup> Israel Economist, October 1957 (Jerusalem).

<sup>6/</sup> Israel Economist, October 1956, page 188.

<sup>7/</sup> The policy of the Bank of Israel on credit control is discussed in chapter 8 of United Nations, The Development of Manufacturing Industry in Egypt, Israel and Turkey (Sales No.: 58.II.B.4).

Table 34. Israel: Factors Affecting Money Supply  
(Millions of Israeli pounds)

Item	September - December 1956	January - May 1957	September 1956 - May 1957
Increase in debit account of the public . . . . .	+ 4.2	+ 23.3	+ 27.5
Increase in credit account of the public . . . . .	-6.8	-14.4	-21.2
Net increase in accounts of the public in local currency (net of balances in transit, etc.) . . . . .	-1.5	+ 12.7	+ 11.2
Net increase in government debt in local currency . . . . .	+ 42.0	+ 16.3	+ 58.3
Total increase in local currency accounts . . . . .	+ 40.5	+ 29.0	+ 69.5
Over-all increase in money supply (net of conversions of foreign currency, and errors and omissions) . . . . .	+ 33.7	+ 42.4	+ 76.1

Source: Bank of Israel, Bulletin, No. 6, 1957.

Moreover, the velocity of circulation of money has considerably increased during the period under consideration, and this has been an additional cause of price increase (see table 35).

Table 35. Israel: Bank Debits, Demand Deposits and Velocity of Turnover<sup>a/</sup>  
(Millions of Israeli pounds)

Item	1953	1954	1955	1956	1957
Money supply . . . . .	290.1	348.5	419.7	517.3	576.8 <sup>b/</sup>
Bank debits . . . . .	164.2	221.7	282.9	315.6	398.8
Bank deposits . . . . .	191.9	201.9	247.2	289.0	331.8
Annual turnover (velocity of deposits) . . . . .	10.3	13.2	13.7	13.1	14.4

Source: International Monetary Fund, International Financial Statistics  
(Washington, D.C.), February 1958.

<sup>a/</sup> End of period stated.

<sup>b/</sup> November.

## Foreign trade and balance of payments

There has been a consistent deficit in the balance of payments from 1953 to 1956. This deficit has been financed by means of unrequited receipts and short-term and long-term loans, which enabled the country to balance its external accounts, as can be seen from the data given in table 36. The unrequited receipts were estimated at £I 172.8 million for 1953, £I 263.4 million for 1954, £I 210.4 million for 1955 and £I 243.1 million for 1956. <sup>8/</sup>

The total of foreign obligations was \$299.6 million by the end of March 1957, as against \$89.6 million in foreign currency balances, with a net outstanding liability of \$210 million. <sup>9/</sup> This is likely to become a burden on the economy, and additional difficulties are to be expected by 1962, when payments under the

Table 36. Israel: Balance of Payments  
(Millions of dollars)

Item	1953	1954	1955	1956
Goods and services: . . . . .	-262.9	-236.1	-282.7	-357.9
Exports, f.o.b. . . . .	56.3	87.7	88.8	106.5
Imports, c.i.f. . . . .	-281.9	-292.5	-333.3	-362.6
Other (net) . . . . .	-37.3	-31.3	-38.2	-101.8
Private donations . . . . .	84.6	133.3	83.2	122.6
Private capital . . . . .	17.1	11.2	9.3	2.8
Official donations . . . . .	88.2	129.3	127.2	120.5
Official and bank capital . .	58.2	-10.2	65.6	89.7
Long-term capital:				
United States Government				
loans (net) . . . . .	4.4	1.8	23.5	30.4
State of Israel bonds (net)	36.1	29.2	29.3	43.5
Other . . . . .	7.2	21.2	11.4	-3.7
Short-term capital:				
Payments agreements (net) .	-1.0	-4.0	1.4	-3.1
Other liabilities . . . . .	20.3	-22.6	9.3	19.4
Other foreign assets				
(increase -) . . . . .	-8.8	-35.8	-9.3	6.8
Monetary gold (increase -).	-	-	-	-3.6
Net errors and omissions . .	14.8	-27.5	-2.6	22.3

Source: International Monetary Fund, International Financial Statistics, vol. XI, No. 2, February 1958, page 266.

<sup>8/</sup> Bank of Israel, Bulletin, No. 6, 1956.

<sup>9/</sup> Bank of Israel, Bulletin, No. 6, 1957.

German Reparations Agreement will have ended (as of 1 September 1957, approximately one-half of the total of \$822 million provided for in the Agreement had been utilized).

A steady balance of payments deficit has to be expected, however, in a country which needs a comparatively larger investment than it can procure domestically in order to absorb large numbers of immigrants and equip itself for expanding its productive capacity. On the other hand, it is not unreasonable to expect foreign resources to continue to be forthcoming for some time, although their magnitude may be reduced.

\* \* \* \* \*

The inflationary process characterizing its economy makes it increasingly difficult for Israel to achieve a level of consumption - private and public - properly related to the income produced in the country itself.

If manufacturers had to buy their raw materials, and consumers their imported goods, at prices reflecting the true external purchasing power of the Israeli pound, there is little doubt that cost and prices would be forced upwards, and exports of finished goods processed from imported raw materials would, in many cases, be hampered. The reckoning of import prices on the official rate of exchange, which is considerably lower than the market rate, amounts to a subsidy on imported consumer goods and on exports made from imported raw materials. This tends to distort the relationship between cost, wages and prices. There are already some anomalous features in the Israel economy: it is, for instance, striking that, in a country which is neither highly industrialized nor characterized by an exceptionally large foreign sector, agriculture, industry and construction together generated only 40 per cent of the national income, the balance of 60 per cent representing trade and services, as shown in table 37 on distribution of national income by industrial origin.

Table 37. Israel: Distribution of National Income by Industrial Origin  
(Percentages)

Item	1954	1955	1956
Agriculture . . . . .	13.5	11.9	13.1
Industry and quarries . . . . .	22.7	20.8	20.5
Building and construction . . . . .	5.9	7.2	6.1
Transport . . . . .	7.3	7.8	7.7
Public and government services . . . . .	18.4	18.9	19.7
Trade and other services . . . . .	30.4	31.7	31.2
Miscellaneous . . . . .	1.8	1.7	1.7
Total . . . . .	100.0	100.0	100.0

Source: Bank of Israel, Bulletin, No. 6, 1957.

The proper cost relationship is further obscured by the fact that a good share of Israel's exports are directed, through bilateral agreements, towards countries that are ready to absorb them at prices above the international level, but only by charging higher prices for their own exports to Israel.

The reactions of the groups affected by the shrinking purchasing power of the Israeli pound actually amount to an effort to shift the burden of inflation to other groups, contributing to further increases in prices. By virtue of their strong position, the wage earners are able to pass on many of the burdens of inflation to other groups. A large part of actual savings goes into real estate or into securities linked to gold and foreign currencies; all this is reflected, sooner or later, in a cost-price upward spiral. The propensity to save is, of course, discouraged by the mounting level of prices.

The public authorities are well aware of the danger of this state of affairs. The Governor of the Bank of Israel, in his report to the Government and Parliament of 26 August 1957, stressed the following recommendations as anti-inflationary measures: (a) cash balancing of government expenditure; (b) prevention of increase in personal income exceeding productivity; (c) slowing down of credit expansion; and (d) encouragement of saving.

## J O R D A N

### Economic background

Jordan is a small under-developed country suffering from the pressures of a population confronted with meagre soil resources, inadequate water supply, and frequently adverse climatic conditions. The substantial increase in its population - as a result of the acquisition of parts of Palestine, coupled with a high rate of natural increase - and the limited cultivable land pose serious economic problems. Moreover, the lack of sufficient capital funds for economic development narrows the possibilities for the exploitation of available resources and this correspondingly deprives the large surplus labour force of gainful employment opportunities.

The Jordanian Government has, under the circumstances, been facing the difficult task of securing a reasonable level of employment for its people and of preventing a fall in the standard of living. Its achievements in this direction have been conditioned by the level of agricultural production and the extent of foreign assistance; the significance of both of these for the Jordanian economy can hardly be over-estimated.

In the absence of reliable and adequate production series, or complete national income accounts, it is not possible to show fully how successful the Jordanian Government has been in achieving its economic policy objectives. The available data, however, lend themselves to some partial analyses.

The agricultural sector of the Jordanian economy seems to have been subjected to alternating climatic influences. This is seen in table 38. The poor harvest of 1953 was followed by an extremely favourable crop year. Similarly, the lean crop year of 1955 was followed by a good year in 1956. Although no complete data are yet available for 1957, preliminary estimates indicate that production in 1957 fell considerably short of the 1956 level.

The available national income estimates, as seen in table 39, show that, while the share of agriculture was close to 40 per cent of total income in 1952, it fell to about 30 per cent in 1953, and rose to about 40 per cent again in 1954. The loss of an estimated JD 5.7 million in national income in 1953 is almost wholly explained by the fall in the volume of agricultural production.

The industrial sector, including mining and quarrying, is relatively unimportant, but it has been expanding. No complete figures are available on tobacco manufacturing, flour milling and other small industries. The production of phosphates, however, has been expanding at a fast rate, the increase being ninefold in four years. Pending the construction of roads and the development of port facilities in the Gulf of Aqaba, the production of phosphates is expected to rise to one million metric tons in 1965, as compared with an estimated production of 360,000 metric tons in 1957. Cement production also has recently increased substantially, covering virtually the entire domestic demand.



Table 38. Jordan: Indices of Production  
(1953 = 100)

Category and product	1954	1955	1956	1957 <sup>a/</sup>
<u>Agricultural products:</u>				
Cereals:				
Wheat . . . . .	235	80	244	202
Barley . . . . .	242	58	223	163
Lentils . . . . .	170	50	220	150
Kersaneh . . . . .	210	70	240	150
Maize . . . . .	110	42	61	...
Sesame . . . . .	119	97	122	...
Fruits:				
Grapes . . . . .	127	78	90	...
Olives . . . . .	124	24	147	49
Apricots . . . . .	122	26	48	...
Bananas . . . . .	55	184	111	...
Figs . . . . .	29	12	21	...
Vegetables:				
Tomatoes . . . . .	129	119	129	...
Cucumbers . . . . .	163	63	88	...
Broad beans . . . . .	106	75	53	...
Potatoes . . . . .	103	87	90	...
<u>Forest products:</u>				
Fuel wood . . . . .	91	71	73	...
Charcoal . . . . .	95	93	55	...
Wood . . . . .	118	103	109	...
<u>Industrial products:</u>				
Phosphates . . . . .	187	409	521	900

Source: The Hashemite Kingdom of Jordan, Annual Statistical Yearbook; United Nations Relief and Works Agency for Palestine Refugees in the Near East, Bulletin of Economic Development, No. 14 (Beirut, Lebanon, 1956).

<sup>a/</sup> Based on preliminary estimates.

Table 39. National Income of Jordan  
(Millions of Jordanian dinars)

Item	1952	1953	1954
Agriculture . . . . .	17.6	11.6	19.7
Mining and quarrying . . . . .	0.1	0.1	0.2
Industry . . . . .	1.8	2.1	2.7
Construction . . . . .	0.6	0.4	0.6
Real estate . . . . .	4.8	4.8	4.9
Public utilities, transport and communications . . . . .	2.7	2.9	3.2
Government . . . . .	7.6	7.9	8.8
Services . . . . .	1.4	1.5	1.6
Trade . . . . .	7.4	7.1	7.9
Finance . . . . .	0.3	0.3	0.3
Total	44.3	38.7	49.9

Source: Albert Y. Badre and associates, The National Income of Jordan, 1952-1954, Economic Research Institute, American University of Beirut (Beirut, Lebanon).

Price movements

The available information on prices is both incomplete and unsatisfactory. The present techniques of collecting and computing data make an adequate analysis difficult. There are, however, certain characteristics of price behaviour, in the period under consideration, which may be summarized as follows: 1/

The retail price indices show marked seasonal fluctuations, these being most conspicuous in respect of fruits and vegetables. The consistent rise in meat prices is perhaps indicative of an increased demand for this item. The prices of cereals and foodstuffs have depended, by and large, on the size of the harvest - falling in a year of bountiful harvest and rising in a poor crop year. There are also considerable spatial price differentials, even in the case of stable commodities. Their persistence is due perhaps to the fact that transport facilities are inadequate and also that strong competition may be lacking. The prices of imported goods have a direct effect on the general price level, because imports constitute a large percentage of total supply of goods and services for domestic use. For the years 1952-1954 - for which national income data are available - the total value of imports corresponded, on the average, to 40 per cent of national income.

1/ International Bank for Reconstruction and Development, The Economic Development of Jordan (Johns Hopkins Press, Baltimore, 1957); and United Nations Bureau of Economic Affairs.

The wholesale and retail price indices are given in table 40. In the case of wholesale prices, the alternating changes can, to a great extent, be explained by changes in weather conditions and their effect on the volume of agricultural production. Retail prices have followed the same pattern. There are reasons to believe, however, that the price indices for 1956 and 1957 underestimate the actual rise in the price level. Direct observation in Jordan would suggest that price rises, in particular for 1957, have been substantial.

Table 40. Jordan: Price Indices  
(1953 = 100)

Item	June			
	1954	1955	1956	1957
Wholesale prices . . . . .	88	97	94	101
Retail prices . . . . .	101	105	101	118

Source: United Nations Bureau of Economic Affairs.

#### Government finance

The fiscal operations of the Jordanian Government are presented in table 41. The total revenue of the Government is obtained from domestic sources and foreign grants-in-aid. Revenue from domestic sources has increased both in absolute and relative terms, mainly as a result of a higher level of economic activity, since there have been no changes in tax rates or methods of collection. It should be noted, however, that the 1956/57 revenue includes a non-recurrent item of JD 0.97 million representing contributions to the National Guard. This also explains part of the estimated decrease in revenue from 1956/57 to 1957/58. In addition, the estimate for the latter year reflects an anticipated decrease in imports.

Foreign grants-in-aid showed little absolute change between 1953 and 1957, but constituted a declining percentage of total revenue. The large figure of JD 19.64 million for the fiscal year 1957/58 includes items of expected grants which may not have much likelihood of being realized.

Total expenditure has also shown considerable increase over time, but with little change in its distribution. Expenditures on national defence, which until recently were financed from grants by the Government of the United Kingdom, consistently amounted to over 50 per cent of total expenditure. The normal government disbursements, constituting about 40 per cent of the total, have been met from internal sources. Expenditures of the Development Board have been financed from interest-free loans obtained from the United Kingdom.

Table 41. Jordan: Government Fiscal Operations  
(Thousands of Jordanian dinars)

Item	1953/54 Actual	1954/55 Actual	1955/56 Actual	1956/57 <sup>a/</sup> Actual	1957/58 <sup>b/</sup> Budget Bill
Total revenue . . . . .	14,328	16,446	16,929	18,472	27,680
Domestic sources . . . . .	5,633	7,495	7,954	9,712 <sup>c/</sup>	8,040
Foreign grants-in-aid . . . . .	8,695	8,951	8,975	8,760	19,640
Total expenditure . . . . .	14,895	16,560	17,608	20,162	26,529
National defence . . . . .	...	8,950	9,380	...	14,540
Other government departments . . . . .	...	6,380	6,640	...	10,160
Development Board . . . . .	...	1,220	1,590	1,560	1,830
Surplus or deficit . . . . .	-567	-114	-679	-1,690	-1,151
Drawings on United Kingdom loans . . . . .	1,327	1,221	1,588	1,562	731
Cash balances: decrease (+) or increase (-) . . . . .	-760	-1,107	-909	128	-1,882

Source: United Nations Bureau of Economic Affairs.

a/ Preliminary.

b/ Revenue and expenditure figures tentative.

c/ Includes a non-recurring item of JD 0.97 million representing contributions to the Jordan National Guard collected in Jordan and other Arab countries; about JD 0.60 million was collected outside Jordan and has been treated as a foreign asset.

The Development Board is in charge of the greater part of economic development in Jordan. The Government, additionally, incurs some development expenditures which are financed from over-all budgetary receipts. Moreover, the United States Operations Mission executes some development projects outside the budget, and the United Nations Relief and Works Agency for Palestine Refugees in the Near East carries out some projects in connexion with the rehabilitation of Palestinian refugees.

The over-all picture of government finances consistently shows a deficit throughout the period. These deficits, however, have been covered entirely by loans from the United Kingdom which, with the exception of the fiscal year 1956/57, have made an increase in government cash balances possible.

The large discrepancy between revenue from domestic sources and total public expenditure is likely to have exerted some inflationary pressures. These pressures were tempered by foreign grants and loans which covered the excess expenditure and at the same time enabled the country to have an import surplus.

## Foreign trade and balance of payments

In the absence of complete information on the principal items of expenditure on the national product, it is not possible to study the manner in which total resources have been utilized. It is, however, informative to sketch Jordan's international financial position and observe the changes in its net indebtedness over time.

Table 42 shows the importance of foreign aid to the economy. The large and persistent discrepancy between its exports and imports naturally raises a question regarding the means of payment and their long-run reliability.

Jordan's deficit on the balance of trade continued to rise throughout the period, but declined substantially in 1956. The decline in the 1956 deficit resulted from an increase in exports 2/ and a substantial decline in imports. 3/

The deficit on current account, although less than the trade deficit because of Jordan's earnings from "invisibles", is still considerable. These deficits have been more than covered by official and private donations and loans; in fact these donations and loans have made it possible for Jordan to increase its foreign assets and to continue its economic activities at the present level without undue price increases. Unless Jordan can substantially increase its exports or its earnings from tourism, a discontinuance of foreign assistance will not only bring on inflation but may even make it impossible for the country to maintain present consumption levels.

The increase in foreign assets, under conditions of a relatively non-restrictive import system, could possibly mean that the rate at which foreign financial resources have been made available has exceeded the increase in demand for imports. Moreover, the limited degree to which the banks financed new enterprises, coupled with the increase 4/ in the Government's cash balances, makes it unlikely that aggregate demand consistently exceeded aggregate supply during the period under consideration.

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2/ Due to increased exports of fresh fruits and vegetables, cereals, olive oil and phosphates.

3/ The difference in the total value of imports for 1955 and 1956 can be explained by the over-importing which took place in 1955 as a result of liberal import policies, the large quantities of wheat and flour imported in 1955 because of drought conditions, and the interruption of trade channels during the last months of 1956.

4/ There was a decrease in cash balances in the fiscal year 1956/57.

Table 42. Jordan: Balance of Payments  
(Millions of Jordanian dinars)

Item	1953	1954	1955	1956
<u>Current account:</u>				
Exports, f.o.b. . . . .	2.66	3.05	3.57	5.16
Imports, c.i.f. (excluding military imports) . . . . .	-18.21	-18.59	-25.26	-21.88
Trade balance	-15.55	-15.54	-21.69	-16.72
Invisibles (net) . . . . .	1.56	2.66	4.39	2.43
Current balance	-13.99	-12.88	-17.30	-14.29
<u>Means of financing:</u>				
Private donations . . . . .	2.34	1.65	1.66	1.66
Private capital . . . . .	0.10	..	-	0.25
Official donations . . . . .	12.26	12.62	15.43	14.89
United Kingdom . . . . .	(6.43)	(5.87)	(8.04)	(8.01)
United States . . . . .	(0.97)	(1.25)	(2.73)	(0.47)
UNRWA . . . . .	(4.86)	(5.50)	(4.66)	(5.56)
Official and bank capital . . . .	-0.94	-1.55	-0.36	-2.20
Long-term liabilities . . . . .	(0.72)	(1.30)	(1.29)	(1.86)
Long-term assets . . . . .	(0.20)	(1.14)	(0.70)	(0.08)
Short-term capital . . . . .	(-1.86)	(-3.99)	(-2.35)	(-4.14)
Net errors and omissions . . . . .	0.23	0.16	0.57	-0.31

Source: International Monetary Fund, Balance of Payments Yearbook, vols. 6 and 9.

Money supply and bank credit

The total money supply increased from JD 12.56 million in December 1953 to JD 19.93 million in December 1956 and up to JD 20.79 million in March 1957. The greatest increase took place during the last quarter of 1956.

The two major factors contributing to this increase were the accumulation of foreign assets and the expansion of bank credit. Credit extension to the private sector accounted for most of this, as can be seen in table 43.

In the absence of relevant statistics, it is not possible to tell what changes occurred in aggregate demand. Under such circumstances it is perhaps permissible to infer growth in aggregate demand from growth in money supply and financial activity. In this case, it would appear that expansion in aggregate demand was perhaps greatest in 1956 when a relatively large increase in money supply was experienced. In a country like Jordan, however, where there is heavy reliance on an external supply of goods and services, expansion of aggregate demand should normally be reflected in increased demand for imports. Yet in 1956 commercial imports actually declined and foreign assets continued to rise. The fall in imports, however, may very well have been caused by an attempt to reduce the inventories accumulated during 1955 as a result of liberalized import regulations. Moreover, there were indications in 1956 of a marked expansion in domestic

production and economic activity which, together with the reduction in inventories, may explain the decline in the price level despite the curtailment of imports and the possible increase in aggregate demand inferred from the sharp rise in the supply of money.

Table 43. Jordan: Credit Extended by Commercial Banks

(Millions of Jordanian dinars)

Item	1953	1954	1955	1956	1957 March
Private sector . . . . .	...	4.89	6.46	7.48	8.41
Public sector . . . . .	...	0.49	0.55	0.69	0.75
Total	3.96	5.38	7.01	8.17	9.16
Change . . . . .		1.42	1.63	1.16	0.99

Source: The Hashemite Kingdom of Jordan, Annual Statistical Yearbook; United Nations Bureau of Economic Affairs.

\* \* \* \* \*

The Jordanian Government has been facing the very serious problem of finding employment opportunities for its big surplus labour force and of preventing the level of living from declining. The degree of success in reaching these two policy objectives has, to a large extent, been conditioned by the level of agricultural production and the amount of foreign aid and loans.

The cyclical pattern of climatic conditions has had a direct effect on the level of exports and imports, thus greatly influencing the magnitude of Jordan's deficit on current account. So far these comparatively large deficits have been financed by external aid. However, the continued flow of such aid cannot be relied upon indefinitely.

With the means available, Jordan seems to have done fairly well. The relative industrial expansion that occurred between 1953 and 1957 was not accompanied by a marked rise in the price level. The continuous government deficit must have exerted some inflationary pressures, but these were adequately offset by the continuous import surplus made possible through foreign aid and foreign loans. In the long run, however, Jordan faces the problem of finding employment opportunities for its large pool of unemployed labour. Vigorous measures for liquidating unemployment on a large scale may give rise to serious inflationary pressures, unless it is possible to rely on external sources for financing substantial import surpluses. Whether, or to what extent, its federation with Iraq will contribute to the solution of this problem, it is too early to determine at this stage.

## LEBANON

### Economic background

Lebanon, a small country with a high population density of 150 inhabitants per square kilometre and very limited natural resources, enjoys one of the highest per capita national incomes among the countries in the Middle East. Moreover, its economic growth has proceeded at a fairly rapid rate during the past several years. According to certain estimates, net national product rose from LL 919 million in 1948 to LL 1,137 million in 1953 and LL 1,465 million in 1956 (table 44).

In contrast with the surrounding arid lowlands, Lebanon is mountainous and well watered. The differences in altitude make for a varied climate, but the steep and rocky slopes severely limit the arable area. The share of agriculture in the national income is not even 20 per cent, although production and export of many kinds of fruit have considerably increased during recent years. Light industry has developed notably since the Second World War, with a marked upsurge after certain tax exemptions were granted in 1954; yet the industrial sector accounts for only about 12 per cent of the national income.

Lebanon's principal sources of income and foreign exchange, apart from trading activities, are services performed for residents of other countries and its tourist industry. Large numbers of tourists are attracted by the country's favourable geographical location, good climate and natural amenities. Lebanon lies at the centre of an expanding network of sea, land and air communications linking the Middle East with the West, and the Lebanese have become effective intermediaries between the western world and the business communities of the Middle East. The growth of the port of Beirut, with its free zone and transportation facilities, the high international rating of Lebanon's currency and the development of a free foreign exchange market have enhanced the country's position as an international trading and financial centre.

Lebanon has also attracted considerable capital from abroad. A good part of this comes from the numerous Lebanese émigrés living all over the world, many of whom regularly remit funds for the support of their families at home. Large amounts also come into Lebanon, particularly from neighbouring countries, to be used as venture capital in real estate or commercial and financial activities, or simply to await favourable opportunities for investment. Thus, a large income from invisibles and the import of capital have enabled Lebanon, despite a substantial deficit in its balance of trade, to enjoy a steady increase in its foreign balances.

Internal financial equilibrium has been well maintained. There is no actual sign of inflation, and prices have risen less than the world's average over recent years. While total money supply - currency and demand deposits - has risen from LL 534 million in 1953 to LL 894 million in November 1957, this increase does not appear to have been out of proportion with the expanding volume of business. Government finances have been conservatively managed. However, the Government has assumed, in the past few years, substantial commitments for public works to be



Table 44. Lebanon: Net National Product and Capital Investment  
(Millions of Lebanese pounds; per cent of total)

Item	1952		1953		1954		1955		1956	
	Per cent of total	Millions of Lebanese pounds	Per cent of total	Millions of Lebanese pounds	Per cent of total	Millions of Lebanese pounds	Per cent of total	Millions of Lebanese pounds	Per cent of total	Millions of Lebanese pounds
<u>Net national product:</u>										
Trade . . . . .	30.5	333	30.2	344	30.0	350	29.8	388	29.6	434
Agriculture . . . . .	19.8	216	19.4	221	19.4	226	19.4	253	19.4	284
Industry . . . . .	12.6	137	12.2	139	12.1	141	12.0	156	11.9	174
Ownership of buildings	9.0	98	8.9	101	8.9	104	8.9	116	8.9	130
Services . . . . .	9.7	106	9.6	109	9.6	113	9.7	126	9.8	144
Building and construction . . . . .	3.7	40	3.5	40	3.5	41	3.5	46	3.5	51
Government . . . . .	5.9	64	6.3	71	6.3	73	6.4	83	6.5	95
Transport and communications . .	4.6	50	5.5	62	5.4	63	5.5	72	5.5	81
Finance and insurance	4.2	46	4.4	50	4.8	56	4.8	63	4.9	72
Total, net national product . . . . .	100	1,090	100	1,137	100	1,167	100	1,303	100	1,465
<u>Capital investment:</u>										
Public . . . . .	15	22	15	23	15	25	24	49	22	49
Private . . . . .	85	128	85	132	85	140	76	157	78	176
Total, capital investment . . . . .	100.0	150	100.0	155	100.0	165	100.0	206	100.0	225
As per cent of net national product	13.8		13.6		14.1		15.8		15.4	

Source: A.Y. Badre and associates, Economic Research Institute, American University of Beirut, for 1952-1954 and estimates of United Nations Bureau of Economic Affairs, for 1955-1956.

financed from budget surpluses, both current and accumulated. <sup>1/</sup> From this viewpoint, the situation bears careful watching but need not be considered as necessarily leading into inflation.

Availability and use of resources

Table 44 gives estimates of Lebanese national income by sector of economic activity for the period 1952-1956. It appears from these figures that industry (including construction) and agriculture together contributed about 35 per cent to net national product. The furnishing of services represented by trade, transportation, finance, government and others accounted for 65 per cent. The strong predominance of services over goods is typical of Lebanese economic activity.

Capital investment, which, during the period 1953-1956, fluctuated at around 15 per cent of net national product, is mostly private investment. The relative share of public investment has been growing, however, and if present plans are carried out, government capital outlays will play a comparatively more important role in the near future.

Foreign trade and balance of payments

No official balance of payments computations are available. Private estimates do not go beyond 1954, and even these cannot give an accurate picture of the situation, due to many technical complications peculiar to the structure of the country's economy. The only available indication as to the external payments position of the country is the fluctuation in the foreign balances. This points to a steady growth, as shown in table 45.

Table 45. Lebanon: Foreign Exchange Reserves

(Millions of dollars)

Item	1953	1954	1955	1956	1957 November
Absolute level . . . . .	55	76	86	88	99
Increase over previous year . .	13	21	10	2	11

Source: International Monetary Fund, International Financial Statistics (Washington, D.C.), February 1958.

The export and import figures, as shown in the official statistics, do not give a true picture of the country's foreign trade. Exports are understated because of unrecorded transactions and under-evaluations. Imports are understated

<sup>1/</sup> The Government also contracted a loan for \$27 million with the International Bank for Reconstruction and Development to be used for the foreign component expenditure on the Litani River Development Project. The loan was not drawn upon until early in 1958.

chiefly because they are recorded at the official rate of exchange, LL 2.191 to the dollar, whereas the effective rate of exchange at which the transactions take place is approximately LL 3.20 to the dollar. However, the import figures shown in table 46 do not have this discrepancy because they are converted from official statistics at the official rate of exchange.

Table 46. Lebanon: Foreign Trade and Indices of Exports and Imports

(Millions of dollars; 1953 = 100)

Item	1953	1954	1955	1956	1956 (first quarter)	1957
Exports . . . . .	25.4	28.6	33.3	40.4	10.9	11.1
Imports . . . . .	144.4	174.0	218.4	237.1	54.5	52.1
Exports as per cent of imports . . . . .	17.6	16.4	15.2	17.0	20.0	21.3
Exports . . . . .	100	112.6	131.1	159.1	-	-
Imports . . . . .	100	120.5	151.2	164.2	-	-

Source: International Monetary Fund, International Financial Statistics, February 1958.

Imports represent an unusually large percentage of national income. During the period under consideration, Lebanon's imports amounted to slightly less than half its national income.

In 1956 exports amounted to only 17 per cent of imports, according to official figures. This low ratio appears to be a regular feature of the foreign trade of Lebanon: it was 17.6 per cent in 1953, 16.4 per cent in 1954, and 15.2 per cent in 1955. During the period under consideration, the value of both imports and exports grew by almost two-thirds, but there was also a steady growth of invisibles and capital movements, so it appears that the country continues to enjoy a net annual increase in its foreign holdings.

#### Price movements

Under these conditions, local prices are strongly influenced by international price fluctuations. Wholesale price fluctuations in Lebanon are smoother than in other countries, as shown in table 47. This might be due to the fact that the country enjoys free access to world markets because of its strong foreign exchange position and the wide knowledge of foreign trade opportunities acquired by Lebanese merchants.

Table 47. Indices of Prices, Selected Countries  
(1953 = 100)

Country or area and item	1952	1954	1955	1956	1957
<u>United States:</u>					
Wholesale prices . . . . .	101	100	100	104	108 <sup>a/</sup>
Export prices . . . . .	100	99	100	103	108 <sup>b/</sup>
<u>Europe:</u>					
Wholesale prices . . . . .	103	100	102	106	107 <sup>c/</sup>
Export prices . . . . .	110	99	102	106	...
<u>United Kingdom:</u>					
Wholesale prices . . . . .	102	100	104	108	113 <sup>d/</sup>
Export prices . . . . .	104	99	101	105	110 <sup>d/</sup>
<u>Egypt:</u>					
Wholesale prices . . . . .	105	97	99	110	120 <sup>c/</sup>
Export prices . . . . .	137	113	111	121	...
<u>Lebanon:</u>					
Wholesale prices . . . . .	103	98	93	98	102 <sup>e/</sup>
Cost of living . . . . .	107	95	96	102	110 <sup>d/</sup>
Share prices . . . . .	106	119	167	205	186 <sup>d/</sup>

Source: International Monetary Fund, International Financial Statistics, February 1958.

- a/ December.
- b/ October.
- c/ August.
- d/ November.
- e/ September.

From 1953 to September 1957, wholesale prices in Lebanon increased by only 2 per cent as against increases, between 1953 and the third or fourth quarters of 1957, of 8 per cent in the United States, 7 per cent in Europe, 13 per cent in the United Kingdom and 20 per cent in Egypt. Lebanon's cost of living index, however, increased by 10 per cent during the period under consideration. This can be explained partly by an increasing demand upon a limited local supply, partly by difficulties arising in 1956-1957 with regard to the import of some foodstuffs from neighbouring countries, notably meat, and partly by a general regional rise in food prices, especially vegetables. Since for all practical purposes the country has no price controls, discrepancies between demand and supply register almost fully in prices.

### Public finance<sup>2/</sup>

Government receipts represent an unusually modest percentage of national income. During recent years this percentage has not shown much increase; the ratio was 12.4 per cent in 1953, 13.5 per cent in 1954, 13.7 per cent in 1955 and 13.1 per cent in 1956. The largest component of receipts is constituted by customs duties, which have been keeping pace with imports, without any significant increase in rates.

Table 48 shows the closed accounts of the government budget for the years 1953-1956, and estimates of closed accounts for the year 1957. No recent data are available on municipal finances, but since whatever deficits incurred by municipalities have been financed by advances made directly or guaranteed by the Government, which are included in the records of the extraordinary outlays dealt with later, this lack of information on municipal deficits will not detract from the over-all picture of public finances.

Between 1953 and 1957 ordinary expenditure, including special budgets (see footnote a/to table 48), increased by 110.8 per cent, and ordinary receipts increased by 64.2 per cent, leaving substantial surpluses in each of the years under consideration. Surpluses had also been a feature of the Lebanese budget in the preceding years. These surpluses, however, have been declining in absolute amounts, as well as in proportion to receipts, during 1956 and 1957. In 1955 the excess of fiscal income over expenditure was LL 46.62 million or 26 per cent of receipts; in 1956 it dwindled to LL 29.65 million or 15.4 per cent of receipts, and in 1957 stood at LL 29 million or 12.5 per cent of receipts.

These surpluses did not result in a corresponding increase in government deposits. Net government deposits, which were at their peak of LL 71.06 million at the end of 1955, stood at LL 34.25 million at the end of 1957.

The entire amount of the surpluses accumulated after 1955, as well as part of those already accumulated by that date, were used by the Government for special development expenditure, additional to the ordinary budget expenditure.

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<sup>2/</sup> The source of most of the information included under "Public finance" is an account by Joseph Chader, Chairman, Finance Commission of the Lebanese Parliament, and currently cabinet minister, in Le Commerce du Levant, 8 and 12 February 1958.

Table 48. Lebanon: Government Budget, Closed Accounts, including Special Budgets a/

(Millions of Lebanese pounds)

Item	1953	1954	1955	1956	1957 <sup>b/</sup>
Receipts . . . . .	141.25	157.50	179.00	192.00	232.00
Expenditure . . . . .	96.31	111.18	132.38	162.35	203.00 <sup>c/</sup>
Surplus . . . . .	44.94	46.32	46.62	29.65	29.00

Source: See footnote 2/ in this chapter.

a/ Excluding special development expenditure.

b/ Estimate of closed accounts. The total of LL 232 million consists of: LL 202 million, ordinary receipts; LL 20 million, special receipts accruing to the special budgets, that is, Telephone Company, Wheat Office, National Lottery, Electric Power, government enterprises; and LL 10 million, proceeds of a special tax established by law 9 April 1956 for reconstruction of property damaged by the 1955 earthquake. Among others, the LL 20 million of special receipts include royalties for transit of oil through pipelines on Lebanese territory.

c/ Estimate of closed accounts. The amount of LL 203 million consists of: LL 186 million, expenditure for the general budget, and LL 17 million, expenditure for the special budgets.

Since 1953 Lebanon has been aware of the need to supplement its traditional trading activities with a stronger infrastructure and better productive facilities. Private initiative showed a certain reluctance to carry out the necessary investments in this direction, and, as a result, the Government stepped into the picture. It has acquired and is now operating such facilities as railways, irrigation schemes and power stations, representing a combined investment of over LL 85 million. 3/ Up to the present, no sizable operating income accrues to the Government from these investments.

From 5 April 1954, when a special public works programme was approved, to the end of 1957, Parliament voted credits in the total amount of LL 306 million

3/ Major items are: telephone network; Nakoura Railway; Maameltein Tramway; Electric Company Adonis, Tyre and Nabatieh; Beirut Electric Company; Beirut Water Supply Company; Nabh-el-Tasse Supply Company; Hasbaya Electric Company; Rachaya Electric Company; Ain Delbe Water Supply Company; Metn Water Supply Company; Taalabaya Water Supply Company; Nabh-el-Kadi Water Supply Company; Agricultural, Industrial and Real Estate Bank; Arab Potash Company.

to the Public Works Autonomous Funds for various development purposes or for special outlays now included in the regular budget. Out of these credits, LL 171 million were actually disbursed, <sup>4/</sup> LL 55 million remained unspent by the end of 1957, and LL 80 million represent government commitments for 1958 and following years. In addition to these outstanding commitments to the Public Works Autonomous Funds, another LL 160 million were committed by the end of 1957 for various public works and other extra-budgetary outlays. Thus, the total commitments already incurred for the future by the Lebanese Government amount to LL 225.56 million, <sup>5/</sup> to be disbursed according to the schedule shown in table 49.

Table 49. Lebanon: Government Commitments in the Public Budget  
(Millions of Lebanese pounds)

Year	Total commitments for the year	Progressive total
1958 . . . . .	108.563 <sup>a/</sup>	108.563
1959 . . . . .	35.400	143.963
1960 . . . . .	24.085	168.048
1961 . . . . .	21.943	189.991
1962 . . . . .	7.564	197.555
1963 . . . . .	7.564	205.119
1964 . . . . .	7.564	212.683
1965 . . . . .	7.427	220.110
1966 and following years	5.454	225.564
Total	225.564	225.564

Source: Joseph Chader, loc. cit.

<sup>a/</sup> Including an amount of LL 55.5 million of unspent arrears, of which it is unlikely a substantial amount will be disbursed in 1958.

<sup>4/</sup> Major items are: telephone network, Litani River Authority, Beirut Water Supply Company; Beirut and other municipalities; Reconstruction Office for Earthquake Damages; autonomous fund for the construction of public buildings.

<sup>5/</sup> Major items are: water supply projects, rural electrification, highways, telephone network, municipalities, Port of Tripoli, Litani River Authority.

Altogether the Government has disbursed between 1954 and 1957, for development works and extra-budgetary outlays geared to development or construction, approximately LL 250 million. This amount has been mostly financed from current surpluses in the ordinary budget during that period and by drawing on surpluses previously accumulated. It has been partly financed from sales of government property and by using as a revolving fund income accruing from government investments and from other means of extraordinary financing. To some extent it has been financed by a direct or indirect increase in the indebtedness of the Lebanese Treasury to the Bank of Syria and Lebanon; this, however, was a minor source of financing, since the net government indebtedness to the Bank stood at LL 88.9 million in March 1956, as against LL 87.2 million at the end of 1953.

It is reasonable to believe that the outstanding development commitments, amounting at the end of 1957 to LL 225 million and spread over more than nine years, are within the Government's financial resources, since substantial ordinary budget surpluses are likely to go on accumulating, even in the absence of significant changes in tax rates.

It is also true that, of the total amount of commitments, LL 55 million represent residual unspent allocations up to the end of 1957, and it is quite unlikely that they will be disbursed in full, at least not in a short period of time.

It seems that even under the most favourable circumstances, the Lebanese Treasury is not in a position to incur any new sizable burdens without endangering the internal economic stability of the country. The two main causes of budgetary surpluses have been improvements in fiscal assessment and the steady increase of receipts, due to the growth of national income and larger customs duties on increasing imports. In all likelihood the latter will continue, but there is less and less scope for the former. On the other hand, underspending has been a regular feature of the Lebanese budget. This is likely to play a reduced role in the future as the government machinery improves and as commitments for public works on future budget surpluses continue to increase.

\* \* \* \* \*

During the period 1953-1957, Lebanon has been enjoying internal financial and monetary stability. Prices in Lebanon rose very moderately and actually less than world prices.

The increasing demand for local consumer goods and for investment has been satisfied mostly by an increasing volume of imports; the large proportion of imports to national income acts as a brake on price increases beyond the world price level.

The deficits on current account resulting from large import surpluses have been financed to a considerable extent by a continuous inflow of private capital. These import surpluses, together with the net fiscal surpluses, accounted to some extent for the price-level decline in the early part of the period under consideration. However, between 1954 and 1957, the Government drew upon previously accumulated surpluses in order to finance increasing development expenditure. During this latter period prices manifested an upward tendency.



It also appears that the amount of development commitments so far incurred by the Government for the next few years is approaching the limit of whatever surpluses might still accumulate without tapping new sources of revenue. More commitments over the level already reached might thus cause inflationary pressures.

## S Y R I A

### Economic background

In the past decade the Syrian economy has shown marked vitality and has achieved a rise in real per capita income that is outstanding compared with the general standards of under-developed countries. This achievement was no doubt facilitated by some natural advantages, such as the absence of population pressure on land resources, and it was also helped by the cotton boom during the period of the Korean conflict, which accelerated the opening up of the virgin lands of Syria's north-eastern districts. These circumstances, together with war savings and increasing oil royalties in recent years, enabled Syrian entrepreneurs and the Government to finance large industrial, transport and land reclamation projects. Higher tax revenues from rising income also enabled the Government to increase significantly its expenditures on education, welfare and defence.

While the share of Government in total investment has followed a rising trend in the past few years, it is generally true that the bulk of investment has been undertaken by private entrepreneurs. About half of private investment took the form of new housing construction. The high rate of total gross investment - about 15 per cent of gross national product - was largely financed out of domestic savings, and only in the past few years have oil transit dues and inflow of private capital become of some importance in financing investment.

The Syrian Government has aimed at economic stability in the face of rapid growth and has generally succeeded in this effort. The rise in real income and exports has made it easier to maintain the stability of internal prices as well as of the rate of exchange, to which stability the public sector has contributed by following a conservative fiscal policy and maintaining a balanced budget, and also by freeing the exchange market and operating on that market to maintain a stable rate with the United States dollar.

### Price movements

Prices in Syria followed a generally rising trend between 1950 and the end of 1952, during the Korean boom period. They showed a gradual decline in the following three years, up to the end of 1955, and in the past two years they have moved slightly upward again.

This general picture is true, with minor variations, both for the retail price index, which largely represents prices of foodstuffs, and for the wholesale price indices of various groups of commodities. The main exception appears in the group of local raw materials, and specifically in the price of cotton, which rose slightly during 1954 but otherwise was relatively stable during the period from 1953 to the middle of 1956. Since then cotton prices have followed a downward trend.

Price fluctuation was greatest in the case of the food and local raw materials groups, which include Syria's major agricultural exports - cotton, wheat and

barley - and was smallest in the case of building materials and fuels which, except for cement, are largely imported. The maximum price rises appeared during the Korean boom (late 1950 to early 1952) and after the Suez crisis in the last quarter of 1956 (see table 50).

The general wholesale price index, constructed by weighting the wholesale price indices of five groups of commodities, has shown remarkable over-all price stability since 1953. Retail as well as wholesale prices of food (including some other minor consumption goods) have shown greater annual changes than general wholesale prices in this period. This was particularly true in 1956 and 1957.

Stability of wholesale prices in Syria since 1953 largely reflects the opposite movement of price trends between local raw materials and other groups of commodities. Local raw materials include agricultural commodities such as cotton, cotton-seed or oil, wool, hides and tobacco, which form a substantial part of Syria's exports (60 per cent in 1955 and 38 per cent in 1956), and a significant part of national income (one-seventh in 1955 and one-eighth in 1956). The prices of these commodities are, to an important degree, determined by world market prices, and a relative rise in their export prices in the years 1951-1952 and 1954-1955 led to an improvement in Syria's terms of trade and hence to an ability to import a larger volume of goods in those years. The process was reversed however in 1956 and 1957 when import prices rose more than export prices, thus leading to a deterioration in terms of trade (table 51).

The relation between prices of the main agricultural commodities - cotton, wheat and barley, the larger part of which is normally exported - and world prices of comparable commodities can be seen from table 52. While price trends for several of these commodities, as well as of agricultural processed goods such as sugar and cotton yarn, followed almost the same pattern in Syria as in other countries producing similar products, it is noticeable that prices of wheat in Syria tended to fluctuate more widely than world prices, and that they rose substantially in 1955 and 1956 as compared with stable world prices. This was largely due to the poor wheat harvest in 1955, the effect of which continued to be felt in the form of high prices until the following harvest in mid-1956. <sup>1/</sup> Unlike cotton or barley, the larger proportion of total wheat production of Syria is consumed locally and hence its price is influenced more by changes in volume of supply and local demand than by changes in world price.

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<sup>1/</sup> Although the prohibition on importing wheat and flour was lifted during the period from August 1955 to May 1956, there were in fact few net imports into Syria. Exports were prohibited early in the season (end of November 1954) and remained subject to licensing until after the middle of March 1956 when a good new season was assured.

Table 50. Syria: Indices of Retail, Wholesale, Import and Export Prices  
(1953 = 100)

Item	1950	1951	1952	1953	1954	1955	1956	1957 <sup>a/</sup>
Retail prices <sup>b/</sup> . . . . .	84	102	109	100	92	91	104 <sup>c/</sup>	114
Wholesale prices, <sup>b/</sup> general		119	120	100	96	97	102	99
Food . . . . .		106	122	100	89	96	103	97
Local raw materials . . . . .		147	116	100	107	95	96	90
Local manufactures . . . . .		120	121	100	101	105	108	112
Building materials . . . . .		117	123	100	100	107	111	113
Fuels . . . . .		93	101	100	102	98	104	118
Agricultural commodities:								
Cotton <sup>d/</sup> . . . . .	123	186	124	100	111	97	93	81
Wheat <sup>e/</sup> . . . . .	78	122	126	100	85	104	104	89
Barley <sup>f/</sup> . . . . .	89	144	122	100	83	122	106	83
Import prices . . . . .	95	107	109	100	96	95	100	97
Export prices . . . . .	114	152	120	100	110	107	108	99

Source: Statistical Abstract of Syria, 1950-1956 (Damascus) and General Monthly Bulletin of Current Statistics, November-December 1957 (Damascus). Import and export price indices are taken from table 51.

- a/ January to November for retail prices, January to October for wholesale prices and January to September for import and export prices.
- b/ Price indices are annual averages of monthly figures. The retail price index is unweighted (base year 1938) and includes nineteen food items as well as soap, kerosene and cigarettes. The wholesale price index is new (base 1952-1954) and includes sixty-one items. It is calculated on the basis of the Laspeyres' formula and weighted by the average value of the various items sold in the market during the base period.
- c/ Average for eleven months only, that is, excluding October.
- d/ Ginned "Texas" variety in Damascus.
- e/ "Commercial" wheat in Damascus.
- f/ "White" barley in Damascus.

Table 51. Syria: Indices of Prices of Exports and Imports and Terms of Trade  
(1952 = 100)

Year	Export prices	Import prices	Terms of trade
1950 . . . . .	95	87	109
1951 . . . . .	126	98	129
1953 . . . . .	83	92	90
1954 . . . . .	91	88	103
1955 . . . . .	89	87	103
1956 . . . . .	90	92	98
1957 <u>a/</u> . . . . .	82	89	92

Source: E. Asfour, Syria: Monetary Policy in a Developing Economy (unpublished). Calculated from data given in Statistical Abstract of Syria, 1950-1956, and Summary of Foreign Trade. Indices are based on a selected group of eighteen export items (representing 87 per cent of total value of exports in 1952) and twenty-two main import items (representing 76 per cent of total value of imports in 1952). Changes in prices of items from the base year are weighted by the relative value of each item in the selected group in 1952.

a/ January-September.

Table 52. Syria: Indices of Domestic and World Wholesale Prices,  
Selected Commodities

(1949 = 100)

Year	Wheat <sup>a/</sup>		Sugar <sup>b/</sup>		Ginned cotton <sup>c/</sup>		Cotton yarn <sup>d/</sup>	
	Syria	Canada	Syria	Cuba	Syria	USA	Syria	USA
1950 . . . . .	78	99	100	120	126	115	111	115
1951 . . . . .	122	111	115	136	191	132	153	134
1952 . . . . .	126	109	110	100	128	123	137	115
1953 . . . . .	100	100	87	82	103	104	105	102
1954 . . . . .	85	85	78	78	114	108	111	97
1955 . . . . .	104	85	71	78	100	106	105	103
1956 . . . . .	104	85	74	83	95	107	100	105

Source: Ibid., based on Statistical Abstract of Syria, 1950-1956, for wholesale prices in Damascus. Statistical Office of the United Nations, Monthly Bulletin of Statistics for other countries.

a/ For Syria: commercial hard wheat; for Canada: North Manitoba No. 2 non-IWA sales (1953=100)

b/ For Syria: retail price of white granulated sugar in Damascus; for Cuba: New York spot quotations for f.o.b. export 96° centrifugal.

c/ For Syria: ginned cotton "Texas" variety; for the United States: spot prices for Middling 15/16 inches.

d/ For Syria: cotton yarn 20/1; for the United States: knitting yarn 20/1.

If the general wholesale index is compared with the index of import prices a remarkable similarity of trend will be noticed, particularly after 1952. This of course is due in part to the statistical fact that imports appear in the wholesale as well as in the domestic import list of priced goods. However, since there seems to have been neither significant pressure nor sagging in the level of demand for goods and services, the parallel movement of the two indices lends support to the hypothesis that changes in world prices of traded goods have had an important, if not a primary, influence on domestic price trends in Syrian since 1950 (table 53).

Table 53. Syria: Indices of Import Prices and General Wholesale Prices (1952-1954 average = 100)

Year	Import prices	Wholesale prices
1950 . . . . .	93	...
1951 . . . . .	105	115
1952 . . . . .	107	116
1953 . . . . .	99	97
1954 . . . . .	94	93
1955 . . . . .	93	94
1956 . . . . .	99	99
1957 . . . . .	95	95

Source: Tables 50 and 51.

Availability and use of resources

While it is not possible to give a definite appraisal of changes in the over-all supply and demand picture in Syria, preliminary estimates indicate that the supply of goods and services, as represented by the gross national product at constant prices, has been steadily increasing since 1950, except for the year 1955 when a bad cereal harvest resulted in a real decline. The average annual rate of increase has been of the order of 8 per cent and the exceptional rises occurred in 1954 and 1956, both years of very good harvests. In 1956, in addition, Syria experienced a substantial rise in industrial production and in government expenditure, which was made possible by the rise in receipts from oil companies.

On the demand side gross investment averaged about 15 per cent of gross national product per year during the period 1950 to 1956 and has shown a slightly higher rate of growth than that of gross national product. About one-third of fixed capital formation was balanced by a net deficit in the balance of trade, which was met by the inflow of foreign capital and foreign exchange, largely

through transfer of credit to foreign banks in Syria and also in the form of foreign exchange receipts from oil companies. The other two-thirds represented gross savings. Gross savings followed the general trend of growth of gross national product (excluding the effect of oil revenue), but at a slightly lower rate. This indicates that public and private consumption, which represents the difference between gross national product and savings, probably slightly surpassed the rate of growth of national product during the period under review.

It can thus be said that the increase in over-all output, particularly in the agricultural and government sectors, on the one hand, and the rise in oil revenue and a net inflow of capital into the country beginning in 1953, on the other, enabled Syria to maintain a high rate of capital accumulation and at the same time, to raise its standard of consumption without creating inflationary pressures up to 1954. The fall in agricultural production in 1955 started a slight upward trend in prices which continued in 1956 and 1957 despite the recovery of agricultural production and the rise in oil revenue. This latter development is to be attributed in part to the deterioration in Syria's terms of trade, and in part to the temporary effect of the Suez crisis late in 1956, but also to the effect of extraordinary defence expenditures in 1956 and 1957.

The relative importance of each of these elements in their effect on prices can be seen from table 54, which gives indices of gross national product at constant prices and of capital formation and savings as percentages of gross national product. It appears that from 1952 on, savings, as a proportion of gross national product continued to rise, if revenue from oil companies is included in exports of services. If this revenue is excluded, however, that is, if it is considered as inflow of capital rather than as export of services, then savings would appear to have maintained a stable and high rate of about 10 per cent of gross national product throughout the period. Conversely, consumption in real terms maintained a relatively stable proportion of gross national product (again, excluding oil revenue). Thus it appears that the supply of consumption goods and services from domestic production and imports kept pace with the increase in demand.

#### Output and foreign balance

A review of the main components of aggregate output - consumption, investment and foreign balance - will give a clearer indication of the contribution of these factors to the over-all picture given in table 54. As the table indicates, gross national product has risen at an average annual rate of 8 per cent in real terms during the period from 1950 to 1956. Indications of this rate of growth of domestic output can be seen from table 55, which shows changes in the volume of main agricultural and industrial products.

The most significant change in agricultural output has been the spectacular growth in cotton production, which started in 1950 in response to the increased demand and higher prices of the Korean boom period. While cotton was a minor crop in Syria before 1950, it is now comparable in value to wheat, which was Syria's major crop. The other significant development in agricultural output has been the wide fluctuation in yield and output of winter cereals and pulses, particularly wheat, barley, millet and lentils, which depend primarily on rainfall for their success. In particular, low and maldistributed rainfall in the 1950/51 and 1954/55 seasons resulted in exceptionally bad harvests,



cutting wheat output by about half and that of barley by over half the average. The fall in output of wheat and pulses in 1951 and 1955 reduced the domestic supply of these staple foodstuffs to the minimum required for local consumption and helped to raise general food prices significantly. <sup>2/</sup>

Output in the industrial sector, though small, has registered a high rate of growth, exceeding that of the general economy. Value of industrial products at constant prices more than doubled between 1950 and 1956. While expansion of output was general, it has been particularly noticeable in the case of cement - since the completion of a second factory at Aleppo in 1952 - sugar refining, plate glass and electric power. The textile industry, the largest in the country, showed a steady rate of growth maintained by increasing demand as well as expanding exports of cotton yarn and of cotton and silk fabrics to neighbouring countries.

Growth of agricultural and industrial output was naturally paralleled by an expansion in banking, transport and trade services necessary for financing and for distributing the products of such output. The greater expansion took place in the foreign trade sector, in line with the growth in value of exports and other sources of foreign exchange. In addition the banking system grew at a rapid rate following the discontinuance of the customs union between Syria and Lebanon in 1950 and the gradual transfer of financial and exchange services from Beirut to Syria. Total assets of major banks in Syria doubled between the end of 1950 and 1956. The growth of transport and banking services can be seen in table 56. Changes in the volume of goods shipped out of Latakia port and, to a lesser extent, changes in railway freight in 1951 and 1955 indicate the fall in exports of cereals due to bad harvests.

The other main contributor to total available supply of goods is the excess of imports over exports, which was considerable during the period under review and was financed mainly from the expenditures of oil companies on construction of oil pipelines through Syria in the earlier years and from the rise in oil royalties and fees after 1956. Other receipts on current account included local expenditure of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and remittances from Syrian emigrants living abroad.

In the capital account significant developments included receipts from Saudi Arabian loans (LS 22 million in 1950/51, and LS 56 million in 1955/56), payment of the currency debt to Lebanon resulting from the monetary break between the two countries in 1948 (LS 37 million in 1952-1954), and a sizable inflow of funds through private firms and banks, particularly during the years 1953-1955. These developments enabled the Syrian Government to add substantially to its official holdings of gold and foreign exchange in those years and also to meet the local demand for exchange resulting from the Suez crisis late in 1956 (table 57).

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<sup>2/</sup> This may explain the difference between the wholesale and import price indices in these two years (see table 53).

Table 54. Syria: Indices of Gross National Product, Fixed Capital Formation and Savings, at Constant Prices a/

Year	Gross national product	Fixed capital formation		Savings <sup>b/</sup>	
	Index (1953 = 100)	Index (1953 = 100)	Per cent of GNP	Per cent of GNP	Per cent of GNP
				(1)	(2)
1950 . . . . .	88	76	13.3	12.6	13.3
1951 . . . . .	83	85	15.6	8.6	9.2
1952 . . . . .	95	70	11.2	7.4	7.9
1953 . . . . .	100	100	15.4	13.0	13.8
1954 . . . . .	122	135	17.0	11.3	12.3
1955 . . . . .	112	153	21.0	13.7	15.0
1956 . . . . .	139	149	16.5	10.5	16.8

Source: Preliminary estimates by the Bureau of Economic Affairs.

a/ Gross national product is adjusted by the general wholesale price index given in table 53. Fixed capital formation and savings are adjusted by a composite index of wholesale prices of building materials and of imported machinery and electrical equipment.

b/ Savings include allocation for maintenance and depreciation as well as savings by the private and public sectors. They are defined as fixed capital formation less the deficit on current account in the balance of payments. Column (1) is calculated by excluding revenue from oil companies (transit fees, profits on exchange transactions, etc.) from the current account, while column (2) includes such revenue. The higher rates in 1955 and 1956 are in part due to an increase in revenue from oil companies and, in 1956, also to the extraordinary payments made by the companies in settlement of outstanding claims.

Table 55. Syria: Output of Selected Major Agricultural and Industrial Products  
(Thousands of tons, except as indicated)

Sector, product and index	1950	1951	1952	1953	1954	1955	1956	1957
<u>Agriculture:</u>								
Wheat . . . . .	830	510	900	870	965	438	1,051	1,351
Barley . . . . .	322	155	467	472	635	137	462	665
Millet . . . . .	78	22	106	124	114	71	75	111
Lentils . . . . .	27	30	51	63	58	37	75	99
Tomatoes . . . . .	51	67	67	70	69	64	81	...
Tobacco . . . . .	7.1	7.3	6.2	4.5	5.3	5.0	5.2	7.0
Sugar-beets . . . . .	2	3	55	50	51	35	45	50
Cotton (ginned) . . . . .	36	63	58	47	80	84	93	107
<u>Index of value added in agriculture (1953=100).</u>	82	106	128	100	119	81	127	...
<u>Industry:</u>								
Asphalt . . . . .	13	14	110	13	16	22	34	21
Cement . . . . .	68	39	151	224	249	264	326	315
Textiles . . . . .	...	...	...	16	18	20	...	...
Sugar . . . . .	...	10	19	30	36	45	50	...
Tobacco manufactures .	2.1	2.1	2.4	2.7	2.9	3.0	3.1	3.0 <sup>a/</sup>
Alcoholic beverages . .	1.3	0.9	1.8	1.6	1.4	1.5	1.8	...
Glass . . . . .	4	...	5.7	3.3	9.3	7.8	10.7	...
Electricity (millions of kilowatt-hours) . . . .	81	87	99	114	129	147	166	154 <sup>a/</sup>
<u>Index of value added in industry (1953=100) . .</u>	69	82	91	100	124	126	154	...

Source: Statistical Abstract of Syria, 1956, General Monthly Bulletin of Current Statistics, November/December 1957, and Bureau des Documentations syriennes et arabes, Etude mensuelle sur l'économie et le marché syriens, January 1958. Indices of value added are preliminary estimates by the Bureau of Economic Affairs.

Agricultural production refers to the year in which the harvest occurs.

a/ Preliminary estimate based on production of nine to eleven months.

Table 56. Syria: Indices of Growth of Transport and Banking Services  
(1953 = 100)

Item	1950	1951	1952	1954	1955	1956	1957
<u>Transport:</u>							
Railways: goods transported (ton kilometres)	89	88	95	107	95	117	130 <sup>a/</sup>
Shipping: goods shipped at Latakia port (tons):							
Debarked . . . . .	66	92	95	118	161	196	194 <sup>a/</sup>
Embarked . . . . .	46	26	75	179	70	161	204 <sup>a/</sup>
Trucks, buses and taxis (number) . . . . .	82	85	90	...	127	130	...
Aircraft landings at Damascus airport (number) . . . . .	126	102	110	125	169	182	180
<u>Banking:</u>							
Number of branches . .	69	74	82	100	110	141	
Deposits (end of year)	46	65	83	148	159	172	
Discounts and advances (end of year) . . .	45	51	64	175	180	190	

Source: Statistical Abstract of Syria, 1951-1956, General Monthly Bulletin of Current Statistics, November/December 1957; Central Bank of Syria, "Annual Report of 1956" (mimeographed) (in Arabic).

<sup>a/</sup> Preliminary estimates based on figures for eight to ten months.

Table 57. Syria: Main Components of the Current Account of Balance of Payments

(Millions of Syrian pounds)

Item	1950	1951	1952	1953	1954	1955	1956	1957 <sup>a/</sup>
Exports (adjusted) . . .	270	292	337	408	570	542	602	544
Imports (adjusted) . . .	338	418	444	484	673	723	745	612
Excess of imports (-)	-68	-126	-107	-76	-103	-181	-143	-68
Local expenditure of, and government receipts from, oil companies . . . .	40	52	47	49	40	65	134	...
Other net receipts on current account . . .	36	33	35	23	-11	30	38	...
Deficit (-) or surplus (+) on current account . .	+8	-41	-25	-4	-74	-86	+29	...

Source: Statistical Abstract of Syria, 1955 and 1956 and International Bank for Reconstruction and Development mission report, The Economic Development of Syria (Baltimore, 1955), for all figures, except estimates of receipts from oil companies, 1950 to 1953, which are from: Asfour, op.cit.

a/ Unadjusted figures.

### Public and private investment

Resources available from national output and from the excess of imports over exports are utilized either in current consumption or in gross investment. As noted earlier, gross investment (fixed capital formation plus changes in stocks <sup>3/</sup>) maintained a high and rising ratio in relation to gross national product during the period 1950-1956. The general trend over these years shows a significant expansion in absolute volume and acceleration in rate of gross investment from 1953 onwards, and a levelling off in 1955 and 1956 at a high plateau. Private expenditure on capital formation showed a slight decline after 1954 which was compensated by stepped up expenditures in the public sector. However, despite this significant growth of public expenditure on capital

<sup>3/</sup> Changes in stocks of imported goods are not taken into account in estimating changes in total stocks.

formation in 1955 and 1956, the public sector still accounted for only about a quarter of the total gross investment by both private and public sectors (see table 58).

Table 58. Syria: Indices of Public and Private Expenditure on Gross Investment

(1953 = 100)

Investment expenditure	1950	1951	1952	1953	1954	1955	1956
Private . . . . .	77	84	73	100	149	147	134
Public . . . . .	71	92	100	100	111	161	214
Total . . . . .	76	86	78	100	142	150	149
Ratio of public to private (per cent)	17	20	24	19	14	20	27

Source: Bureau of Economic Affairs, preliminary estimates.

The sudden rise in private investment in 1954 no doubt created pressure of demand on available resources. This occurred, however, in the fields of building construction, and machinery and equipment for industry and transport; only the demand on the former created any considerable pressure on local resources. The exceptionally good harvest of that year raised export receipts to a new high level and enabled Syria to finance the rise in investment without inflationary results. The failure of the cereal crop in 1955, together with the maintenance of the high level of investment, contributed significantly to the rise in prices in that year.

The decline in private investment after 1954 occurred mainly in the industrial and transport sectors, while the major investment sector, construction, remained stable and investment in agriculture shifted from imports of agricultural machinery to reclamation and irrigation of land. This decline was offset by the rise in public investment, in part in the fields of irrigation and industry, but mainly in the field of communications, which included construction of roads, building of the port of Latakia and extension of the automatic telephone system.

#### Consumption and wages

Little is known about changes in consumption and wage levels in Syria. Taking national consumption as a residual item, that is, what remains after deducting gross investment from the total gross national product and adding the foreign balance, it would seem that consumption in real terms grew at an average rate of about 6 per cent per annum during the period 1950-1956, compared

with an average rate of growth of over 9 per cent for available resources and 12 per cent for gross investment. Consumption grew more rapidly after 1953, but was balanced by an even faster rate of growth in available resources in the same period.

If the rate of growth of population is assumed to be about 2.5 per cent a year, this would mean that real consumption levels in Syria rose at an average rate of 3.5 per cent a year after 1950. This rise, however, was not a consistent one, but was arrested or diminished in 1953 and 1955, when a significant drop in agricultural income took place.

There is no information on money-wage changes during the period under review. Legal minimum wages for various categories of unskilled and semi-skilled workers were raised several times during the period, for example, from LS 2.25 a day for unskilled workers in 1952 to LS 2.50 in 1953 and LS 2.75 in 1954.<sup>4/</sup> While it is doubtful whether such legal minimum wages could be correctly taken as even an approximate indication of changes in actual wage rates, there is little doubt that wages rose, particularly after 1953, although it is not possible to say whether the rise was in line with the average income rise of the country as a whole.

#### Public finance, money and credit

The net effect of the financial activity of the Government on demand for goods and services in Syria during the period under review was on the whole deflationary up to 1954, inflationary in 1954 and 1957 and more or less balanced in other years. This can be seen by comparing the annual changes in government deposits and gold and exchange holdings on the one hand with annual changes in government domestic indebtedness on the other (table 59). The difference between the two can then be taken to represent the net inflationary or deflationary impact of public activity on the economy, since it represents in fact the net difference between total public receipts, from domestic and foreign sources, and total public expenditure during each year.

The Government's accumulation of a considerable surplus, before 1954, achieved in spite of extraordinary defence expenditure and the repayment of the debt to Lebanon, was largely due to the great rise in revenue with only a slight change in non-defence expenditures. This revenue was derived, in particular, from receipts from import duties which rose steeply as a result of Syria's increased import capacity and higher tariffs. In addition, duty on larger exports of cotton and wheat, slightly higher receipts from oil companies, and receipts from a \$6 million loan from Saudi Arabia contributed to raising government receipts in that period. After 1954 expenditures on development projects, educational services and defence rose considerably, but were offset by the continued rise in budget revenue - in part due to higher tax rates - and by a larger increase in receipts from oil companies. In addition credit totalling \$10 million was given by Saudi Arabia in 1955 and 1956. A fall in oil revenue, together with increased public expenditure during 1957, resulted in a substantial deficit in that year.

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<sup>4/</sup> United Nations Relief and Works Agency for Palestine Refugees in the Near East, "Quarterly Bulletin of Economic Development", No. 10, September 1954 (Beirut) (mimeographed).

Table 59. Syria: Public Deposits, Official Gold and Exchange Holdings and Domestic Public Debt a/

(Millions of Syrian pounds)

Item	1951	1952	1953	1954	1955	1956	1957 November
Public deposits . . . . .	63	119	175	156	184	202	161
Official gold and exchange holdings . . . . .	73	108	158	168	171	222	183
Total . . . . .	136	227	333	324	355	424	344
Annual change . . . . .	...	+91	+106	-9	+31	+69	-80
Domestic public debt <u>b/</u>	185	184	170	234	255	317	349
Annual change . . . . .	...	-1	-14	+64	+21	+62	32
Net surplus (+) or deficit (-) . . . . .	...	+92	+120	-73	+10	+7	-112

Source: International Monetary Fund, International Financial Statistics (Washington, D.C.), May 1958.

a/ End of period.

b/ Claims of the Central Bank on Government and of official entities; excluding debt to Lebanon in 1951.

Changes in the supply and demand patterns can be detected in changes in money supply and in credit to the private sector, respectively (table 60). Money supply moved in the same direction as gross national expenditure but more steeply. Similarly, bank credit to the private sector followed the changes in gross investment, although with a faster rate of growth. This monetary growth can be attributed in part to the expansion in banking services, particularly for financing the growing volume of investment and foreign trade in Syria, but is probably also due to the greater monetization of the market during the period in question.



Table 60. Syria: Indices of Volume of Money Supply and  
Bank Credit to the Private Sector

(1953 = 100)

Year	Money supply	National expenditure (at current prices)	Bank credit	Private investment (at current prices)	Exports and imports
1954	125	121	173	136	130
1955	121	114	177	184	131
1956	149	139	186	183	139
1957	168 <sup>a/</sup>	...	203 <sup>a/</sup>	...	134

Source: International Monetary Fund, International Financial Statistics for money supply, bank credit and foreign trade; Bureau of Economic Affairs, for other indices.

a/ End of November.

\* \* \* \* \*

The large surplus in the public sector in 1952 and 1953, together with a relatively low level of investment by the private sector, resulted in weak demand for goods and services in relation to supply in those years. Output in agriculture as well as in industry rose appreciably in both years, and more goods and services were imported into the country than were exported. Thus, as soon as the speculative effect of the Korean conflict subsided in 1952, prices fell steeply and, in the following two years, balanced at a lower level.

In 1954, although private investment showed a sudden spurt and government deficit expenditure for the first time was considerable, prices remained at a low level, mainly because demand for investment and for consumption was matched by an increase in the supply of goods and services. Total output showed an exceptional rise, owing mainly to very good harvests and to the high prices of cotton and wheat exports. Not only was Syria able, as a result of record high exports, to increase its imports substantially during 1954, but it could also finance from other receipts an excess of imports which added to the supply of goods domestically available in that year.

Since the public sector did not contribute to the price rise in 1955 and following years, it would seem that this rise was the result of excess demand by the private sector over supply. As noted earlier, the large drop - about 40 per cent - in agricultural output in 1955 created strong inflationary pressure in the second half of that year and during the first half of 1956. The effect of domestic supply shortage was to an important extent, though not wholly, mitigated by a large deficit in the balance of trade and probably by a reduction in private consumption. In 1956, with the appearance of bumper crops and a record high level of imports, prices started to fall in the middle of the year, but were pushed up again towards the end of the year by speculation resulting

from the Suez crisis. Prices of foodstuffs and fuel marked a particular rise, although other prices moved little.

It is too early to give an appraisal of the balance of factors that led to the maintenance of prices in 1957 at the relatively high level of the previous year. Indications are that while agricultural output rose considerably, output in other sectors of the economy, particularly in the construction, industry, trade and government sectors, remained stable or fell slightly. Revenue from oil decreased, owing to the partial interruption of the flow through the pipelines, and capital inflow was probably reduced. Thus, although there was a probable deficit on current account in 1957 as compared with a slight surplus in 1956, this was accompanied by a lower level of both exports and imports.

The over-all rise in the supply of goods and services, which resulted from the rise in agricultural output and from the deficit on current account, was offset by a sizable rise in stocks of cotton and wheat, by a large deficit in government accounts and also, possibly, by a small rise in private consumption.

## T U R K E Y

### Economic background

For the past seven years Turkey has experienced major developments in various fields of economic activity. These developments, however, have not been uniform. The rate and direction of economic growth in individual sectors have, to a large extent, been determined by government measures, including selective industrialization, tax exemption, subsidies, and the provision of credit facilities. This pattern of development has also been affected, but to a lesser extent, by availability of resources and Turkey's external balance.

A study of gross domestic product, by industrial origin, reveals certain characteristics of the Turkish economy and provides a clue to the rate and pattern of development during the period 1950 through 1956. In addition, it shows the inflationary pressures in the economy and the consequent rise in the price level.

The index of gross domestic product at factor cost<sup>1/</sup> (current prices, 1953 = 100) rose from 61 in 1950 to 148 in 1956. Agriculture rose from 62 in 1950 to 100 in 1953, dropped drastically to 83 in 1954, and rose again to 126 in 1956.

With the exception of agriculture, all sectors - and in particular manufacturing and transport - show a continuous and substantial rise in their contribution to gross domestic product.

An analysis of the relative contributions of individual sectors to the Turkish economy shows that, while agriculture constituted 51 per cent of gross domestic product in 1951, it dropped to 39 per cent in 1954, and rose by a modest 2 per cent in 1955 and 1956. The largest gain seems to have been recorded in manufacturing, the relative position of which rose from 11 per cent in 1953 to 15 per cent in 1956.

Impressive as some of these developments appear, the picture changes considerably when seen at constant instead of current prices, as appears in table 61. The index of gross domestic product at constant prices shows a rise from 72 in 1950 to 108 in 1956, as against 61 in 1950 to 148 in 1956 at current prices. The average annual rise in total real domestic income over the past six years has been 6 per cent, with considerable year-to-year fluctuations. This makes it evident that a substantial proportion of recent increases in national income measured at current prices, is a mere reflection of the sharp rises in Turkey's internal price level, the rises being most conspicuous after 1953. The manner in which various sectors have been affected by these price rises can best be appreciated by analysing the major sectors separately.

The index of agricultural production at constant prices rose from 71 in 1950 to 100 in 1953, dropped to 80 in 1954, and rose to only 96 in 1956, 4 per cent short of the 1955 level. Mining and quarrying fell to 92 in 1954 but rose to almost 109 in 1956. Manufacturing increased substantially - 26 per cent in three years. The

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<sup>1/</sup> Reply of the Government of Turkey to the United Nations National Accounts Questionnaire, 1957.

Table 61. Turkey: Industrial Origin of Gross Domestic Product  
at Factor Cost and 1953 Prices  
(Millions of Turkish liras)

Item	1950	1951	1952	1953	1954	1955	1956
<u>Gross domestic product at factor cost</u> . . . . .	11,070.7	12,748.5	13,842.3	15,328.8	14,024.7	15,510.0	16,357.7
Agriculture, forestry and fishing . . . . .	5,251.7	6,338.9	6,748.4	7,389.5	5,932.9	6,731.8	7,110.4
Mining and quarrying . . .	138.7	169.9	199.8	220.1	203.2	218.4	239.2
Manufacturing . . . . .	1,332.1	1,420.5	1,518.3	1,668.2	1,770.6	1,937.4	2,106.7
Construction . . . . .	403.7	419.9	506.4	702.3	581.6	610.8	493.5
Electricity, gas, water and sanitary services . . .	42.7	47.5	54.2	63.2	73.0	82.6	93.9
Transport, storage and communications . . . . .	710.4	775.2	948.8	1,013.2	1,216.6	1,317.6	1,375.6
Wholesale and retail trade	1,212.9	1,436.9	1,533.6	1,681.8	1,422.2	1,600.9	1,702.5
Banking, insurance and real estate . . . . .	203.9	228.0	262.5	308.0	362.6	404.9	430.2
Ownership of dwellings . .	367.5	392.2	423.9	456.1	491.7	543.8	606.9
Public administration and defence <u>a/</u> . . . . .	986.4	1,040.1	1,115.1	1,279.1	1,375.4	1,349.3	1,359.6
Services . . . . .	420.7	479.4	531.3	547.3	594.9	712.5	839.2

Source: Based on reply of the Government of Turkey to the United Nations National Accounts Questionnaire, 1957.

a/ Includes all general government services.

highest rate of development was achieved in the sector comprising electricity, gas, water and sanitary services, where real income increased by 49 per cent in three years.

An analysis of the relative contributions of the major sectors to gross domestic product at constant prices shows that, while the share of agriculture in total domestic product was 48 per cent in 1953, it fell to 42 per cent in 1954 and stood at 43.5 per cent in 1956. Industry, <sup>2/</sup> on the other hand, seems to have made a modest gain. The real income generated from domestic industrial production rose from 12.7 per cent in 1953 to 15 per cent in 1956. <sup>3/</sup> Construction, however, dropped from 4.6 per cent in 1953 to 3 per cent in 1956. With the exception of the sector including transport, storage and communications, which improved its relative position by about 2 per cent in three years, the remaining sectors showed little change throughout the period.

It is evident from the above analysis that Turkey's economy has, during the past seven years, undergone some structural changes in favour of industry, mainly with respect to manufacturing and transport. Agriculture, however, which is to a great extent affected by changes in weather conditions, still remains the backbone of the economy. <sup>3/</sup>

#### Price movements

The gap between current and constant prices, revealed in the above analysis of the composition of gross domestic product, is already an indication of the pressure of demand and the substantial rise in prices. The indices in table 62 serve merely as supplementary evidence of price changes.

The general wholesale price index rose steadily between 1950 and 1953 and has increased sharply since then, the rise being of the magnitude of 64 per cent in less than four years. The other wholesale price indices also, by and large, followed the same upward trend. Exceptions to these uninterrupted rises are observed in the raw materials and farm products indices, which declined considerably in 1952. The possible inflationary effect of the 1951 Korean boom can be seen in these indices.

The cost-of-living indices, <sup>4/</sup> with the exception of 1951, have also been rising steadily, the rise being much more significant since 1953. In May 1957, the cost-of-living index stood at forty-eight points above the level of the 1953 base year.

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<sup>2/</sup> Industry here includes mining and quarrying, manufacturing, and electricity, gas, water and sanitary services.

<sup>3/</sup> It should be recalled that a great portion of Turkey's public investment, since 1950, has gone to the creation of "social overhead", the favourable effects of which will appear in the coming years.

<sup>4/</sup> These indices have been base-weighted because prices of consumer goods have been subject to strict government control for the past few years.

Table 62. Turkey: Indices of Wholesale Prices, Cost of Living and Terms of Trade  
(1953 = 100)

Item	1950	1951	1952	1954	1955	1956	1957
<u>Wholesale prices:</u>							
General a/ . . . . .	91	97	98	111	119	142	164 <sup>b/</sup>
Raw materials c/ . . . . .	89	108	103	112	128	143	157 <sup>b/</sup>
Building materials . . . . .	79	81	97	111	123	158	142 <sup>b/</sup>
Farm products . . . . .	91	127	106	107	126	133	148 <sup>d/</sup>
<u>Cost of living:</u>							
All items e/ . . . . .	93	91	97	110	119	136	148 <sup>b/</sup>
Food e/ . . . . .	94	90	97	109	114	131	141 <sup>b/</sup>
<u>Terms of trade . . . . .</u>	104	113	108	93	108	-	-

Source: Statistical Office of the United Nations, Monthly Bulletin of Statistics.

a/ Weighted by the value of domestically consumed goods.

b/ May.

c/ Including semi-manufactured goods; not including agricultural items.

d/ July.

e/ Istanbul prices.

#### Availability and use of resources

The process of inflation in Turkey can best be seen by comparing available resources at constant prices with utilization of these resources at current prices. This is done in table 63 for the years 1953 to 1956.

A study of table 63 shows that, while the index of total available resources in constant prices rose by 10 per cent between 1953 and 1956, the index of total utilized resources in current market prices rose by 43 per cent during the same period. The difference is indicative of the excess pressure upon the available resources, resulting in rising prices.

The period preceding 1953 is characterized by the opposite phenomenon, namely, available resources exceeding the utilization of these resources. The gradual decline in the ensuing gap, however, is consistent with the mild increase in the general wholesale price index between 1950 and 1953.

Gross private investment, particularly the accumulation of commodity stocks for speculative purposes, and gross public investment have been the two major contributors to inflationary pressures, the former increasing by 59 per cent and the latter by 77 per cent from 1953 to 1956. While total gross investment at

Table 63. Turkey: Availability and use of Resources  
(Millions of Turkish liras)

Item	1953	1954	1955	1956
<u>Available resources (at 1953 prices):</u>				
Gross domestic product at factor cost	15,328.8	14,024.7	15,510.0	16,357.7
Indirect taxes net of subsidies . . .	1,522.6	1,483.8	1,986.9	2,508.3
Gross domestic product (at market prices) . . . . .	16,851.4	15,508.5	17,496.9	18,866.0
Net factor income from rest of world	-30.4	-40.3	-74.0	-80.7
Gross national product . . . . .	16,821.0	15,468.2	17,422.9	18,785.3
Import surplus . . . . .	412.2	413.0	507.6	148.7
Total available resources . . . . .	17,233.2	15,881.2	17,930.5	18,934.0
<u>Use of resources (at current market prices):</u>				
Personal consumption of goods and services (including changes in stocks) . . . . .	13,325.5	13,171.1	15,671.1	18,858.8 <sup>a/</sup>
General government consumption	1,839.6	1,983.5	2,429.4	2,460.0 <sup>a/</sup>
Gross private investment . . . . .	1,556.9	1,875.8	2,221.4	2,473.7 <sup>b/</sup>
Gross public investment . . . . .	541.1	577.2	840.6	955.3 <sup>c/</sup>
Total, use of resources . . . . .	17,263.1 <sup>d/</sup>	17,607.6	21,162.5	24,747.8
Excess . . . . .	+29.9 <sup>d/</sup>	+1,726.4	+3,232.0	+5,813.8

Source: United Nations Bureau of Economic Affairs.

a/ Peter Franck, "Testing Maximum Limits of an Investment Programme without Inflationary Excesses, Using Gross National Product for Turkey as Illustration", paper submitted to the Beirut Economics Seminar, 11 December 1957, tables 14 and 16.

b/ Obtained by projecting a 12 per cent annual increase, this being the arithmetic mean of increase for the period 1948 through 1955.

c/ Estimate.

d/ In the absence of errors in estimation, the difference between total available resources and total utilized resources in 1953 is zero, as they are both calculated at market prices.

current market prices was 12.2 per cent of total utilized resources in 1953, it rose to 13.9 per cent in 1954, 14.5 per cent in 1955 and fell to 13.9 in 1956.

The significance of the fast rise in public investment and its contribution to inflationary pressures can best be appreciated by considering that a great proportion of these expenditures has gone to the creation of social overhead, urban reconstruction and accumulation of agricultural stocks. The concentration of investment in these areas has been the result of a deliberate investment policy of the Turkish Government, favouring rapid developments in agriculture and in transport, communications and port facilities. Agriculture has, in addition, received government support through the State Soil Products Purchasing Agency (TOPRAK). The serious losses incurred by TOPRAK as a result of price support and stock accumulation have, so far, been covered by direct borrowing from the Central Bank. The net result of these activities has been to generate money income in the current period but not to add a proportionate amount to the current pool of consumer goods and services.

#### Public finance, money and credit

An analysis of the general and annexed budgets shows that expenditure on economic development went up from 21 per cent of the total in 1950 to 27.9 per cent in 1955. This is indicated in table 64. A substantial portion of this has gone into investments in agriculture and in transport and in communications. A sectoral distribution of investment is presented in table 65.

Table 64. Turkey: Estimates of State Expenditures by Broad Category of Service, General and Annexed Budgets a/  
(Millions of Turkish liras)

Category	1950	1953	1954	1955
Health . . . . .	60.9	117.2	128.2	149.6
Education . . . . .	197.0	269.0	313.7	425.9
Social security . . . . .	132.5	173.9	175.9	202.5
Economic development . . . . .	328.8	568.1	613.9	862.5
Defence . . . . .	520.9	634.9	663.8	810.7
Public debt . . . . .	98.6	126.5	126.5	135.4
General administration . . . . .	223.0	315.9	359.1	504.4
Total <u>b/</u>	1,561.7	2,205.5	2,381.1	3,091.0

Source: Ministry of Finance, Memorandum on Budget Bill for Fiscal Year 1955, No. 1955-56:63 (Ankara).

a/ Total public expenditures would include, in addition to the amounts shown above, budgets of the provinces, the municipalities and the State enterprises. Investment expenditures of the State enterprises alone account for 35 to 40 per cent of total public investment expenditures.

b/ The Turkish Ministry of Finance breaks this total into "current" and "investment" expenditures.



Table 65. Turkey: Estimates of Economic Development Expenditures by Principal Sector, General and Annexed Budgets a/  
(Millions of Turkish liras)

Item	1950	1953	1954	1955	1956	1957
<u>Current expenditures:</u>						
Industry, mining and electric power . . . . .	15.1	15.0	15.8	17.1	17.6	17.8
Agriculture . . . . .	47.7	62.4	68.3	88.6	109.1	149.5
Transport and communications . . . . .	14.1	19.6	24.9	31.0	19.8	26.2
Public works . . . . .	10.6	7.9	10.6	13.5	17.7	21.6
Total, current expenditures	87.5	104.9	119.7	150.2	164.1	215.1
<u>Investments:</u>						
Industry, mining and electric power . . . . .	49.9	47.6	50.9	48.7	39.1	54.7
Agriculture . . . . .	47.9	102.3	106.3	182.6	241.4	382.1
Transport and communications . . . . .	106.4	241.2	246.3	385.6	462.7	551.3
Public works . . . . .	37.0	72.1	90.8	95.4	85.7	115.2
Total, investments	241.3	463.3	494.2	712.3	828.9	1,103.3

Source: Ministry of Finance, Memorandum on Budget Bill for Fiscal Year 1955, No. 1955-1956:63; figures for 1956 and 1957 furnished to United Nations Bureau of Economic Affairs.

a/ See footnote a/ to table 64.

Defence expenditures constitute a fairly large proportion of total expenditures. Although this item showed a decreasing percentage over the years 1950 through 1955, it still formed more than 26 per cent of the total in 1955. Expenditures on defence and the public debt (interest and amortization) together formed over 30 per cent of total expenditure in 1955.

The approved general budget for 1957 shows that, out of a total of LT 4,007 million, LT 1,053 million have been appropriated for military expenditure and LT 1,241 million for investment expenditure.

Available data indicate a continued bank credit expansion between 1954 and 1956, but the rate of increase was reduced from 21 per cent in 1955 to 18 per cent in 1956. This is seen in table 66. The increase of LT 1,278 million in total credit in 1956 was almost equally shared by the Central Bank and the commercial banks. The increase in Central Bank credit in 1956, amounting to LT 620 million, represented mainly advances to the government sector (TOPRAK, monopolies, and so on) and rediscounts. The Central Bank provided, in the form of advances or rediscounts of Treasury-guaranteed bills of the State-owned economic enterprises, a sum of LT 288 million in 1956 both to cover the deficit 5/ of the government budgets and to finance the current capital needs of the public sector of the economy.

5/ The deficit, which was LT 168 million in 1953, rose to LT 202 million in 1954 and dropped to LT 99 million in 1955. In 1956, it was LT 159 million.

Table 66. Turkey: Bank Credit Outstanding at Year End  
(Millions of Turkish liras)

Item	1954	1955	1956
Central Bank credit <sup>a/</sup> . . . . .	2,842	3,603	4,223
Commercial bank credit (net or rediscounts) <sup>b/</sup> . . . . .	3,148	3,649	4,307
Total	5,990	7,252	8,530

Source: United Nations Bureau of Economic Affairs.

a/ Includes claim to be liquidated and portfolio of securities of the State Soil Products Purchasing Agency (TOPRAK).

b/ Excludes Treasury bond holdings of commercial banks.

Total commercial credit, net of rediscounts, rose from LT 3,148 million in 1954 to LT 3,649 million in 1955 and LT 4,307 million in 1956. Construction and commercial credit increases were much smaller in 1956 than in 1955, but there was a large increase in industrial credit and a still larger expansion of agricultural credit. The distribution of total commercial credit for the period 1954-1956 is given in table 67.

Table 67. Turkey: Bank Credit Outstanding and its Distribution  
(Millions of Turkish liras)

Item	1954	1955	1956
<u>Commercial bank credit:</u>			
Commercial . . . . .	2,020	2,400	2,671
To artisans and small traders . . . . .	36	57	64
Agricultural . . . . .	1,454	1,486	1,789
Industrial . . . . .	798	1,018	1,400
House building . . . . .	288	390	415
Municipal works . . . . .	207	245	298
Total, commercial bank credit (gross)	4,803	5,596	6,637
Less rediscounts . . . . .	1,655	1,947	2,330
Total, commercial bank credit (net)	3,148	3,649	4,307

Source: United Nations Bureau of Economic Affairs.

The period since 1953 has experienced a fast rise in total money supply mainly as a result of the extension of credit by the banking system, including the active role of the Central Bank in financing directly the needs of the Government. The 70 per cent increase in money supply from 1953 to 1956 was associated with a fall in the annual rate of turnover of demand deposits. 6/

The Bank Credit Regulating Committee, created in 1955, tried to control credit expansion by establishing ceilings in June 1956. The banks were prevented from granting credit above ceilings determined on the basis of credit outstanding at the end of 1955. 7/ Furthermore, the rediscount rate was raised from 4.5 to 6 per cent. Despite these two measures, credit expansion continued.

The monetary authorities were able to reduce the rate of real estate and commercial credit expansion however. The new banking law, which has been under debate in the Grand National Assembly, is designed to increase the control of the monetary authorities over the banking system of allowing them to vary the interest rates and the compulsory reserve requirements as may be necessitated by changing conditions.

The Turkish Government has also declared its intention to restrict its investment activity so as not to exceed the availability of total resources. More specifically, it has been planning to balance the budget and refrain from borrowing from the Central Bank, to control the investment expenditures of all State enterprises, to consolidate the past debts to TOPRAK and finance its future deficit from Treasury funds, and to encourage the flow of foreign capital.

#### Foreign trade and balance of payments

Turkey's financial position vis-à-vis the outside world is shown in table 68. Imports and exports have manifested a downward trend in the period 1952-1956. There is one exception to this general trend in the case of exports, in the year 1953, which registered an increase of LIT 93 million over the previous year, and another exception in the case of imports, in the year 1955, which registered an increase of LIT 47 million over the previous year.

The 1953 bumper crop was followed by a bad harvest in 1954. This reduced Turkey's export surplus of grains and made it a net importer in 1955. The consistent decline in exports since 1953 is explained partly by a succession of relatively unfavourable crop years, partly by the high cost of production of some exportable products, and partly by the increased domestic consumption of exportable products.

The gradual decline in imports is a reflection of Turkey's attempt to limit its operations to the available foreign exchange. As a member of the European Payments Union, Turkey had agreed to liberalize its import policy. This resulted in a huge

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6/ The velocity of the circulation of money calculated as a ratio of bank clearings to demand deposits for the period 1952-1956 was 44.2, 41.9, 43.0, 37.5 and 31.3, for each respective year.

7/ Due to increased pressure from the agricultural sector, however, the ceilings were modified in September 1956 to permit an additional 20 per cent increase in credit.

deficit, amounting to LT 512 million on the current account in 1952. In an effort to reduce this deficit, the liberal import policy was suspended in April 1953.

By strict control of imports of consumer goods in general, and luxury items in particular, the current deficit was reduced substantially in 1953. In 1954 the picture was reversed and the current deficit rose by LT 50 million. This rise was mainly due to the fact that imports did not fall as fast as exports; the former fell by only 10 per cent and the latter by over 15 per cent. Moreover, in 1954 the unfavourable terms of trade must have aggravated the situation further. The trade deficit in 1955, which rose by LT 108 million over the 1954 level, is explained by a continued fall in exports and a rise in imports. The deficit on the current account in 1955, however, was LT 57 million below the 1954 level. This is mainly explained by the rise in Turkey's NATO and offshore receipts. In 1956, stricter measures were taken to curtail imports, especially of consumer goods. These measures, coupled with a further rise in NATO and offshore receipts, made it possible for Turkey to reduce the trade deficit by LT 199 million and the deficit on current account by LT 249 million as compared to the 1955 deficits. It should be pointed out, however, that neither the trade nor payments deficits show a clear trend, but have oscillated throughout the period.

These deficits have, in the past five years, been mainly financed through suppliers' credits, official donations, and long-term loans. There are no assurances, however, that Turkey can continue to incur deficits of such a magnitude. The sharp curtailment of imports in 1956 was necessitated by foreign exchange difficulties. Moreover, Turkey's external debt has increased considerably: amortization and servicing of the debt rose from LT 42 million in 1952 to almost LT 90 million in 1956.

The long-run solution of the balance of payments problem will probably depend upon a substantial expansion in exports and an inflow of foreign investment. For this to be achieved, however, it is imperative that the internal price level should be more or less stabilized and that the cost of production of exportable commodities should be brought in line with international prices. In the absence of such favourable developments - and the assurance of continued grants and loans - Turkey will have no choice but to curtail imports still further. This latter measure, however, may not only increase price instability, but may also make it very difficult for Turkey to continue its development programme at the desired level and under stable price conditions.

As to the effect of the current deficits on the price level, it can be said that the over-all effect has been disinflationary. The sharp curtailment in the imports of consumption goods in 1956, however, must have contributed to the existing inflationary conditions. Moreover, the disinflationary effects of the large deficits on current account should not be over-emphasized, as the investment components of imported goods, in particular since 1953, have been very large.

Table 68. Turkey: Balance of Payments  
(Millions of Turkish liras)

Item	1952	1953	1954	1955	1956
<u>Current account:</u>					
Exports, f.o.b. . . . .	1,016	1,109	938	877	854
Imports, f.o.b. . . . .	-1,369	-1,311	-1,179	-1,226	-1,004
Trade balance . . . . .	-353	-202	-241	-349	-150
Net invisibles (including NATO and offshore receipts) . . . .	-159	-193	-204	-39	11
Current balance . . . . .	-512	-395	-445	-388	-139
<u>Means of financing:</u>					
Private donations . . . . .	-	3	...	...	...
Private capital . . . . .	122	395	212	35	-98
Long-term . . . . .	(23)	(20)	(23)	(8)	(7)
Short-term <u>a/</u> . . . . .	(98)	(375) <sup>b/</sup>	(189)	(27)	(-105)
Official donations . . . . .	147	134	127	142	232
Official and bank capital . . .	253	-137	78	247	70
Long-term:					
Official loans received . .	(46)	(28)	(40)	(86)	(93)
Amortization . . . . .	(-42)	(-60)	(-55)	(-96)	(-89)
Short-term . . . . .	(249)	(-105)	(93)	(257)	(66)
Net errors and omissions . . . . .	-8	...	28	-36	-65

Source: International Monetary Fund, International Financial Statistics  
(Washington, D.C.), January 1958.

a/ This covers mainly changes in import credits received and extended. Some changes in such credits are included in net errors and omissions.

b/ Includes net errors and omissions.

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The Democratic party, which came to power in 1950, had some major economic policy objectives. These were a rapid development in agriculture, improvement in the transport and communications system, and expansion in industrial production. The entire policy was geared towards a rise in per capita income and in the level of living.

The Turkish Government took an active role in the implementation of its policy and, as a result, planned and executed a number of projects. In response to these developments, the Turkish economy underwent some structural changes in favour of industry, mainly manufacturing, and transportation. Agriculture, however, still remains the backbone of the economy and is, to a great extent, dependent on weather conditions.

Salutary as many of these activities have been, in their effect on a rise in real national income, they have not been completely free of unfavourable consequences. The period 1950-1953 experienced a moderately rising, and sometimes falling, price level. Inflationary pressures, however, became marked in the period succeeding 1953 and prices moved up at a fast rate. It is interesting to note that, while per capita money income (1953 = 100) rose from LT 428 in 1950 to LT 875 in 1956, per capita real income rose from LT 458 to LT 560 during the same period.

The large investment programme of the Government, coupled with some poor cereal crop years, has produced intense pressure upon domestic resources and has led to curtailment of exports. The situation has been aggravated by the ease of credit in general, the budgetary deficit and the method of financing guaranteed prices for agricultural products. The expansion of the domestic product has not been sufficiently large to meet these pressures, which have been manifested in a constant deterioration in the balance of payments and a sharp rise in the price level.

In their attempt to correct the external balance, the Turkish authorities have clamped down on imports, mainly of consumer goods. Although this resulted in a substantial reduction in the current deficit of 1956, it tended to aggravate the already persistent inflationary situation. A manifestation of this is that, despite strict price controls, the price level has continued to rise.

The Turkish authorities have recently shown awareness of these problems and have indicated a desire to take effective measures. A Bank Credit Regulating Committee has been created to enforce Turkey's monetary policy by controlling the volume and direction of credit. This Committee has, in particular, shown interest in restricting banking operations in real estate and in inventory financing. Moreover, a Committee of Ministers was recently established to study ways and means of balancing the general and annexed budgets, of contracting the investment expenditures of all State enterprises and ensuring the financing of such investment from real internal savings and foreign loans, and of consolidating the past debts of the State Soil Products Purchasing Agency (TOPRAK) and financing its future deficit from Treasury funds.

Many of these measures will undoubtedly help to promote growth at a more stable price level. The Turkish Government, however, is facing the problem of having to complete a number of projects requiring resources for the investment of considerably greater amounts. Although the Government has declared its intention not to start new projects which would interfere with those under construction, indications are that conditions of strain in the Turkish economy will persist for some time to come, unless steps are taken to slow down the pace of investment in order to bring it in line with available resources.

STATISTICAL TABLES





## REVIEW OF STATISTICAL TABLES

The economic changes that have taken place in the Middle East, particularly in the past few years, as reflected by the following tables, are here reviewed briefly and in broad outline.

### Agriculture

During the period 1948-1956, agricultural output has expanded significantly for the region as a whole. <sup>1/</sup> With the 1948-1952 average as a base, the increase was close to one-fourth by 1956, while for production of principal crops alone it was slightly over one-third.

Output of the major crops - wheat, barley, rice and cotton - has also revealed an upward trend. The first half of 1957, for example, shows an increase of 20 per cent over the corresponding period of 1956; with the 1948-1952 average as a base, expansion in 1957 was close to two-thirds.

The greater mechanization of agriculture is reflected to some extent by the fact that for the individual countries considered there appears to have been a significant increase in the number of tractors used in the period 1950-1956.

Available data for animals and animal products in the post-war period do not permit broad generalizations. Production figures, with few exceptions (such as those for meat in Egypt, milk and livestock in Israel, poultry in Lebanon and Turkey and livestock in Syria, which have shown a steady increase), for individual countries, as well as for the area as a whole, reveal variations from year to year not indicative of any specific trends.

Comparisons of available figures for per capita consumption in 1955/56 show that among the three countries considered, Israel ranked first, with a total calorie intake per person of 2,860 per day, followed by Turkey with 2,670 and Egypt with 2,590, and similarly for protein and fat intake per person per day. With regard to individual food categories, the same order applies, with the exception of cereals, sugar and fish. For cereals, Egypt ranked first, followed by Turkey, while for sugar and fish Egypt's per capita food consumption ranked next to Israel's. It may be noted, however, that in the case of Israel food imports - particularly of cereals, sugar, meat, fish and oils and fats - contributed to the availability of supply to a much larger extent than in the case of Egypt and Turkey.

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<sup>1/</sup> The indices of agricultural production (table III) cover, in addition to the Middle Eastern countries, Afghanistan, Eritrea, Ethiopia, Libya, Somalia, British and French Somaliland, whose agricultural output constituted less than 10 per cent of the total.

Finally, on the credit side, comparisons between 1951 and 1955 show notable increases in the extension of institutional agricultural credit, especially in Israel, Iran, Syria and Turkey where such increases amounted to about 440, 150, 86 and 80 per cent, respectively. Government agricultural banks were the main source of funds.

### Industry

Available indices for industrial production pertain to only three countries in the region, Egypt, Israel and Turkey, all of which seem to have witnessed a significant industrial expansion. <sup>2/</sup> With 1950 as a base, the general index for Egyptian industrial production stood at 133 in 1955, whereas for those industries in Turkey for which reliable output figures are available - coal and metal, mining, sulphur and textiles - a steady growth can be discerned. On the other hand, while only the 1955 and 1956 figures for Israel (taken from the International Standard Industrial Classification of all Economic Activities) are presented - in which with 1955 as a base no change in the general index for 1956 took place - corresponding data for previous years indicate an appreciable upward trend in industrial production.

Output indices of major industries in the area as a whole - with 1953 as a base - also indicate that, except for olive oil and tobacco, there was an upward trend in the period 1950-1956 - most notably in the production of superphosphates, sulphuric acid, paper and cardboard, cement and electricity, in that order.

The scanty figures for industrial employment show that, for Egypt and Turkey, employment in establishments with ten or more persons averaged about 290,000 and 200,000 respectively in the period 1950-1954; in Israel, on the other hand, employment in all establishments averaged approximately 117,000 for the period 1950-1956.

### Foreign Trade

#### Geographic pattern

Intra-regional trade constituted a small portion of the total, averaging about one-seventh, while trade with the western world made up between one-half and two-thirds of the total. For individual countries, however, the pattern differed significantly. Thus, whereas a small portion of the trade of Egypt, Iran, Israel and Turkey was with other Middle Eastern countries - averaging less than 10 per cent of their total trade - a substantial share of the Jordanian, Lebanese and Syrian commerce was regional. Furthermore, although the area's trade with the western world is very important, wide variations as to its relative significance among individual States may be noted.

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<sup>2/</sup> For a more detailed account of the growth of industry in these three countries, see United Nations, Development of Manufacturing Industry in Egypt, Israel and Turkey (sales number: 58.II.B.4).

For the period 1953-1957, the most notable changes that took place in the pattern of trade of the individual countries considered reveal that Egypt's foreign trade had a relative expansion with the Middle East and a relative drop with the United States and western Europe. The Iranian trade pattern, on the other hand, did not undergo any appreciable change. Iraq's export trade dropped relatively with the Middle East and the United Kingdom but increased significantly with the United States, while it remained practically unchanged with continental western Europe. Import trade with western Europe, however, witnessed a relative expansion. Israel's geographic trade pattern shows a relative decline in trade with the Middle East but a significant increase in that with continental western Europe and a less significant increase in that with "other countries". Jordan's pattern reveals a relative decline in trade with the Middle East and a relative expansion in exports to "other countries" and in imports from Europe. On the import side, Lebanon's trade pattern did not alter appreciably, with approximately two-thirds of the imports evenly supplied by the Middle East and continental western Europe; however, exports to western Europe expanded relatively, but those to eastern Europe dropped. The most significant change in the Sudan's pattern of trade was the relative expansion with the Middle East and the drop with the United Kingdom; in Syria's, the relative drop with the United States and continental western Europe. More specifically, in the case of Syria, there was a significant increase in imports from the Middle East but a slight drop in those from the United States and an appreciable decline in those from the United Kingdom; on the other hand, exports to eastern Europe and "other countries" expanded relatively but those to the United States dropped slightly and those to western Europe dropped to a greater extent. Turkey's trade witnessed a relative expansion with the United States and eastern Europe and a relative drop with continental western Europe and "other countries"; imports from the Middle East contracted relatively.

### Composition

The region's exports are much less diversified than its imports. Egypt's main export is raw cotton, which averaged about 73 per cent of the total value of exports in the period 1954-1956, although it declined from 78 per cent in 1954 to 70 per cent in 1956.

Iraq's major exports are wheat, barley and dates, constituting nearly two-thirds of the total. For the period 1954-1956, the relative importance of dates seems to have declined slightly.

Israel's major exports are more varied: oranges and grape-fruit were the leading items, averaging over one-third of the total, in 1954-1956; manufactured goods constituted roughly another third.

The relative significance of Lebanon's major exports has not changed appreciably in the same period. The two leading food exports, fruits and vegetables, have shown an irregular decline - from 40 per cent of the total in 1954 to 30 per cent in 1955 and 33 per cent in 1956.

The Sudan's chief export is cotton (ginned cotton and cotton-seed), averaging in 1954-1956 two-thirds of the total in terms of value and showing an upward trend - from 62 per cent in 1954 to 73 per cent in 1956. From the first half

of 1956 to the corresponding period of 1957, however, there was a significant drop - from 68 per cent to 49 per cent.

For Syria, barley, wheat and cotton constituted over 50 per cent of the total, their relative importance fluctuating from year to year, with cotton assuming, for the whole period, a relatively greater importance than the other two.

Among major Turkish exports, fruits, nuts, tobacco and cotton averaged 58 per cent of the total, with tobacco, the leading export item, showing an upward trend - from 26 per cent in 1954 to 31 per cent in 1956 - while the relative importance of the others fluctuated.

With regard to the import trade of individual countries, it is apparent that among the major Egyptian imports in the period 1953-1956, machinery and iron and steel manufactures expanded relatively (from 15 per cent in 1953 to 25 per cent in 1956) while wheat declined from 14 to 4.4 per cent for the same period. Petroleum imports averaged close to 10 per cent of the total.

Similarly, Iran's imports of machinery and road equipment expanded relatively between 1953 and 1955 (from 9.7 to 16 per cent), while other major imports, such as cotton fabrics and sugar, dropped appreciably - from 37 per cent to 18 per cent of the total for the same period.

Notable changes in Iraqi imports were the relative declines in the importation of iron and steel (from 17.4 per cent in 1953 to 13 per cent in 1956) and of cotton fabrics (from 12 to 8 per cent) in the same period. In 1956, machinery alone constituted around one-fourth of total imports in terms of value.

Among major categories of Israeli imports, raw materials accounted for about one-half of the total in 1953-1956. One notable change was the relative decline in imports of manufactured consumer goods - from 21 per cent in 1953 to 14.6 per cent in 1956 - and the rise in imports of investment goods - from 23 to 28 per cent for the same period.

Changes in the relative importance of various Lebanese imports, for 1953-1956, were notably the relative expansion in imports of iron and steel bars and machinery - from 12 per cent in 1953 to 20 per cent in 1956 - and the relative decline in imports of cereals and livestock - from 22 to 16 per cent for the same period. Imports of petroleum products averaged about 7 per cent of the total.

Major Sudanese imports that expanded relatively during 1953-1956 were cotton and rayon fabrics - from 14.6 to 17 per cent - and sugar - from 7.7 to 10 per cent - while imports of iron and steel and motor vehicles dropped from 10.8 to 5.5 per cent during the same period. Imports of other major items did not change significantly.

Most important of the Syrian imports during 1953-1956 were machinery and electrical equipment and petroleum products whose combined share averaged over one-fourth of the total. The relative expansion in imports of raw sugar and

the decline in imports of woollen and cotton fabrics - from 5.6 per cent in 1953 to 3.4 per cent in 1956 - were notable changes.

Among major Turkish imports, machinery and transport equipment averaged over one-third of the total, showing an upward trend from 36 per cent in 1953 to 41 per cent in 1956. Other notable changes were the relative decline in imports of iron and steel and fuels - from 19 to 16 per cent for the same period.

#### Terms of trade

With 1953 as a base there did not exist a common trend, in the period 1953-1956, for the countries taken into account - Cyprus being the only country that witnessed a steady improvement.

#### Balance of payments

All the countries considered - with the exception of Iraq, Egypt in 1954, and the Sudan in 1956 - showed a deficit in their balance of current transactions for the period 1954-1956. Two countries, however, Iran and the Sudan, showed a surplus in their balance of trade in 1955 and 1956 which was more than offset by an outflow of investment income and payments for various services.

The deficits of Jordan and Israel were rectified mainly through official and private donations; Egypt's deficit was met mainly through changes in official and banking capital (that is, in sterling balances) and foreign exchange holdings of the National Bank and authorized commercial banks. Turkey's deficit was met primarily through official donations and short-term capital movements (that is, import credits granted to Turkish official institutions by foreigners, bank credits extended to the Central Bank by foreign banks, and increases in United States Government holdings of liras). Iran's deficit was offset by an inflow of private capital and official loans and donations, and finally the Sudan's deficit in 1954 and 1955 was met mainly through official long-term capital movements (changes in the foreign assets of the Sudanese Government).

#### Petroleum

For the period 1950-1957 the area's crude production of petroleum amounted to about one-fifth of the world total, with Kuwait and Saudi Arabia as the leading producers, whose combined share in 1955, 1956 and 1957 averaged about 60 per cent of total Middle Eastern production. One notable change in 1956-1957 was the displacement of Iraq by Iran as the third major producer in the region - a position it lost after 1950. Total production has shown a continuous expansion.

Total refinery products as a percentage of world total seem to have slightly increased in the past three years, but when compared with 1950 they show an appreciable drop - from 9.5 per cent in that year to 6.5 per cent in 1956. Iran, Saudi Arabia and Bahrain are the region's three major producers, whose joint production for the years 1954, 1955 and 1956 averaged 72 per cent of the total. With the increase in refining in Iraq and other countries of the region, however, the share of these three countries dropped from 89 per cent in 1950 to 71 per cent in 1956.

## Transportation

With the exception of Lebanon, railway passenger traffic, both as to number of passengers and passenger-kilometres, has, on the whole, assumed an upward trend. Freight traffic, in net ton-kilometres, has fluctuated more markedly from year to year but also showed a rising trend.

This also applies to international seaborne shipping, which has shown an over-all expansion in the period 1953-1956, but with significant variations from year to year. In the case of Lebanon the volume of goods loaded and unloaded has almost doubled, whereas in Egypt the change has not been appreciable.

The number of motor vehicles used in each of the countries considered, with the exception of Iran, has also steadily grown during 1952-1956; the increase has been most marked in Syria, Lebanon and Iraq, where it amounted to 96, 56 and 54 per cent, respectively.

The region's civil aviation revenue traffic during 1952-1956 has witnessed a substantial expansion. Thus, between 1952 and 1955, kilometres flown increased by approximately 39 per cent, passenger-kilometres by 63 per cent, cargo (ton-kilometres) by 40 per cent and mail (ton-kilometres) by 41 per cent. The corresponding increase between 1955 and 1956 was also appreciable, amounting for the same categories to 12, 17, 36 and 22 per cent, respectively. The most notable change in the first period was in connexion with the Jordanian, Lebanese, Saudi Arabian, Syrian and Sudanese airways, while in 1955-1956 the Lebanese, Iraqi and Israeli airways registered the greatest relative expansion.

Suez Canal traffic, in the post-war period 1947-1955, has grown in volume significantly. Thus, the number of ship transits has more than doubled (from 5,972 in 1947 to 14,666 in 1955) while the volume of goods carried has more than trebled (from 30.6 million to 107.5 million metric tons). It is also apparent that oil cargo has averaged over one-half of total cargo, showing a relative increase from 44 per cent in 1947 to 62 per cent in 1955. Furthermore, the number of oil tankers passing through the Suez Canal increased from 2,400 to 8,000 for the same period indicating a relative increase from 42 per cent to approximately 55 per cent of the total number of transits for all ships. The relatively slight drop in traffic in 1956 was due to the blocking of the Canal.

## Finance and Development

Available data pertaining to official expenditures on development projects reveal two main characteristics:

First - the significant increase in spending on economic development projects in the last five or six years. Thus, between 1951/52 and 1955/56, actual expenditures on development in Iraq increased approximately eleven times; between 1949/50 and 1955/56, Israel's development expenditure shows an increase of eight times; between 1954/55 and 1957/58, actual expenditures of the Plan Organization in Iran expanded seven times; between 1950 and 1957, Turkey's expenditure on development projects - excluding State enterprise - increased about four times.

Second - the channelling, with few exceptions, of the greater portion of development funds towards the agricultural and transportation sectors. For the countries and periods considered it is seen that Iraq, Iran and Turkey devoted close to one-half, two-thirds and four-fifths respectively of total disbursements to these two sectors. <sup>3/</sup> On the other hand, whereas the share of irrigation and transportation projects in Syria's total appropriations for 1955-1960 was about 62 per cent, their share in actual expenditures, from September 1955 to the end of 1956, did not amount to more than one-third. Figures for Israeli development expenditures indicate that for the period 1950/51-1956/57 the shares of agriculture and communications averaged about 32 and 13 per cent, respectively, of the total. Furthermore, while expenditures on housing and building assumed a relative decline - from 28 per cent of the total in 1950/51 to 13 per cent in 1956/57 - industry's share rose from 11 to 19 per cent for the same period.

On the credit side, one notable development in the period 1954-1957, with regard to the distribution of bank credit outstanding between public and private sectors, was the relative expansion in credit extended to public authorities in Egypt, Israel, Syria and Iraq, amounting in 1957 to almost one-half of the total. In both Iran and Turkey, the share of the public sector, for the period as a whole, was over one-half.

On the other hand, the relative shares of economic activities in outstanding bank credit differed from country to country. In Egypt and Syria the bulk of extended credit went to trade (83 and 73 per cent, respectively, of the total in 1956). In Israel the agricultural sector absorbed over 40 per cent of the total for the period 1954-1956, followed by industry and trade in that order. In Turkey, credit extended to trade was a little less than two-thirds of the total, the bulk of the remainder going to agriculture. It is also seen that whereas credit extended to industry by the Industrial Bank of Egypt constituted a negligible share of the total, in Syria industry's portion was significant, amounting to around 14 per cent.

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<sup>3/</sup> Corresponding data for other Middle Eastern countries not included in the statistical tables reveal the same characteristic proportions.

Table I. Acreage of Principal Crops, by Country  
(Thousands of hectares)

Crop and country	Annual average					
	1948-1952	1953	1954	1955	1956	1957
Wheat . . . . .	9,780	12,552	12,819	13,525	14,369	13,853
Cyprus . . . . .	75	74	74	81	79	75 <u>a/</u>
Egypt . . . . .	605	752	754	640	660	636 <u>a/</u>
Iran . . . . .	2,080 <u>a/b/</u>	2,300 <u>a/</u>	2,300 <u>a/</u>	2,300 <u>a/</u>	2,900	2,500 <u>a/</u>
Iraq . . . . .	936	1,182	1,390	1,425	1,314	1,456
Israel . . . . .	34 <u>b/</u>	30	31	47	57	62
Jordan . . . . .	182	246	273	272	260 <u>a/</u>	260 <u>a/</u>
Lebanon . . . . .	70	70	70	70	70	70
Sudan . . . . .	13	11	13	12	12	10
Syria . . . . .	994	1,314	1,347	1,463	1,531	1,537
Turkey <u>c/</u> . . . . .	4,770	6,547	6,541	7,186	7,458	7,220
Other countries <u>d/</u> .	21	26	26	29	28	27
Barley . . . . .	4,301	5,080	5,293	5,576	5,781	5,561
Cyprus . . . . .	53	57	56	57	54	55 <u>a/</u>
Egypt . . . . .	64	49	51	57	55	59 <u>a/</u>
Iran . . . . .	757 <u>a/</u>	800 <u>a/</u>	800 <u>a/</u>	800 <u>a/</u>	1,000	800 <u>a/</u>
Iraq . . . . .	934	1,096	1,122	1,205	1,171	1,240
Israel . . . . .	52 <u>b/</u>	70	78	62	58	53
Jordan . . . . .	62	92	104	101	80 <u>a/</u>	80 <u>a/</u>
Lebanon . . . . .	20	20	20	20	19	18
Syria . . . . .	369	439	543	614	712	636
Turkey . . . . .	1,972	2,437	2,500	2,640	2,612	2,600
Other countries <u>d/</u> .	18	20	19	20	20	20
Maize . . . . .	1,337	1,536	1,576	1,538	1,550	...
Egypt . . . . .	660	847	800	770	771	756
Iran . . . . .	6	6 <u>a/</u>	6 <u>a/</u>	6 <u>a/</u>	8	...
Iraq . . . . .	20	8	5	8	7	...
Israel . . . . .	8	5	11	8	8	13
Lebanon . . . . .	7	8	7	8	8	9
Sudan . . . . .	14	23	10	19	17	...
Syria . . . . .	24	18	17	13	10	...
Turkey . . . . .	598	621	720	706	721	...
Rye . . . . .	493	649	613	641	642	650
Turkey . . . . .	493	649	613	641	642	650
Oats . . . . .	323	333	359	380	382	411
Turkey . . . . .	307	320	348	369	372	400
Other countries . . .	16	13	11	11	10	11
Millet . . . . .	553	912	890	867	697	...
Sudan . . . . .	354 <u>e/</u>	685	670	680	533	...
Syria . . . . .	93	98	102	70	87	...
Turkey . . . . .	74	83	79	79	77	...
Other countries . . .	32	46	39	38	...	...



Table I (continued)

Crop and country	Annual average					
	1948-1952	1953	1954	1955	1956	1957
Sorghum . . . . .	1,081	1,172	923	1,540	1,243	...
Egypt . . . . .	191	204	192	184	202	...
Sudan . . . . .	820	871	615	1,280	1,041	...
Other countries . . . . .	70	97	116	76	...	...
Rice (paddy) . . . . .	689	580	681	584	687	...
Egypt . . . . .	256	178	256	252	290	...
Iran . . . . .	222	250	251	243	280	...
Iraq . . . . .	174	95	120	54	70	...
Syria . . . . .	4	5	6	4	3	...
Turkey . . . . .	31	50	46	29	42	...
Other countries . . . . .	2	2	2	2	2	...
Pulses <u>f/</u> . . . . .	714	709	735	772	751	...
Cyprus . . . . .	6	9	9	8	8	...
Egypt . . . . .	194	159	171	190	182	...
Iran . . . . .	84 <u>b/</u>	84 <u>b/</u>	85 <u>b/</u>	85 <u>b/</u>	85 <u>b/</u>	...
Iraq . . . . .	10	9	8	12	10	...
Israel . . . . .	2	1	3	3	3	...
Jordan . . . . .	23	31	34	31	11 <u>a/</u>	...
Lebanon . . . . .	9	9	9	9	9	...
Sudan . . . . .	9	9	7	11	8	...
Syria . . . . .	109	112	122	119	124	...
Turkey . . . . .	268	286	287	304	311	...
Cotton Lint . . . . .	1,723	1,811	1,984	2,186	2,197	...
Aden . . . . .	2	...	13	14	14 <u>b/</u>	...
Egypt . . . . .	761	556	663	763	694	763
Iran . . . . .	133	225	200	230	210	...
Iraq . . . . .	29	...	56	57	57	...
Sudan . . . . .	207	264	279	242	309	...
Syria . . . . .	106	128	187	249	272	255
Turkey . . . . .	478	605	582	625	637	...
Other countries . . . . .	7	33	4	6	4	...
Sugar-beets . . . . .	85	101	114	141	163	...
Iran . . . . .	34	44	38	42	47	...
Israel . . . . .	...	...	1	1	1	...
Syria . . . . .	1 <u>e/</u>	4	5	3	3	...
Turkey . . . . .	50	53	70	95	112	147
Sugar-cane . . . . .	37	44	48	47	40	...
Egypt . . . . .	37	44	48	47	40	...
Tobacco . . . . .	156	209	203	217	220	...
Iran . . . . .	16	27	17	19	21	...
Iraq . . . . .	6 <u>g/</u>	8	10	8 <u>a/</u>	8	...
Israel . . . . .	4	4	6	4	3	...
Lebanon . . . . .	2	2	3	3	3 <u>a/</u>	...
Syria . . . . .	7	6	7	7	9	...

Table I (continued)

Crop and country	Annual average					
	1948-1952	1953	1954	1955	1956	1957
Tobacco (continued)						
Turkey . . . . .	118	159	156	172	172	...
Other countries . . . . .	3	3	4	4	4	...
Oil-seeds . . . . .	2,191	2,392	2,613	2,856	2,945	...
Aden . . . . .	5	8	11	15	16	...
Cyprus . . . . .	7	6	6	16	13	...
Egypt . . . . .	732	588	699	802	737	...
Iran . . . . .	147 <u>a/</u>	243 <u>a/</u>	225 <u>a/</u>	255 <u>a/</u>	235 <u>a/</u>	...
Iraq . . . . .	59	51	92	85	83	...
Israel . . . . .	4	4	9	11	14	...
Jordan . . . . .	5	14	14	11 <u>a/</u>	14 <u>a/</u>	...
Lebanon . . . . .	6	6	4	4	4	...
Sudan . . . . .	403	478	497	487	604	...
Syria . . . . .	122	152	213	272	298	...
Turkey . . . . .	701	842	843	898	927	...

Source: Food and Agriculture Organization of the United Nations.

a/ Estimated.

b/ Average of four years.

c/ Crop includes spelt.

d/ Including Arabian peninsula countries and the Sudan.

e/ Average of three years.

f/ Dry beans, dry peas, broad beans, chick-peas and lentils.

g/ Annual average, 1947-1951.

Table II. Production of Principal Crops, by Country  
(Thousands of metric tons)

Crop and country	Annual average					
	1948-1952	1953	1954	1955	1956	1957
Wheat . . . . .	9,238	13,835	11,402	11,953	12,978	15,858
Cyprus . . . . .	48	67	71	62	82	70
Egypt . . . . .	1,113	1,547	1,729	1,451	1,547	1,467
Iran . . . . .	1,860 <u>a/</u>	2,240 <u>a/</u>	2,100 <u>a/</u>	2,313 <u>a/</u>	2,700	2,722
Iraq . . . . .	448	762	1,160	453	776	1,118
Israel . . . . .	24 <u>b/</u>	30	34	36	74	50 <u>a/</u>
Jordan . . . . .	127	100	233	79	135 <u>a/</u>	135 <u>a/</u>
Lebanon . . . . .	51	50	60	60	62	65
Sudan . . . . .	15	16	14	17	18	14
Syria . . . . .	762	870	965	438	1,051	1,444
Turkey <u>c/</u> . . . . .	4,771	8,130	5,010	7,016	6,510	8,750
Other countries <u>d/</u> . . . . .	19	23	26	28	23	23
Barley . . . . .	4,388	6,366	5,522	5,052	5,859	6,929
Cyprus . . . . .	47	67	70	53	65	60 <u>a/</u>
Egypt . . . . .	123	103	116	127	189	131
Iran . . . . .	767 <u>a/</u>	820	820 <u>a/</u>	880 <u>a/</u>	1,000 <u>a/</u>	980 <u>a/</u>
Iraq . . . . .	722	1,111	1,239	757	1,066	1,305
Israel . . . . .	44 <u>b/</u>	64	90	42	85	80 <u>a/</u>
Jordan . . . . .	52	43	104	25	50	50 <u>a/</u>
Lebanon . . . . .	25	26	27	26	21	22
Syria . . . . .	321	472	635	137	462	580
Turkey . . . . .	2,270	3,640	2,400	2,985	2,900	3,700
Other countries . . . . .	17	20	21	20	21	21
Maize . . . . .	2,209	2,696	2,565	2,664	2,606	...
Egypt . . . . .	1,378	1,853	1,568	1,714	1,652	1,654
Iran . . . . .	6	7 <u>a/</u>	7 <u>a/</u>	7 <u>a/</u>	14	...
Iraq . . . . .	14	8	4	7	6	...
Israel . . . . .	8	11	23	26	27	...
Lebanon . . . . .	12	13 <u>a/</u>	13	14	14	15
Sudan . . . . .	13	22	12	23	20	...
Syria . . . . .	31	22	24	18	15	...
Turkey . . . . .	747	760	914	855	858	...
Other countries . . . . .	...	...	...	...	...	...
Rye . . . . .	500	730	440	650	566	744
Turkey . . . . .	500	730	440	650	566	744
Oats . . . . .	339	428	336	365	391	494
Turkey . . . . .	326	416	325	356	382	484
Other countries . . . . .	13	12	11	9	9	10
Millet . . . . .	307	605	605	577	...	...
Sudan . . . . .	130 <u>e/</u>	326	360	376	321	...
Syria . . . . .	62	124	114	71	75	...
Turkey . . . . .	78	103	88	92	74	...
Other countries . . . . .	37 <u>a/</u>	52 <u>a/</u>	43 <u>a/</u>	38	...	...

Table II (continued)

Crop and country	Annual average					
	1948-1952	1953	1954	1955	1956	1957
Sorghum . . . . .	1,189	1,788	1,112	1,796	...	...
Egypt . . . . .	518	582	549	537	591	...
Sudan . . . . .	608	1,141	464	1,202	1,057	...
Other countries . . .	63	65	99 <u>a/</u>	57	...	...
Rice (paddy) . . . . .	1,723	1,513	2,020	1,831	2,250	...
Egypt . . . . .	971	652	1,118	1,310	1,537	...
Iran . . . . .	424	499	526	322	440	...
Iraq . . . . .	203	163	180	83	111	...
Syria . . . . .	13	16	19	11	6	...
Turkey . . . . .	109	181	183	102	153	...
Other countries . . .	3	2	3	3	3	...
Pulses . . . . .	760	767	800	797	778	...
Cyprus . . . . .	4	7	8	7	6	...
Egypt . . . . .	315	264	303	321	264	...
Iran . . . . .	57	55 <u>a/</u>	55 <u>a/</u>	55 <u>a/</u>	55 <u>a/</u>	...
Iraq . . . . .	6	6	5	6	6	...
Israel . . . . .	1	1	2	2	2	...
Jordan . . . . .	13	16	27	9	15 <u>a/</u>	...
Lebanon . . . . .	13	15	15	16	13	...
Sudan . . . . .	8	6	11	15	12	...
Syria . . . . .	79	86	94	60	97	...
Turkey . . . . .	264	311	282	306	308	...
Cotton <u>f/</u> . . . . .	651	650	730	746	793	798
Aden . . . . .	1	...	4	6	6	...
Egypt . . . . .	396	318	348	335	325	373
Iran . . . . .	26	50	60	60	62	61
Iraq . . . . .	3	...	7	8	8	10
Sudan . . . . .	74	90	89	95	134	95
Syria . . . . .	30	47	80	84	93	114
Turkey . . . . .	119	139	142	157	165	145
Other countries . . .	2	6	...	1	...	...
Sugar-beets . . . . .	1,321	1,751	1,682	2,323	2,787	...
Iran . . . . .	349	531	445	522	562	...
Israel . . . . .	2 <u>a/</u>	...	21	30	30 <u>a/</u>	...
Syria . . . . .	7 <u>g/</u>	50	51	35	45	...
Turkey . . . . .	963	1,170	1,165	1,736	2,150	1,794
Sugar-cane . . . . .	2,191	2,819	4,223	4,137	...	...
Egypt <u>a/</u> . . . . .	2,185	2,818	4,222	4,128	...	...
Lebanon . . . . .	6	1	1	9	...	...
Tobacco . . . . .	110	155	135	149	148	...
Iran . . . . .	12 <u>a/</u>	18 <u>a/</u>	12 <u>a/</u>	11 <u>a/</u>	14 <u>a/</u>	17
Iraq . . . . .	3	8	9	7	6	...
Israel . . . . .	2	3	3	2	2	...

Table II (continued)

Crop and country	Annual average					
	1948-1952	1953	1954	1955	1956	1957
Tobacco (continued)						
Lebanon . . . . .	2	2	2	2	3	3
Syria . . . . .	6	5	6	5	5	7
Turkey . . . . .	84	118	102	120	116	119
Other countries . . . . .	1	1	1	2	2	...
Olives . . . . .	412	435	708	389	792	...
Cyprus . . . . .	10 <u>h/</u>	14	8	8	9	...
Egypt . . . . .	2	3	3	5	5 <u>a/</u>	...
Iran . . . . .	10 <u>a/</u>	10	10 <u>a/</u>	10 <u>a/</u>	10 <u>a/</u>	...
Israel . . . . .	6 <u>h/</u>	14	22	3	25	...
Jordan . . . . .	23	49	61	120	71	...
Lebanon . . . . .	32	42 <u>a/</u>	36	14	55	...
Syria . . . . .	61 <u>h/</u>	49	36	29	78	...
Turkey . . . . .	268	254	532	200	539	...
Olive oil . . . . .	74	79	124	55	140	...
Cyprus . . . . .	2 <u>h/</u>	2	1	1	2	...
Iran . . . . .	1	1	1	1	1	...
Israel . . . . .	1 <u>h/</u>	2	4	...	5	...
Jordan . . . . .	4 <u>h/</u>	9	15	3 <u>a/</u>	15 <u>a/</u>	...
Lebanon . . . . .	9 <u>h/</u>	10	12	2	13	...
Syria . . . . .	9 <u>h/</u>	11	8	7	14 <u>a/</u>	...
Turkey . . . . .	48 <u>h/</u>	44	83	41	90	...
Oil-seeds <u>i/</u> . . . . .	1,567	1,734	1,858	1,926	2,045	...
Aden . . . . .	2	4	9	8	12	...
Cyprus . . . . .	2	2	2	2	1	...
Egypt . . . . .	760	652	716	699	687	...
Iran . . . . .	64	114 <u>a/</u>	134 <u>a/</u>	134 <u>a/</u>	139 <u>a/</u>	...
Iraq . . . . .	18	25	31	29	30	...
Israel . . . . .	3	9	18	24	26	...
Jordan . . . . .	2	4	4	4	4	...
Lebanon . . . . .	4	4	4	4	4	...
Sudan . . . . .	253	372	318	344	476	...
Syria . . . . .	71	92	160	166	187	...
Turkey . . . . .	388	456	462	512	479	...
Citrus fruits . . . . .	835	1,150	1,090	1,240	1,211	...
Cyprus . . . . .	35	56	48	51	50	...
Egypt . . . . .	293	361	331	365	329	...
Iran . . . . .	47	45	35	40	45	...
Israel . . . . .	302	470	392	450	465 <u>a/</u>	...
Lebanon . . . . .	75	100	103	109	126	...
Turkey . . . . .	78	113	175	217	191	...
Other countries . . . . .	5	5	6	8	5	...

Table II (continued)

Crop and country	Annual average					
	1948-1952	1953	1954	1955	1956	1957
Dates . . . . .	838	1,051	1,135	1,164	1,013	...
Aden . . . . .	5	13	13	15	15 <u>a/</u>	...
Egypt . . . . .	185 <u>b/</u>	289	379	329	369	...
Iran . . . . .	125	125	141	100	132	104
Iraq . . . . .	310	350	322	445	222	...
Saudi Arabia . . . . .	182 <u>j/</u>	250 <u>a/</u>	250 <u>a/</u>	250 <u>a/</u>	250 <u>a/</u>	...
Sudan . . . . .	31	24	30	25	25 <u>a/</u>	...
Raisins . . . . .	181	223	221	220	267	...
Cyprus . . . . .	5	7	7	7	7	...
Iran . . . . .	41	49	50	60	62	63
Syria . . . . .	8	17	23	10	10 <u>a/</u>	...
Turkey . . . . .	126	148	138	141	186	...
Other countries . . . . .	1	2	3	2	2	...
Figs <u>k/</u> . . . . .	204	262	226	201	230	...
Cyprus . . . . .	3	4	4	3	3	...
Egypt . . . . .	11	8	11	9	10 <u>a/</u>	...
Iran . . . . .	6 <u>l/</u>	6 <u>a/</u>	5 <u>a/</u>	5 <u>a/</u>	5 <u>a/</u>	...
Israel . . . . .	6	5	5	6	8	...
Jordan . . . . .	16 <u>j/</u>	61	18	8	15 <u>a/</u>	...
Lebanon . . . . .	13	20 <u>a/</u>	20 <u>a/</u>	20 <u>a/</u>	20 <u>a/</u>	...
Syria . . . . .	42	53	56	50	48	...
Turkey . . . . .	107	105	107	100	121	...

Source: Food and Agriculture Organization of the United Nations.

a/ Estimated.

b/ Average of four years.

c/ Crop includes spelt.

d/ Including Arabian peninsula countries and the Sudan.

e/ 1948-1949.

f/ Cotton lint; cotton-seed not included.

g/ Average of three years.

h/ Annual average, 1947-1952.

i/ Soya beans, ground-nuts, cotton-seed, linseed, sesame seed, sunflower seed.

j/ Average of two years.

k/ Fresh basis.

l/ 1948.

Table III. Indices of Agricultural Production  
(1948/49 - 1952/53 = 100)

Year	Near East <sup>a/</sup>	World
Total agricultural production:		
Pre-war . . . . .	83	...
1953/54 . . . . .	119	110
1954/55 . . . . .	119	111
1955/56 . . . . .	121	114
1956/57 . . . . .	125	118
Food production:		
Pre-war . . . . .	83	...
1953/54 . . . . .	121	110
1954/55 . . . . .	119	111
1955/56 . . . . .	121	114
1956/57 . . . . .	126	117

Source: Food and Agriculture Organization of the United Nations, Monthly Bulletin of Agricultural Economics and Statistics, vol. VI, No. 9.

a/ The term "Near East", as used here, covers the countries of the Arabian peninsula, Afghanistan, Eritrea, Ethiopia, Iran, Israel, Libya, Somalia, British and French Somaliland and Turkey.

Table IV. Animals and Animal Products, by Country

Country and item	1950	1951	1952	1953	1954	1955	1956
<u>Cyprus:</u>							
Livestock a/ . . . . .	577	564	591	666	678	701	499
Meat b/ . . . . .	...	...	...	6	6	9	9
Milk b/ . . . . .	31	31	33	37	28	28	22
Hen eggs c/ . . . . .	25	19	...	20	21	...	...
Cheese b/ . . . . .	2	1	2	2	3	3	3
Poultry d/ . . . . .	417	420	1,250	1,080	707	1,100	...
<u>Egypt:</u>							
Livestock a/ e/ . . . . .	...	4,205	4,224	4,243	4,341	4,360	...
Meat b/ . . . . .	...	...	...	190	195	209	...
Wool b/ . . . . .	3.6	3	3.2	3.6	3.6	3.6	...
Milk b/ . . . . .	1,163	1,031	884	876	904	966	...
Hen Eggs c/ . . . . .	455	419	455	535	591	706	...
Poultry d/ . . . . .	...	...	...	...	59,294	63,518	...
<u>Iran:</u>							
Livestock a/ . . . . .	31,268	32,895	34,520	35,518	35,700	35,975	...
Wool b/ . . . . .	15.0	15.5	16.6	17.2	17.7	18.6	18.1
<u>Iraq:</u>							
Wool b/ . . . . .	13.6	14.5	14.5	15.0	15.0	15.4	15.2
<u>Israel:</u>							
Livestock a/ . . . . .	255	281	297	323	373	336	427
Meat b/ . . . . .	...	...	...	3.0	3.0	3.0	3.0
Milk b/ . . . . .	112	124	141	159	182	199	214
Hen eggs c/ . . . . .	342	389	339	382	414	504	480
Butter b/ . . . . .	...	1.0	1.0	1.0	1.0	1.0	...
Poultry d/ . . . . .	4,790	...	4,364	4,288	4,545	4,960	...
<u>Lebanon:</u>							
Livestock a/ . . . . .	...	548	629	629	626	...	...
Meat b/ . . . . .	...	...	...	17	17	17	18
Cheese b/ . . . . .	...	...	4	4	5	...	...
Poultry d/ . . . . .	...	...	1,500	1,620	1,710	1,900	...



Table IV (continued)

Country and item	1950	1951	1952	1953	1954	1955	1956
<u>Sudan:</u>							
Livestock <u>a/</u> . . . . .	13,924	16,309	...	...	17,524	20,286	...
<u>Syria:</u>							
Livestock <u>a/</u> . . . . .	5,016	5,410	6,044	6,305	6,617	7,033	...
Wool <u>b/</u> . . . . .	7.9	7.1	7.9	8.0	8.3	9.2	10.2
Milk <u>b/</u> . . . . .	349	275	297	327	336	341	438
Hen eggs <u>c/</u> . . . . .	91	144	217	217	180	157	155
Cheese <u>b/</u> . . . . .	...	13	13	18	13	11	...
Butter <u>b/</u> . . . . .	6	6	7	12	13	12	16
Poultry <u>d/</u> . . . . .	2,681	3,015	3,176	3,105	3,427	3,264	...
<u>Turkey:</u>							
Livestock <u>a/</u> . . . . .	54,559	59,132	61,337	62,079	61,860	56,762	59,160
Wool <u>b/</u> . . . . .	30	33	35	37	36	37	39
Milk <u>b/</u> . . . . .	3,173	3,345	3,486	3,376	2,563	3,480	3,658
Hen eggs <u>c/</u> . . . . .	920	936	979	1,094	1,113	1,118	1,166
Poultry <u>d/</u> . . . . .	21,314	21,592	22,411	23,696	24,266	25,022	...

Source: Food and Agriculture Organization of the United Nations. Figures for livestock, poultry and cheese refer to agricultural years. Figures for milk include milk fed to young animals.

a/ Thousands of head.

b/ Thousands of metric tons.

c/ Millions.

d/ Thousands.

e/ Excludes camels.

Table V. Egypt, Israel and Turkey: Food Balance Sheet  
(Thousands of metric tons, except as indicated)

Country and commodity	Production	Change in stocks	Foreign trade		Available supply	Distribution					Consumption per person <sup>a/</sup>					
			Gross exports	Gross imports		Feed	Seed	Manufacturing	Waste	Food (gross)	Food (net)	Kilo-grammes per year	Grammes per day	Calories per day	Protein per day	Fat per day (grammes)
<b>Egypt, 1955/56:</b>																
Cereals . . . . .	5,138	-152	413	611	5,488	88	233	35	223	4,909	4,165	186.22	510.18	1,808	50.66	12.71
Starchy foods . . . . .	241	+6	60	8	183	-	22	-	18	143	143	6.40	17.53	16	0.25	0.02
Sugar and sugar syrups . . . . .	4,746	-24	22	-	4,748	-	185	3,481	41	1,051	391	17.48	47.88	174	0.04	-
Pulse nuts and seeds . . . . .	417	-	13	61	465	123	33	23	18	268	262	11.71	32.09	116	7.13	1.87
Fresh vegetables . . . . .	1,883	+31	248	-	1,604	-	-	-	153	1,451	1,451	64.87	177.72	41	2.47	0.35
Fruits . . . . .	1,582	-	14	40	1,608	-	-	-	141	1,467	1,467	65.59	179.70	118	1.80	0.81
Meat . . . . .	280	-	-	21	301	-	-	-	-	301	301	13.45	36.85	57	4.94	3.78
Fish . . . . .	134	-	-	15	149	-	-	-	13	136	136	6.08	16.66	25	3.36	1.14
Milk . . . . .	966	-	4	360	1,322	-	-	-	-	1,322	1,322	59.10	161.92	136	6.05	9.15
Eggs . . . . .	28	-	-	-	28	-	-	3	-	25	25	1.12	2.07	4	0.34	0.32
Vegetable oils . . . . .	745	-2	8	48	787	-	99	590	33	88	88	3.93	10.77	95	-	10.77
<b>Israel, 1954/55:</b>																
Cereals . . . . .	36.7	+19.6	-	335.1	352.2	38.1	7.3	-	5.0	301.8	244.2	140.8	385.7	1,351	45.5	5.7
Roots and starches . . . . .	83.3	-0.8	-	12.4	96.5	0.5	12.9	5.7	2.0	-	75.4	43.5	119.2	90	2.1	0.1
Sugar and syrups . . . . .	0.5	+7.7	-	59.5	52.3	0.3	-	10.1	-	-	41.9	24.2	66.3	255	-	-
Pulses and oil-seeds . . . . .	16.7	+3.0	+2.5	18.4	29.6	1.0	1.3	10.1	-	-	17.2	9.9	27.1	114	6.1	5.7
Vegetables . . . . .	213.2	-	1.4	2.5	214.3	6.5	-	0.7	8.8	-	198.3	114.4	313.4	69	3.1	0.4
Fruits . . . . .	486.6	+0.8	298.1	2.0	189.7	-	-	11.0	5.1	-	173.6	100.3	274.8	102	1.8	1.0
Meat . . . . .	21.5	+0.1	-	10.3	31.7	-	-	-	-	-	31.7	18.3	50.2	87	7.0	6.2
Eggs . . . . .	27.8	-	0.2	-	27.6	-	1.6 <sup>b/</sup>	-	-	-	26.0	15.0	14.1	59	4.5	4.3
Fish . . . . .	11.0	+0.2	-	11.3	22.1	-	-	-	-	-	22.1	12.8	35.0	27	4.0	0.9
Milk and milk products . . . . .	227.1	+1.4	-	15.0	240.7	15.4	-	40.4	1.0	-	183.7	106.0	290.4	229	14.3	11.6
Oils and fats . . . . .	32.3	+0.1	0.1	8.3	40.4	-	-	8.9	-	-	31.5	18.2	49.8	400	0.1	45.4
Miscellaneous . . . . .	14.8	-	0.5	-	14.3	-	-	-	-	-	14.3	8.2	22.4	77	0.3	0.9
<b>Turkey, 1955/56:</b>																
Cereals . . . . .	12,427	-224	537	148	12,262	3,980	2,292	162	537	5,291	4,872	149.0	544.9	1,967	61.3	8.9
Potatoes . . . . .	1,116	-	-	-	1,116	60	150	15	116	781	781	31.8	87.1	61	1.4	6.1
Sugar . . . . .	307	-	-	10	317	-	-	-	-	317	321	12.9	35.2	132	-	-
Vegetables, dry . . . . .	490	-50	81	-	459	15	44	-	36	364	315	12.8	41.9	59	8.1	6.9
Fruits . . . . .	3,566	-35	47	-	3,554	400	-	65	991	2,098	2,098	85.4	233.6	109	1.6	1.8
Meats . . . . .	373	-	-	-	373	-	-	-	-	373	373	15.1	40.9	65	5.9	4.1
Eggs . . . . .	56	-	2	-	54	-	10	-	3	41	41	1.6	4.3	6	0.4	0.4
Fish . . . . .	125	-	19	-	106	-	-	25	23	58	58	2.3	6.3	6	0.6	0.2
Milk and milk products . . . . .	2,866	-	-	-	2,866	248	-	1,650	186	782	782	31.8	86.9	72	4.8	3.6
Vegetables, fresh . . . . .	700	-	-	-	2,700	135	-	-	675	1,890	1,833	77.1	211.2	47	2.5	0.4
Fats and oils . . . . .	151	-20	1	12	182	-	-	52	-	130	130	5.1	13.9	123	-	13.9

Source: For Egypt, Ministry of Agriculture, Department of Agricultural Economics and Statistics, Food Balance Sheet, 1955/56; for Israel and Turkey, Food and Agriculture Organization of the United Nations.

a/ Total consumption per person per day as follows: Egypt: grammes, 1,194.37; calories, 2,590; protein, 77.04 (animal, 14.69, vegetable, 62.35); fat, 40.92; Israel: calories, 2,860; protein, 88.8 (animal, 29.9, vegetable, 58.9); fat, 82.2; Turkey: calories, 2,670; protein, 86.6 (animal, 11.7, vegetable, 74.9); fat, 40.

b/ Eggs for hatching.

Table VI. Institutional Agricultural Credit, by Country<sup>a/</sup>  
(Millions of dollars)

Country	Value of loans			
	1951	1952	1953	1955
Egypt . . . . .	34.8	54.9	57.2	53.0
Iran . . . . .	7.3	-	11.3	18.3
Iraq . . . . .	0.8	-	3.8	4.5
Israel <sup>b/</sup> . . . . .	59.0	-	-	63.0
Jordan . . . . .	0.3	-	1.4	2.0
Lebanon <sup>c/</sup> . . . . .	-	-	-	1.1
Sudan . . . . .	2.0	2.0	7.8	-
Syria <sup>c/</sup> . . . . .	6.5	8.6	2.2	12.1
Turkey . . . . .	234.3	431.5	366.1	421.0

Source: United Nations Bureau of Economic Affairs; Food and Agriculture Organization, The State of Food and Agriculture, 1957 (Rome, 1957).

<sup>a/</sup> The 1951 figures and most of the 1955 figures (for Egypt, Iraq, Israel, Jordan, Lebanon and Syria) have been obtained by converting available data expressed in national currencies into dollars. For this purpose the currency conversion factors for trade given in the United Nations Monthly Bulletin of Statistics were utilized. All other figures are data from the Food and Agriculture Organization expressed in dollars. For the period considered, the currency conversion factors for Egypt, Iran, Jordan and Turkey did not alter from year to year. For Syria the variations were not significant. For Israel an important change took place between 1954 and 1955 as noted in footnote <sup>b/</sup>.

<sup>b/</sup> Currency conversion factor (United States cents per Israeli pound) for 1951, 280 and for 1955, 55.56. In Israeli pounds, value of loans during 1951 amounted to approximately 21 million, as compared with 113 million during 1955.

<sup>c/</sup> Currency conversion factor for exports was used.

Table VII. Number of Tractors<sup>a/</sup> Used in Agriculture, by Country

Country	1950	1953	1954	1955	1956
Aden . . . . .	...	52	102 <sup>b/</sup>	150 <sup>b/</sup>	182 <sup>b/</sup>
Cyprus . . . . .	443	1,022 <sup>b/</sup>	1,181 <sup>b/</sup>	1,476 <sup>b/</sup>	1,682 <sup>b/</sup>
Egypt <sup>c/</sup> . . . . .	...	8,850	10,355	10,750	...
Iran . . . . .	1,186 <sup>b/</sup>	...	...	...	...
Iraq . . . . .	...	1,129	1,462	1,715	2,096
Israel . . . . .	2,300	3,386	3,535	4,010	4,500
Jordan . . . . .	84 <sup>d/</sup>	243 <sup>b/</sup>	305 <sup>b/</sup>	...	...
Lebanon . . . . .	121	112	135	160	...
Sudan . . . . .	120	89	91	91	91
Syria . . . . .	642 <sup>b/</sup>	1,155 <sup>b/</sup>	1,454 <sup>b/</sup>	1,786 <sup>b/</sup>	2,074 <sup>b/</sup>
Turkey . . . . .	10,227	35,670	37,743	40,282	43,727

Source: Food and Agriculture Organization of the United Nations; and report on the Turkish budget for fiscal year 1956/57.

a/ Both crawler and wheel types.

b/ Tractors used for all purposes, including road-building.

c/ Figures include garden tractors.

d/ 1951.

Table VIII. Industrial Production Index,<sup>a/</sup> Selected Countries  
(1953 = 100)

Country and industry	1948	1949	1950	1951	1952	1953	1954	1955	1956
<u>Egypt:</u>									
Salt and phosphate . . . . .	...	...	...	121	114	100	112	125	...
Crude petroleum . . . . .	...	...	...	102	105	100	87	89	...
Canning, fruit preservation . . . . .)	...	...	...	108	102	100	101	117	...
Tobacco, mouassel, and edible oils . . .)	...	...	...	...	...	...	...	...	...
Textiles . . . . .	81	80	83	91	97	100	109	116	117
Manufacture of footwear . . . . .	...	...	...	97	97	100	101	97	...
Manufacture of furniture . . . . .	...	...	...	122	119	100	122	131	...
Paper, cardboard and products thereof. . . . .	...	...	...	98	94	100	115	142	157
Printing and periodicals . . . . .	...	...	...	89	88	100	116	121	...
Alcohol, soap and oils . . . . .	...	...	...	88	96	100	103	111	...
Petroleum refineries . . . . .	17	116	121	131	136	100	114	152	124
Tanning industry . . . . .	...	...	...	92	102	100	107	124	...
Basic metal industries . . . . .	...	...	...	55	86	100	131	149	...
Motor-car repairs . . . . .	...	...	...	88	94	100	114	122	...
General index of manufactures b/ . . . . .	...	...	...	105	105	113	122	133	...
<u>Israel: c/</u>									
Minerals . . . . .	...	...	...	...	...	...	...	100	144
Food . . . . .	...	...	...	...	...	...	...	100	101
Textiles . . . . .	...	...	...	...	...	...	...	100	102
Clothing and footwear . . . . .	...	...	...	...	...	...	...	100	95
Wood cork . . . . .	...	...	...	...	...	...	...	100	96
Printing and paper . . . . .	...	...	...	...	...	...	...	100	94
Leather . . . . .	...	...	...	...	...	...	...	100	117
Rubber products . . . . .	...	...	...	...	...	...	...	100	89
Chemicals . . . . .	...	...	...	...	...	...	...	100	101
Stone and cement . . . . .	...	...	...	...	...	...	...	100	92
Metals . . . . .	...	...	...	...	...	...	...	100	97
Vehicles . . . . .	...	...	...	...	...	...	...	100	116
General index of manufactures . . . . .	...	...	...	...	...	...	...	100	100
<u>Turkey: d/</u>									
Coal mining . . . . .	73	74	77	82	82	100	101	97	103
Metal mining . . . . .	32	48	46	67	89	100	62	77	117
Sulphur . . . . .	24	32	61	76	85	100	102	117	142
Textiles . . . . .	75	87	87	82	96	100	118	129	122

Source: Statistical Office of the United Nations; Egypt, National Planning Commission, Index Number of Production and Foreign Trade of Egypt, 1945-1954 (Cairo, 1956) (in Arabic).

a/ Taken from International Standard Industrial Classification of all Economic Activities.

b/ 1950 = 100.

c/ 1955 = 100.

d/ Figures for Turkey are estimates of the Statistical Office of the United Nations.

Table IX. Quantum Indices of Output in Certain Industries,  
Major Producing Countries  
(1953 = 100)

Product and country	1950	1954	1955	1956
Electricity (Aden, Cyprus, Egypt, Iraq, Israel, Lebanon, Sudan, Syria, Turkey)	64	116	132	141 <u>a/</u>
Electricity consumption (Egypt, Iraq, Israel, Syria, Turkey)	68	119	133	...
Sugar (Egypt, Iran, Syria, Turkey)	72	112	125	129 <u>b/</u>
Olive oil (Cyprus, Israel, Jordan, Lebanon, Syria, Turkey)	69	160	64	...
Beer (Egypt, Iraq, Israel, Lebanon, Syria, Turkey)	102	121	124	108 <u>b/</u>
Cigarettes (Iran, Israel, Jordan, Lebanon, Syria, Turkey)	76	114	109	114 <u>c/</u>
Tobacco (Iran, Israel, Jordan, Lebanon, Syria, Turkey)	77	107	95	129 <u>c/</u>
Cotton yarn (Egypt, Lebanon, Syria, Turkey)	81	111	125	124
Cotton fabrics (Egypt, Lebanon, Turkey)	73	114	118	137
Paper and cardboard (Egypt, Turkey)	79	130	158	159
Alcohol (Egypt, Israel, Syria, Turkey)	93	94	117	104
Sulphuric acid (Egypt, Israel, Turkey)	65	157	215	223
Superphosphates (Egypt, Israel, Turkey)	76	178	248	225
Nitrogenous fertilizers (Egypt, Turkey)	2	117	139	151
Refined petroleum (Bahrein, Egypt, Iran, Iraq, Israel, Kuwait, Lebanon, Saudi Arabia, Turkey)	146	111	140	151
Cement (Egypt, Iran, Iraq, Israel, Lebanon, Syria, Turkey)	79	117	137	147 <u>d/</u>
Steel (Egypt, Turkey)	62	113	129	118 <u>e/</u>
Glass (Egypt, Israel, Turkey)	59	103	120	...

Source: United Nations Bureau of Economic Affairs; United Nations, Statistical Yearbook, 1957 and Monthly Bulletin of Statistics, February 1958; Egypt, L'Egypte industrielle, May 1957 and National Bank of Egypt, Economic Bulletin, vol. X, No. 3 (Cairo, 1957); Israel, Statistical Bulletin of Israel, April 1954 and May 1957, and Statistical Abstract of Israel 1956/57; Syria, General Monthly Bulletin of Current Statistics, May/June, 1957; Turkey, Monthly Bulletin of Statistics, May 1957.

- a/ Figure represents approximately 90 per cent of total generation.  
b/ Excluding Syria.  
c/ Excluding Iran and Turkey.  
d/ Excluding Iraq.  
e/ Turkey only.

Table X. Employment in Manufacturing and Mining, Selected Countries  
(Thousands)

Country and year	Population <u>a/</u>	All establishments	Establishments with ten or more persons engaged <u>b/</u>	Total employment <u>c/</u> (all sectors)	Total salaried employees and wage earners (all sectors)
<u>Egypt d/</u>					
1947	19.06	722	278.7 <u>e/</u>	8,383 <u>f/</u>	2,949
1950	20.39	659 <u>g/</u>	307.4	...	...
1954	22.45	...	275.8	...	...
1957	23.88	...	...	...	...
<u>Israel h/</u>					
1950	1.59	102	52.5 <u>e/</u>	...	...
1954	1.67	112	...	...	...
1955	1.73	125	...	585.7	...
1956	1.81	118	...	574.4	...
<u>Turkey</u>					
1950	20.9	377.4	165.4	...	...
1954	23.4	...	220.6	...	...
1955	24.1	...	143.4 <u>i/</u>	12,038	1,672

Source: United Nations, Monthly Bulletin of Statistics, February 1958, Statistical Yearbook, 1957; United Nations Bureau of Economic Affairs; Egypt: Statistical Pocket Yearbook (Cairo), 1953 and 1955; Israel: Statistical Bulletin, July 1957, Statistical Abstract of Israel, 1955/56; Turkey: Monthly Bulletin of Statistics, August 1956 and April 1957.

a/ Millions of persons.

b/ Including active owners and unpaid family labour.

c/ For Egypt and Turkey, total economically active population.

d/ Data for population exclude nomads.

e/ Manufacturing only.

f/ Includes persons over five years of age.

g/ 1951.

h/ Data for employment in all establishments covers industry, crafts and quarrying.

i/ Private sector only.

Table XI. Geographic Pattern of Trade, by Country  
(Percentage of total trade of given country)

Country, item and period	Total trade (millions of dollars)	Percentage distribution by trading area						
		Middle East	United States	United Kingdom	Continental western Europe	USSR	Other eastern Europe	Other countries
<u>Egypt: a/</u>								
Exports:								
1953 . . . . .	409.4	6.2	4.0	10.4	39.3	2.9	6.3	30.9
1954 . . . . .	413.1	8.4	4.6	10.0	36.4	1.3	9.5	29.8
1955 . . . . .	419.1	9.7	6.2	5.5	29.9	4.8	14.6	29.3
1956 . . . . .	408.6	12.4	3.3	3.4	27.2	3.9	24.2	25.6
1956, first half . . . . .	260.8	9.4	2.6	4.8	26.2	4.2	23.3	29.5
1957, first half . . . . .	268.9	10.6	2.3	0.04	18.8	20.6	18.4	28.9
Imports:								
1953 . . . . .	516.0	6.7	15.7	9.6	39.8	2.3	4.5	21.4
1954 . . . . .	472.2	7.9	10.7	12.1	44.5	1.3	4.1	19.4
1955 . . . . .	537.8	8.1	11.7	12.5	42.9	1.2	5.2	18.4
1956 . . . . .	534.2	7.3	13.4	11.8	36.2	4.2	8.0	19.1
1956, first half . . . . .	310.0	6.1	14.7	13.0	36.8	1.7	7.6	20.1
1957, first half . . . . .	250.2	8.3	9.9	1.0	33.7	14.6	11.2	21.3
<u>Iran: b/</u>								
Imports:								
1953 . . . . .	152.5	3.5	19.0	9.7	34.2	8.4	3.4	21.8
1954 . . . . .	213.3	2.2	23.8	9.3	30.5	8.7	3.6	21.9
1955 . . . . .	278.0	5.7	19.6	9.7	31.4	9.1	1.9	22.6
1956 . . . . .	278.3	9.1	12.3	11.5	30.9	6.2	3.2	26.8
1956, first half . . . . .	133.4	9.1	16.6	11.3	30.9	7.0	2.3	22.8
1957, first half . . . . .	149.5	4.9	20.0	13.1	28.8	8.6	3.1	21.5



Table XI (continued)

Country, item and period	Total trade (millions of dollars)	Percentage distribution by trading area						
		Middle East	United States	United Kingdom	Conti- nental western Europe	USSR	Other eastern Europe	Other Countries
<u>Iraq: c/</u>								
Exports:								
1953 . . . . .	391.9	6.4	1.0	24.2	60.7	0.02	0.3	7.2
1954 . . . . .	488.7	4.4	1.0	16.3	70.0	0.02	-	8.1
1955 . . . . .	517.8	4.6	2.1	11.6	57.5	-	0.1	24.1
1956 . . . . .	477.8	6.1	4.4	6.9	62.3	-	-	20.3
1956, first half . . . .	262.3	2.4	9.2	16.4	63.5	-	-	8.5
1957, first half . . . .	...	...	...	...	...	...	...	...
Imports:								
1953 . . . . .	192.4	3.5	15.3	37.5	21.6	-	0.7	21.4
1954 . . . . .	207.6	4.5	13.9	30.6	24.6	-	1.8	24.6
1955 . . . . .	272.0	3.6	15.1	28.2	25.0	0.03	2.1	25.7
1956 . . . . .	320.7	4.6	13.8	28.1	30.3	-	1.9	21.3
1956, first half . . . .	158.6	4.0	15.2	27.2	28.9	-	1.8	22.9
1957, first half . . . .	170.5	-	-	-	-	-	-	-
<u>Israel:</u>								
Exports: d/								
1953 . . . . .	57.7	13.6	21.1	25.8	17.6	1.7	1.5	18.7
1954 . . . . .	85.0	15.5	16.9	22.8	23.1	3.6	1.5	16.6
1955 . . . . .	85.8	13.5	18.9	18.5	25.2	2.0	1.9	20.0
1956 . . . . .	104.0	6.5	18.1	22.1	30.9	1.6	2.9	17.9
1956, first half . . . .	61.8	3.6	15.2	23.3	34.6	2.5	3.1	19.7
1957, first half . . . .	84.2	5.3	11.4	26.3	37.0	-	3.1	...
Imports:								
1953 . . . . .	281.1	4.9	31.7	10.6	24.1	-	0.8	16.9
1954 . . . . .	286.5	4.8	27.4	9.7	32.5	0.6	1.9	23.1
1955 . . . . .	325.6	3.8	28.6	10.2	32.2	0.06	1.6	23.0
1956 . . . . .	364.0	1.3	31.7	9.8	32.1	0.1	0.9	24.1
1956, first half . . . .	183.1	0.9	34.1	10.5	32.0	0.2	0.9	21.4
1957, first half . . . .	200.6	1.2	28.7	10.2	31.1	-	1.9	26.9

Table XI (continued)

## Percentage distribution by trading area

Country, item and period	Total trade (millions of dollars)	Percentage distribution by trading area						
		Middle East	United States	United Kingdom	Continental western Europe	USSR	Other eastern Europe	Other Countries
<u>Jordan:</u>								
Exports:								
1953 . . . . .	5.3	94.3	1.8	-	1.8	-	-	2.1
1954 . . . . .	6.8	95.6	1.4	-	1.4	-	-	1.6
1955 . . . . .	7.3	72.6	1.3	-	2.7	-	8.2	15.2
1956 . . . . .	12.3	79.7	-	-	1.6	-	6.5	12.2
1956, first half . . . . .	...	...	...	...	...	...	...	...
1957, first half . . . . .	...	...	...	...	...	...	...	...
Imports:								
1953 . . . . .	51.5	45.2	6.0	16.5	18.4	-	1.9	12.0
1954 . . . . .	55.6	37.7	9.7	15.5	22.6	-	3.4	11.1
1955 . . . . .	75.8	28.7	10.4	19.2	23.2	-	1.2	17.3
1956 . . . . .	77.9	33.7	6.6	19.2	23.3	-	3.2	14.0
1956, first half . . . . .	...	...	...	...	...	...	...	...
1957, first half . . . . .	...	...	...	...	...	...	...	...
<u>Lebanon: e/</u>								
Exports:								
1953 . . . . .	25.4	56.2	5.5	3.4	18.1	-	2.3	14.5
1954 . . . . .	32.9	59.8	6.1	3.9	18.2	-	2.1	9.9
1955 . . . . .	37.2	54.5	9.9	4.8	16.1	2.6	2.9	9.2
1956 . . . . .	45.3	48.5	4.8	6.8	21.6	2.6	2.4	13.3
1956, first half . . . . .	21.4	61.2	6.1	7.9	22.4	1.9	1.4	...
1957, first half . . . . .	21.1	...	...	...	...	...	...	...
Imports:								
1953 . . . . .	165.9	35.8	14.3	9.4	28.7	-	2.0	9.8
1954 . . . . .	221.4	31.7	14.9	18.0	26.8	0.4	2.2	6.0
1955 . . . . .	241.4	27.6	13.3	15.4	30.4	0.3	2.1	10.9
1956 . . . . .	256.0	32.4	11.5	12.3	31.2	0.6	2.4	9.6
1956, first half . . . . .	121.5	31.1	13.0	10.7	31.6	0.7	2.3	10.6
1957, first half . . . . .	128.5	...	...	...	...	...	...	...

Table XI (continued)

Country, item and period	Total trade (millions of dollars)	Percentage distribution by trading area						
		Middle East	United States	United Kingdom	Conti- nental western Europe	USSR	Other eastern Europe	Other countries
<u>Sudan:</u>								
Exports:								
1953 . . . . .	127.5	8.5	2.4	40.8	30.3	-	-	18.0
1954 . . . . .	116.2	11.3	3.7	42.2	29.8	-	0.6	12.4
1955 . . . . .	145.1	11.3	2.3	28.1	32.5	-	2.2	23.6
1956 . . . . .	192.3	13.5	2.1	32.9	26.8	-	1.8	22.9
1956, first half . . . .	107.0	13.7	2.1	29.1	26.2	-	1.9	27.0
1957, first half . . . .	60.7	21.9	2.3	19.4	33.4	-	0.6	22.4
Imports:								
1953 . . . . .	145.8	9.5	2.6	41.5	20.9	0.2	2.2	23.1
1954 . . . . .	139.3	11.7	1.8	32.4	20.4	0.1	7.8	25.8
1955 . . . . .	140.2	13.3	2.3	30.6	19.5	0.1	2.7	31.5
1956 . . . . .	130.0	15.2	2.2	20.5	18.2	0.3	5.0	38.6
1956, first half . . . .	67.8	19.9	2.1	26.2	17.8	0.3	7.9	25.8
1957, first half . . . .	78.0	16.2	4.8	22.1	15.6	0.1	2.4	38.8
<u>Syria: e/</u>								
Exports:								
1953 . . . . .	103.7	40.5	5.5	12.3	38.6	-	-	2.1
1954 . . . . .	130.3	41.0	4.1	6.2	45.8	-	-	2.9
1955 . . . . .	132.3	37.3	4.6	8.5	40.7	-	1.1	8.9
1956 . . . . .	145.0	41.6	4.1	2.1	38.8	0.7	5.9	6.8
1956, first half . . . .	55.7	47.7	3.0	4.1	34.6	-	2.1	8.5
1957, first half . . . .	66.1	39.4	3.3	1.2	28.8	3.4	14.3	9.6
Imports:								
1953 . . . . .	140.1	24.2	12.2	10.8	41.0	0.04	2.5	8.9
1954 . . . . .	186.2	20.4	12.0	11.9	40.1	0.05	2.5	12.6
1955 . . . . .	196.4	20.1	11.0	12.7	35.3	0.1	2.7	18.1
1956 . . . . .	205.0	27.7	10.6	11.7	33.2	0.2	3.6	13.0
1956, first half . . . .	108.7	40.6	10.9	12.5	31.1	0.09	2.6	1.4
1957, first half . . . .	78.0	...	...	...	...	...	...	...

Table XI (continued)

Country, item and period	Total trade (millions of dollars)	Percentage distribution by trading area						
		Middle East	United States	United Kingdom	Continental western Europe	USSR	Other eastern Europe	Other countries
<u>Turkey:</u>								
<u>Exports:</u>								
1953 . . . . .	396.0	8.3	20.2	6.9	43.9	0.6	6.8	13.3
1954 . . . . .	334.9	6.1	17.4	6.9	36.6	1.5	14.9	15.2
1955 . . . . .	313.3	6.0	15.5	7.4	41.7	1.6	20.2	7.6
1956 . . . . .	305.0	5.2	19.6	7.6	42.3	2.1	17.5	5.7
1956, first half . . . . .	175.7	4.4	23.5	4.3	38.0	0.4	24.6	4.8
1957, first half . . . . .	185.0	3.9	28.2	8.4	31.6	1.4	20.8	5.7
<u>Imports:</u>								
1953 . . . . .	532.4	5.6	11.3	13.7	50.7	-	5.5	13.2
1954 . . . . .	478.3	7.2	15.0	8.7	39.5	0.7	8.7	20.2
1955 . . . . .	497.6	6.7	22.3	7.8	34.4	1.6	16.7	10.5
1956 . . . . .	407.3	4.5	21.1	8.2	41.8	1.2	13.3	9.9
1956, first half . . . . .	221.7	4.9	18.2	8.9	44.3	0.9	12.5	10.3
1957, first half . . . . .	188.7	6.6	28.9	6.8	34.4	2.5	12.6	8.2

Source: Statistical Office of the United Nations.

- a/ Includes trade with the Sudan for all years.
- b/ Excludes duty-free imports.
- c/ Prior to 1955, export figures include estimates for petroleum.
- d/ National exports (excludes nationalized re-exports).
- e/ Includes exports and imports of large amounts of gold.

Table XII. Major Exports excluding Petroleum, by Country  
(Weight in thousands of metric tons; value in millions of dollars)

Country and item	1954		1955		1956		1956		1957	
	Weight	Value	Weight	Value	Weight	Value	First half Weight	First half Value	First half Weight	First half Value
<u>Cyprus:</u>										
Fruits and vegetables . . . . .	...	9	...	8	...	9	...	5	...	4.5
Metalliferous ores and concentrates . . . . .	...	23	...	15	...	23	...	14	...	11
All exports <u>a/</u>		45		49		57		33		27
<u>Egypt: b/</u>										
Vegetables (fresh, dry, preserved) and vegetable preparations . . . . .	217	10	221	10	264	18	239	15	...	...
Cotton, raw . . . . .	288	325	278	309	235	284	167	190	...	196
Cotton yarn . . . . .	11	13	10	13	11	13	4	4	...	8
Rice . . . . .	49	8	186	21	221	25	150	17	...	21
All exports		413		419		404		261		269
<u>Iran: c/</u>										
Rice . . . . .	61	8	28	3	...	...	...	...	...	...
Dried fruits and nuts	93	18	90	15	...	...	...	...	...	...
Cotton, raw . . . . .	45	35	36	22	...	...	...	...	...	...
Wool . . . . .	8	7	9	9	...	...	...	...	...	...
Carpets, woollen . . . . .	5	15	5	16	...	...	...	...	...	...
All exports		121		103		...		...		...
<u>Iraq:</u>										
Dates . . . . .	218	10	244	8	264	7	118	3	60 <u>d/</u>	1.4 <u>d/</u>
Barley and wheat . . . . .	519	26	390	22	279	14 <u>e/</u>	195 <u>f/</u>	10 <u>f/</u>	19 <u>d/g/</u>	0.9 <u>d/g/</u>
Livestock (thousands of head) . . . . .	325	4	151	1	83	1.2	47	0.7	22 <u>d/</u>	0.3 <u>d/</u>
All exports		52		49		48		19		6

Table XII (continued)

Country and item	1954		1955		1956		1956		1957	
	Weight	Value	Weight	Value	Weight	Value	First half Weight	First half Value	First half Weight	First half Value
<u>Israel:</u>										
Oranges and grape- fruit (thousands of cases) . . . . .	8,096	33	6,914	29	7,533	38	6,993	30	6,995 <u>h/</u>	40 <u>h/</u>
Diamonds, polished (thousand carats)	184	16	227	21	264	24.5	126	12	201 <u>h/</u>	19 <u>h/</u>
Other items, wholly or mainly manu- factured . . . . .	...	29	...	29	...	29	...	13	...	19 <u>h/</u>
All exports		88		88		103		63		91 <u>h/</u>
<u>Lebanon: i/</u>										
Vegetables . . . . .	89	5.3	78	4.0	99	6.5	36	2.6	19 <u>d/</u>	1.3 <u>d/</u>
Citrus and other fruits . . . . .	70	6.0	69	6.0	82	7.0	47	3.6	36 <u>d/</u>	2.6 <u>d/</u>
Cotton and wool (raw and fabrics) . . . .	2.4	1.8	3.6	2.6	4.6	3.0	2.0	1.1 <u>j/</u>	2.2 <u>d/j/</u>	1.1 <u>d/j/</u>
Hides and skins . . .	1.3	1.2	1.8	1.3	3.0	2.0	1.5	1.0	0.7 <u>d/</u>	0.5 <u>d/</u>
All exports		29		33		41		21.0		12.0 <u>d/</u>
<u>Sudan:</u>										
Cotton, ginned . . . .	60	62	95	87	115	120	63	65	18	20
Cotton-seed . . . . .	106	8	101	9	152	13	90	8	38	3
Gum arabic . . . . .	38	11	42	13	49	15.5	25	8	19	6
All exports		116		147		185		108		59
<u>Syria: i/</u>										
Barley . . . . .	431	24	29	2	301	18	13	1	43	2.4
Wheat and wheat flour	261	22	35	3	183	16	4	0.3	96	8.0
Cotton, raw . . . . .	42	35	89	65	56	42	37	29	42	28
Wool, raw . . . . .	5	7	7	9	8	9.5	5	5	3	4
Sheep (thousands) . .	520	6	735	8	554	7.0			...	...
All exports		129		128		141		54		65

Table XII (continued)

Country and item	1954		1955		1956		1956		1957	
	Weight	Value	Weight	Value	Weight	Value	Weight	Value	Weight	Value
Turkey:										
Wheat . . . . .	950	67	160	12	177	18	177	18	...	...
Fruits and nuts . . . . .	123	46	112	62	98	56	26	15	48	24
Tobacco . . . . .	64	86	60	89	61	94	46	72	56	88
Cotton . . . . .	61	52	53	46	36	27	20	15	33	23
Chrome ore . . . . .	357	16	560	20	642	23	280	10	...	...
Copper . . . . .	17	10	16	12	19	17	10	10	8	5
All exports		335		313		307		176		181

Source: United Nations, Yearbook of International Trade Statistics, 1956, vol. I, and Monthly Bulletin of Statistics, February 1958; Cyprus: Cyprus Imports and Exports Statistics (Nicosia), June 1957; Egypt: National Bank of Egypt, Economic Bulletin, vol. X, No. 3 (Cairo, 1957); Iraq: Quarterly Bulletin of Statistics (Baghdad); Israel, Statistical Bulletin of Israel, Foreign Trade, September 1957; Lebanon: Monthly Bulletin of Statistics (Beirut); Sudan: Foreign Trade and Internal Statistics (Khartoum), July 1957; Syria: Summary of Foreign Trade (Damascus, 1957).

The totals shown in this table differ in certain cases from those shown elsewhere in this publication because of inclusions or exclusions which are noted in the footnotes. Unless otherwise stated, total exports represent "special trade".

- a/ Domestic exports, excluding re-exports.
- b/ Including trade with the Sudan.
- c/ Years beginning 20 to 21 March of year stated. Data include exports of fishery products.
- d/ First three months.
- e/ Barley only.
- f/ Grain, pulses and flour.
- g/ Cereals.
- h/ First seven months.
- i/ Values converted to dollars at rates applicable to total exports; excluding gold.
- j/ Raw cotton and wool only.

Table XIII. Major Imports, by Country  
(Totals in millions of indicated currency units;  
details in percentage of total value)

Country and item	1953	1954	1955	1956	1956 (first half)	1957
<u>Egypt:</u>						
Total imports (millions of Egyptian pounds) . . . . .	176.8	160.2	182.9	186.1	104.8	87.1
Commodity groups (as percentage of total):						
Wheat and wheat flour . . . . .	14.5	1.5	-	4.4	4.9	17.7
Tea and coffee . . . . .	4.4	5.1	5.4	4.2	4.8	8.6
Sugar, refined . . . . .	1.3	0.5	-	-	-	-
Cotton and miscellaneous fabrics . . .	3.4	2.5	2.1	1.3	...	...
Petroleum and products . . . . .	8.0	11.4	9.5	9.8	5.2	2.7
Wood other than fuelwood . . . . .	3.8	4.7	4.7	2.9	...	...
Iron and steel and manufactures thereof . . . . .	4.0	5.1	6.4	7.4	8.9	5.1
Machinery and electrical equipment . .	10.6	13.4	17.9	17.7	7.3 <u>a/</u>	2.7 <u>a/</u>
Automobiles and buses . . . . .	2.3	3.0	4.8	5.6	3.4	1.8
Other . . . . .	47.7	52.8	49.2	46.7	...	...
<u>Iran: b/</u>						
Total imports (millions of rials) . . . .	5,243.7	7,126.5	8,699.3	9,215.4	...	...
Commodity groups (as percentage of total):						
Tea . . . . .	2.7	4.3	8.1	7.6	...	...
Sugar . . . . .	23.1	16.0	10.9	10.2	...	...
Chemical and pharmaceutical products .	3.8	3.8	3.6	4.7	...	...
Cotton fabrics . . . . .	14.3	9.7	6.7	6.4	...	...
Tires and tubes . . . . .	6.0	4.6	4.6	...	...	...
Iron, pig-iron, steel and wrought products . . . . .	7.5	7.0	8.5	8.2	...	...
Machinery . . . . .	6.7	7.0	7.0	...	...	...
Automobiles and road transport equip- ment (including parts) . . . . .	3.0	12.7	9.5	3.3 <u>c/</u>	...	...
Other . . . . .	32.9	34.9	41.1	59.6 <u>d/</u>	...	...

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Table XIII (continued)

Country and item	1953	1954	1955	1956	1956 (first half)	1957
<u>Iraq: e/</u>						
Total imports (millions of Iraqi dinars) . . . . .	68.3	72.7	97.2	114.5	56.6	29.7 f/
Commodity groups (as percentage of total):						
Tea . . . . .	7.0	8.8	8.3	6.1	6.4	4.0
Sugar . . . . .	7.5	7.4	5.4	6.5	6.9	6.4
Cotton and other fabrics . . . . .	12.4	13.2	10.2	7.8	7.4	9.1
Machinery . . . . .	19.6	18.7	17.8	23.5	22.2	18.2
Motor vehicles . . . . .	7.0	8.5	10.1	7.6	4.5 g/	6.1
Iron and steel . . . . .	17.4	11.3	13.4	12.4	12.9	8.4
Other . . . . .	29.1	32.1	34.8	36.1	39.7	47.8
<u>Israel:</u>						
Total imports (millions of United States dollars) . . . . .	282.7	297.6	337.3	362.8	182.7	304.1 h/
Commodity groups (as percentage of total):						
Manufactured consumer goods . . . . .	20.9	17.8	16.0	15.4	14.6	16.4 i/
Raw materials, including those for the						
food industry . . . . .	45.1	50.1	50.8	46.8	46.4	...
Investment goods . . . . .	23.0	21.6	23.1	28.6	28.3	21.6
Industrial equipment . . . . .	9.9	6.9	7.0	9.6	...	...
Transport equipment . . . . .	4.4	5.8	7.9	8.2	...	...
Fuels . . . . .	11.0	10.5	10.1	8.9	10.7	13.5 j/
<u>Lebanon:</u>						
Total imports (millions of Lebanese pounds) . . . . .	314.3	380.5	476.8	519.5	253.7	127.8 f/
Commodity groups (as percentage of total):						
Livestock . . . . .	7.7	7.4	6.6	5.2	5.0	2.4
Cereals, including flour . . . . .	14.5	17.2	8.9	10.6	3.2	7.6
Petroleum products . . . . .	6.9	6.9	7.4	7.6	8.1	8.3
Woollen, cotton and silk fabrics . . . . .	5.0	6.2	5.1	4.7	4.9	4.8
Iron and steel bars, wire, sheets, tubes and pipes . . . . .	4.6	3.8	4.7	7.5	8.4	9.2
Machinery and electrical equipment . . . . .	7.0	7.9	10.3	10.6	11.5	7.4
Means of transport . . . . .	4.8	5.5	7.8	5.5	5.9	4.9
Other . . . . .	49.5	45.8	49.5	48.3	53.0	55.4

Table XIII (continued)

Country and item	1953	1954	1955	1956	1956 (first half)	1957
<u>Sudan:</u>						
Total imports (millions of Egyptian pounds) . . .	50.7	48.4	48.8	45.2	23.6	27.1
Commodity groups (as percentage of total):						
Sugar . . . . .	7.7	7.4	6.6	10.2	10.2	11.0
Coffee (raw) and tea . . . . .	6.7	11.2	9.7	8.1	5.5	9.2
Cotton and rayon fabrics . . . . .	14.6	16.1	15.6	17.2	20.0	18.0
Petroleum products . . . . .	5.5	5.6	5.7	6.6	7.6	6.9
Iron and steel . . . . .	3.7	3.1	2.0	1.6	1.7	2.2
Motor vehicles and parts . . . . .	7.1	4.1	3.7	3.9	4.2	1.4
Other . . . . .	54.7	52.5	56.7	52.4	50.8	51.3
<u>Syria:</u>						
Total imports (millions of Syrian pounds) . . .	286.4	381.7	392.6	412.7	209.8	279.8
Commodity groups (as percentage of total):						
Sugar, raw . . . . .	1.7	1.6	2.2	2.5	2.7	3.9
Woollen and cotton fabrics . . . . .	5.6	4.6	4.4	3.5	3.4	2.9
Artificial silk thread . . . . .	5.3	4.5	3.4	3.6	3.3	4.7
Petroleum products . . . . .	13.2	11.6	11.7	13.7	14.4	9.0
Iron, cast iron and steel . . . . .	6.3	6.6	7.7	4.0	6.1	8.7
Machinery and electrical equipment . . . . .	14.0	15.0	15.6	13.7	14.8	13.1
Automobiles, including chassis . . . . .	4.7	7.5	5.8	5.0	5.8	2.7
Other . . . . .	49.2	48.6	49.2	54.0	49.5	55.0
<u>Turkey:</u>						
Total imports (millions of United States dollars)	532.2	478.3	497.6	407.2	221.7	...
Commodity groups (as percentage of total):						
Foodstuffs, beverages and tobacco . . . . .	2.6	3.2	8.4	6.5	4.4	...
Cereals . . . . .	-	-	5.9	4.2	1.5	...
Raw materials . . . . .	8.4	11.5	6.3	5.3	5.5	...
Fuels . . . . .	10.0	8.6	8.4	8.8	8.2	...
Machinery and transport equipment . . . . .	35.9	35.2	35.2	41.7	44.8	...
Iron and steel . . . . .	9.6	5.8	8.2	7.2	7.8	...
Metal manufactures, other than machinery and transport equipment . . . . .	3.8	4.7	5.2	4.5	4.8	...
Other . . . . .	29.7	31.0	27.3	21.8	23.0	...

(Source and footnotes on following page)

(Source and footnotes to table XIII)

Source: United Nations, Yearbook of International Trade Statistics, 1956, vol. I; Egypt: National Bank of Egypt, Economic Bulletin, vol. X, No. 3 (Cairo, 1957); Iraq: Quarterly Bulletin of Statistics (Baghdad); Israel: Israel Economist, November 1957, and Bank of Israel, Annual Report, 1957 (Jerusalem); Lebanon: Bulletin statistique trimestriel (Beirut); Sudan: Foreign Trade and Internal Statistics (Khartoum), July 1957; Syria: Summary of Foreign Trade (Damascus).

- a/ Including machine parts.
- b/ Years beginning 20 March of year stated.
- c/ Passenger motor-cars only.
- d/ Including machinery, tires and tubes.
- e/ Data for 1955 are largely but not entirely comparable with those for 1953 and 1954.
- f/ First quarter only.
- g/ Automobiles and parts.
- h/ First nine months.
- i/ Final consumer goods.
- j/ Fuels and lubricating oils.

Table XIV. Indices of Quantum and Unit Value, and Terms of Trade,  
Selected Countries  
(1953 = 100)

Country and item	1954		1955		1956	
	Quantum	Unit Value	Quantum	Unit Value	Quantum	Unit Value
<u>Cyprus:</u>						
Exports . . . . .	107	104	108	112	111	129
Imports . . . . .	117	96	143	100	178	105
Terms of trade . . . . .		108		112		123
<u>Egypt:</u>						
Exports . . . . .	89	113	91	111	86	121
Imports . . . . .	95	96	106	99	106	100
Terms of trade . . . . .		118		112		121
<u>Israel:</u>						
Exports . . . . .	158	94	...	...	...	...
Imports . . . . .	110	94	...	...	...	...
Terms of trade . . . . .		100		...		...
<u>Sudan:</u>						
Exports . . . . .	79	116	106	107	130	117
Imports . . . . .	100	92	104	93	95	94
Terms of trade . . . . .		126		115		124
<u>Syria: a/</u>						
Exports . . . . .	116	107	125	108	130	110
Imports . . . . .	140	97	145	95	148	104
Terms of trade . . . . .		110		114		106
<u>Turkey:</u>						
Exports . . . . .	95	97	71	111	...	...
Imports . . . . .	99	104	91	103	...	...
Terms of trade . . . . .		93		108		...

Source: Statistical Office of the United Nations. The quantum and unit value indices (in national currencies) are the official national indices, which show the changes in volume of the aggregate imports or exports (quantum index) and changes in the average price of aggregate imports or exports (unit value index).

a/ Includes gold. National exports only.

Table XV. Balance of Payments, Selected Countries  
(Millions of dollars)

Country and year	Merchandise, including non-monetary gold		Transportation and insurance (3)	Investment income (4)	Other services (5)	Private donations (6)	Official donations (7)	Total of preceding (8)	Private capital (9)	Official and banking capital		Net error and omissions (12)
	Exports (1)	Imports a/ (2)								Long-term (10)	Short-term and monetary gold (11)	
<u>Egypt:</u>												
1954 . . .	414	-448	89	-38	-10 b/	-	4	11	-15	12	-7	-1
1955 . . .	399	-572	91	-28	-9 b/	1	21	-97	6	8	82	1
1956 . . .	380	-568.5	157	-15	-75 b/	6	26	-89	-15	38	70	4
<u>Iran: c/</u>												
1954 . . .	96	-176	-	-	4	-	63	-13	...	0.6	-33	45
1955 . . .	209	-247	1	-43	-1	0.4	56	-24	...	2	1	21
1956 . . .	338	-336	-	-85	-3	2	28	-56	10	46	-6	6
1957 . . .	486	-345	-	-156	-27	-	42	-	-36	21	14	1
<u>Iraq:</u>												
1954 . . .	495	-213	4	-189	-4	-1	2	94	-38	-10	-55	9
1955 . . .	518	-277	5	-197	-	-1	7	55	16	-15	-49	-7
1956 . . .												
<u>Israel: d/</u>												
1954 . . .	88	-296	7	-17	-22	136	127	23	19	52	-73	-21
1955 . . .	89	-333	8	-19	-28	83	127	-72	9	64	1	-2
1956 . . .	106	-363	10	-23	-88	123	120	-115	3	70	19	23
<u>Jordan: e/</u>												
1954 . . .	8	-52	-	-	8	5	35	4	...	7	-11	-
1955 . . .	10	-71	-	-	12	5	43	-1	...	6	-9	4
1956 . . .	14	-62	-	-	7	4	42	4	-	6	-9	-1
<u>Sudan:</u>												
1954 . . .	131 f/	-140 f/	-1	-	-11	-3	-	-24	1	16	9	-2
1955 . . .	147	-138	-1	-1	-18	-4	-	-15	2	19	-10	4
1956 . . .	194	-129	-1	-	-11	-2	-	52	-7	8	-53	-
<u>Turkey: g/</u>												
1954 . . .	335	-423 h/	-41	-6	-22	...	45	-112	76	-5	37	-4
1955 . . .	313	-438 h/	-33	-8	35	...	51	-80	12	-3	116	-45
1956 i/ . .	305	-358 h/	-25	-16	51	2	81	40	-49	1	40	-32

Source: International Monetary Fund, Balance of Payments Yearbook, Volume VII and IX (1955-56).

a/ Unless otherwise stated, imports are c.i.f.

b/ Insurance is included with "other services".

c/ For twelve months beginning 20-22 March of year stated.

d/ Figures for 1954 are obtained from Israel Government Yearbook, 1956 and are not strictly comparable with the 1955 and 1956 figures.

e/ Figures for merchandise trade in the Balance of Payments Yearbook differ from those given in other sources, although based on the trade returns in all cases. It is probable that exports include sales to United Nations Relief and Works Agency for Palestine Refugees in the Near East, while certain imports are excluded.

f/ Based on exchange records, which exclude trade with Egypt. Trade returns data for trade with Egypt and estimates for live camel exports to Egypt have been added.

g/ Figures for merchandise trade are based on trade returns.

h/ Imports are f.o.b., after deducting freight and insurance.

i/ Preliminary.

Table XVI. Production of Crude Petroleum, by Country  
(Thousands of metric tons, except as indicated)

Country	1950	1954	1955	1956	1957
Bahrain . . . . .	1,506	1,503	1,502	1,507	1,591
Egypt . . . . .	2,592	2,278	1,821	1,723	2,364
Iran . . . . .	32,259	3,500	17,070	26,481	34,920
Iraq . . . . .	6,584	30,674	32,705	29,942 <u>a/</u>	21,708
Israel . . . . .	-	-	-	21	28 <u>b/</u>
Kuwait . . . . .	17,291	47,723	54,756	54,984	57,288
Neutral Zone . . . . .	-	850	1,266	1,672	1,205 <u>b/</u>
Qatar . . . . .	1,636	4,779	5,438	5,877	6,612
Saudi Arabia . . . . .	26,649	46,455	47,042	48,201	48,360
Turkey . . . . .	17	59	179	306	250 <u>c/</u>
Total, Middle East (millions of metric tons) . . . . .	88.5	137.8	161.8	170.7	174.3 <u>d/</u>
World total (millions of metric tons) . . . . .	522.9	690.3	772.8	839.8 <u>e/</u>	...
Middle East total as per- centage of world total.	17	20	21	20	...

Source: Statistical Office of the United Nations.

a/ Beginning 1956, excluding Naft Khaneh (36,250 tons monthly in 1955).

b/ January-June 1957.

c/ First ten months.

d/ Approximately.

e/ Excluding mainland China.

Table XVII. Output of Major Refinery Products, by Country  
(Thousands of metric tons, except as indicated)

Country and year	Motor spirits	Kerosene	Heavy oils a/	Total, major products
<u>Aden:</u>				
1954 . . . . .	105	32	1,014	1,151
1955 . . . . .	572	373	3,105	4,050
1956 . . . . .	638	394	3,441	4,473
<u>Bahrain:</u>				
1950 . . . . .	1,816	727	4,450	6,993
1954 . . . . .	2,230	1,033	6,282	9,545
1955 . . . . .	2,010	841	6,073	8,924
1956 . . . . .	1,628	1,123	6,417	9,168
<u>Egypt:</u>				
1950 . . . . .	200	151	1,760	2,111
1954 . . . . .	256	220	1,727	2,203
1955 . . . . .	259	275	1,922	2,456
1956 . . . . .	261	243	1,862	2,366
<u>Iran:</u>				
1950 . . . . .	4,394	2,375	16,407	23,176
1954 . . . . .	460	490	1,850	2,800
1955 . . . . .	1,231	1,276	4,767	7,274
1956 . . . . .	2,148	1,800	7,082	11,030
<u>Iraq:</u>				
1950 . . . . .	67	77	240	384
1954 . . . . .	128	172	641	941
1955 . . . . .	147	169	851	1,167
1956 . . . . .	178	257	1,120	1,555
<u>Israel:</u>				
1950 . . . . .	31	27	240	187
1954 . . . . .	170	141	641	923
1955 . . . . .	194	142	851	969
1956 . . . . .	200	133	595	928
<u>Kuwait:</u>				
1950 . . . . .	15	5	1,132	1,152
1954 . . . . .	45	13	1,450	1,508
1955 . . . . .	50	18	1,463	1,531
1956 . . . . .	51	20	1,441	1,512
<u>Lebanon:</u>				
1950 . . . . .	98	61	235	394
1954 . . . . .	112	66	330	508
1955 . . . . .	158	83	604	845
1956 . . . . .	177	95	664	936

Table XVII (continued)

Country and year	Motor spirits	Kerosene	Heavy oils <u>a/</u>	Total, major products
<u>Saudi Arabia:</u>				
1950 . . . . .	982	380	3,598	4,960
1954 . . . . .	1,494	1,093	7,905	10,492
1955 . . . . .	1,305	989	7,446	9,740
1956 . . . . .	1,279	775	7,430	9,484
<u>Turkey:</u>				
1950 . . . . .	1	-	4	5
1954 . . . . .	1	-	4	5
1955 . . . . .	4	-	60	78
1956 . . . . .	52	-	184	236
<u>Total, Middle East</u> (millions of metric tons):				
1950 . . . . .	7.6	3.8	28.0	39.4
1954 . . . . .	5.0	3.3	21.8	30.1
1955 . . . . .	5.9	4.2	26.9	37.0
1956 . . . . .	6.6	4.8	30.2	41.7
<u>World Total</u> (millions of metric tons):				
1950 . . . . .	145.0	27.4	243.6	416.0
1954 . . . . .	186.8	39.3	312.5	538.6
1955 . . . . .	205.6	44.1	346.1	595.8
1956 . . . . .	216.7	49.4	378.4	644.5
<u>Middle East total as percentage of world total:</u>				
1950 . . . . .	5.2	13.8	11.5	9.5
1954 . . . . .	2.7	8.4	6.9	5.6
1955 . . . . .	2.9	9.5	7.7	6.2
1956 . . . . .	3.0	9.7	7.9	6.5

Source: Statistical Office of the United Nations; United States Department of the Interior, Bureau of Mines, World Petroleum Statistics (Washington, D.C.).

a/ Excluding lubricating oil.



Table XVIII. Railway Freight Traffic, Selected Countries

Item and country	1953	1954	1955	1956	1957 First half
<u>Net ton-kilometres (millions):</u>					
Egypt a/ . . . . .	1,215	1,463	1,647	1,616	...
Iran b/ . . . . .	1,024	1,187	1,252	1,351	737
Iraq c/ . . . . .	855	843	692	d/	...
Israel . . . . .	98	124	131	162	117
Lebanon . . . . .	44	42	44	41	20
Sudan . . . . .	1,112	1,109	1,194	1,322	689
Syria . . . . .	130	139	124	152	64
Turkey e/ . . . . .	3,564	3,792	3,972	4,440	2,034
<u>Tons carried (thousands of metric tons):</u>					
Egypt a/ . . . . .	4,714	5,805	6,575	...	...
Iran b/ . . . . .	1,800	2,136	2,376	2,496	1,532
Iraq c/ . . . . .	2,519	2,663	2,078	d/	...
Israel . . . . .	995	1,312	1,324	1,476	978
Lebanon . . . . .	608	555	645	696	320
Sudan e/ . . . . .	1,422	1,438	1,502	1,667	1,038
Syria . . . . .	1,012	939	997	1,114	...
Turkey e/ . . . . .	10,260	10,860	11,328	13,368	6,724

Source: Statistical Office of the United Nations; United Nations, Monthly Bulletin of Statistics, January 1958; Iraq: Statistical Abstract, 1956 (Baghdad, 1957), Quarterly Bulletin of Statistics; Turkey: Monthly Bulletin of Statistics, July 1957.

- a/ Twelve months ending 30 June. Excluding livestock.  
b/ Twelve months beginning 22 March of year stated.  
c/ Twelve months beginning 1 April of year stated.  
d/ First nine months.  
e/ Excluding livestock.

Table XIX. Railway Passenger Traffic, Selected Countries

Country and year	Number of passengers (thousands)	Passenger-kilometres (millions)
<u>Egypt: a/</u>		
1953 . . . . .	78,200	3,060
1954 . . . . .	80,300	3,263
1955 . . . . .	86,300	3,577
1956 . . . . .	...	4,287
<u>Iran: b/</u>		
1953 . . . . .	...	386
1954 . . . . .	...	412
1955 . . . . .	...	473
1956 . . . . .	...	448
<u>Iraq: c/</u>		
1953 . . . . .	3,014	525
1954 . . . . .	3,405	570
1955 . . . . .	...	...
1956 . . . . .	...	...
<u>Israel: d/</u>		
1953 . . . . .	2,530 <u>c/</u>	169
1954 . . . . .	3,060 <u>c/</u>	200
1955 . . . . .	3,400 <u>c/</u>	234
1956 . . . . .	4,122 <u>c/</u>	...
<u>Lebanon:</u>		
1953 . . . . .	60	6
1954 . . . . .	93	8
1955 . . . . .	89	7
1956 . . . . .	104	5
<u>Syria:</u>		
1953 . . . . .	...	37
1954 . . . . .	...	48
1955 . . . . .	...	47
1956 . . . . .	...	51
<u>Turkey:</u>		
1953 . . . . .	63,048 <u>e/</u>	3,498
1954 . . . . .	61,968	3,893
1955 . . . . .	57,300	3,917
1956 . . . . .	67,500	4,480

Source: Statistical Office of the United Nations; Iraq: Statistical Abstract, 1956 (Baghdad, 1957); Israel: Statistical Bulletin of Israel, July 1957; Lebanon: Bulletin statistique trimestriel, vol. VII, No. 4, 1956; Turkey: Central Statistical Office, Monthly Bulletin of Statistics, July 1957.

- a/ Beginning in 1955, twelve months ending 30 June.  
b/ Twelve months beginning 22 March of year stated.  
c/ Twelve months beginning 1 April of year stated.  
d/ Including military traffic.  
e/ Twelve months beginning 1 March of year stated.

Table XX. International Seaborne Shipping, Selected Countries  
(Thousands of metric tons)

Item and country	1952	1953	1954	1955	1956	1957 First half
<u>Goods loaded:</u>						
Egypt . . . . .	1,995	2,605	2,720	2,813	2,424	994
Iran . . . . .	561	328	2,102	6,263	...	...
Iraq a/ . . . . .	542	719	747	561	476	...
Israel . . . . .	230	367	615	627	708	566
Lebanon b/ . . . . .	242	305	376	405	443	229
Syria c/ . . . . .	265	352	670	248	567	...
Turkey d/ . . . . .	...	2,700	2,220	1,968	2,388	1,037
<u>Goods unloaded:</u>						
Egypt . . . . .	4,866	4,163	4,755	5,023	4,939	1,892
Iran . . . . .	457	481	514	716	...	...
Iraq . . . . .	401	478	475	727	659	...
Israel . . . . .	1,122	1,230	1,402	1,538	1,474	758
Lebanon b/ . . . . .	879	949	1,129	1,482	1,407	792
Syria c/ . . . . .	166	202	208	283	336	...
Turkey d/ . . . . .	-	2,892	2,592	3,444	2,436	1,744

Source: Statistical Office of the United Nations and Monthly Bulletin of Statistics, January 1958; Syria, General Monthly Bulletin of Current Statistics, March/April 1957.

a/ Excluding petroleum.

b/ Port of Beirut only; including coastal shipping.

c/ Port of Latakia only.

d/ Excluding timber and livestock.

Table XXI. Number of Motor Vehicles in Use, Selected Countries  
(Thousands of units)

Country and item	1953	1954	1955	1956
<u>Egypt:</u>				
Passenger cars . . . . .	69.4	71.0	73.2	...
Commercial vehicles . . . . .	19.5	20.5	21.7	...
<u>Iran:</u>				
Passenger cars . . . . .	24.1	29.3	28.6	...
Commercial vehicles . . . . .	21.2	24.8	24.1	...
<u>Iraq:</u>				
Passenger cars . . . . .	13.0	18.4	20.6	23.8
Commercial vehicles . . . . .	11.5	11.5	12.4	14.0
<u>Israel:</u>				
Passenger cars . . . . .	15.0	16.1	...	...
Commercial vehicles . . . . .	19.0	20.6	...	...
<u>Lebanon:</u>				
Passenger cars . . . . .	16.6	18.7	22.6	26.6
Commercial vehicles . . . . .	4.2	4.5	5.3	6.0
<u>Syria:</u>				
Passenger cars . . . . .	7.2	8.5	12.8	12.3
Commercial vehicles . . . . .	6.0	8.2	7.6	13.6
<u>Turkey:</u>				
Passenger cars . . . . .	23.9	27.7	28.6	30.0
Commercial vehicles . . . . .	30.2	33.4	36.9	41.3

Source: Statistical Office of the United Nations.

Table XXII. Civil Aviation Revenue Traffic, by Country<sup>a/</sup>  
(Thousands)

Traffic	Aden	Cyprus	Egypt	Iran	Iraq	Israel	Jordan <sup>b/</sup>	Lebanon	Saudi Arabia <sup>b/</sup>	Sudan <sup>b/</sup>	Syria <sup>b/</sup>	Turkey	Total
<b>Kilometres flown:</b>													
1952 . . . . .	1,463	1,739	4,001	1,156	1,024	3,703	925	2,726	1,775	1,153	185	2,986	22,836
1955 . . . . .	1,730	2,104	3,213	3,440 <sup>c/</sup>	1,380	4,237	1,190	4,514	1,800	1,650	1,350	4,293	31,791
1956 . . . . .	2,267 <sup>c/</sup>	1,396	3,247	4,635 <sup>b/</sup>	1,781	4,363	1,310	6,118	2,100	1,705	1,400	5,367	35,716
Percentage change, 1955 over 1952	18	21	-20	197	35	14	29	66	1	43	530	44	40
Percentage change, 1956 over 1955	31	-34	2	34	29	2	10	35	17	3	4	25	12
<b>Passenger kilometres:</b>													
1952 . . . . .	15,255	21,286	51,566	13,889	10,932	104,051	2,770	34,461	17,770	6,093	2,370	46,444	326,887
1955 . . . . .	16,849	29,320	47,527	30,925 <sup>c/</sup>	20,923	141,404	14,255	73,351	55,000	21,000	15,735	67,967	534,256
1956 . . . . .	21,879	19,819	56,319	34,075 <sup>b/</sup>	33,117	141,676	15,680	114,540	65,000	21,915	1,624	83,485	623,745
Percentage change, 1955 over 1952	10	38	-8	122	91	36	414	113	209	345	464	46	63
Percentage change, 1956 over 1955	30	-32	18	10	58	-	10	56	18	4	3	23	17
<b>Cargo (ton/kilometres):</b>													
1952 . . . . .	869	387	1,711	189	216	3,094	85	970	295	112	35	833	8,796
1955 . . . . .	1,287	560	1,165	605 <sup>c/</sup>	228	3,035	175	2,662	1,000	400	130	1,217	12,464
1956 . . . . .	1,679	550	1,123	1,260 <sup>b/</sup>	384	3,262	190	5,418	1,400	410	135	1,199	17,010
Percentage change, 1955 over 1952	48	45	-45	220	6	-2	106	174	239	257	272	46	41
Percentage change, 1956 over 1955	30	-2	-4	108	68	7	9	203	40	3	4	-1	36
<b>Mail (ton/kilometres):</b>													
1952 . . . . .	132	92	74	16	17	518	30	30	20	19	10	79	1,037
1955 . . . . .	145	281	92	46 <sup>c/</sup>	21	508	55	77	75	80	45	93	1,518
1956 . . . . .	170	368	90	70 <sup>b/</sup>	55	580	60	123	100	90	45	97	1,848
Percentage change, 1955 over 1952	10	205	24	187	24	-2	83	157	275	321	350	18	46
Percentage change, 1956 over 1955	17	31	-2	52	162	11	9	60	33	13	-	4	22

Source: International Civil Aviation Organization.

a/ Excluding Kuwait National Airways, established in 1953, for which no data are available.

b/ Data wholly or partly estimated.

c/ Provisional data.

Table XXIII. Suez Canal Traffic, Selected Years

Year	Number of transits		Goods carried (millions of metric tons)			
	All ships	Oil tankers <sup>a/</sup>	Total	Southbound	Northbound	
					All cargoes	Oil
1870 . . . . .	486	...	0.3 <sup>b/</sup>	...	...	-
1900 . . . . .	3,441	...	7.8 <sup>b/</sup>	3.8 <sup>b/</sup>	4.0 <sup>b/</sup>	-
1913 . . . . .	5,085	...	25.8	11.3	14.5	0.3
1917 . . . . .	2,353	...	6.8	1.3	5.4	...
1920 . . . . .	4,009	...	17.0	6.3	10.7	0.8
1930 . . . . .	5,761	...	28.5	9.4	19.1	4.1
1938 . . . . .	6,171	1,100	28.8	7.8	21.0	5.2
1942 . . . . .	1,646	...	...	...	...	...
1947 . . . . .	5,972	2,400	30.6	7.8	22.8	13.8
1948 . . . . .	8,686	4,600	49.4	9.7	39.7	28.9
1949 . . . . .	10,420	5,500	61.0	13.0	48.0	37.0
1950 . . . . .	11,751	6,600	72.6	12.1	60.5	47.5
1951 . . . . .	11,694	5,900	76.8	17.4	59.3	42.9
1952 . . . . .	12,168	6,200	83.4	22.0	61.4	45.9
1953 . . . . .	12,731	6,500	90.4	22.5	67.9	49.4
1954 . . . . .	13,215	6,900	96.9	22.4	74.5	57.0
1955 . . . . .	14,666	8,000	107.5	20.1	87.4	66.9
1956 (January- October) . . . . .	13,291	...	100.9	18.1	82.8	...
1957 (April-July). . . . .	3,805	...	16.0	3.7	12.3	...

Source: Statistical Office of the United Nations; Compagnie universelle du Canal maritime de Suez, Le Canal de Suez (documents statistiques) (Paris, 1950), The Suez Canal (Paris, 1956), Rapport (Paris, 1955), Bulletin and Supplements (Paris); National Bank of Egypt, Economic Bulletin, vol. X, No. 3, 1957.

a/ Approximate figures to the nearest hundred.

b/ Estimate based on taxable tonnage.

Table XXIV. Iraq: Development Expenditures<sup>a/</sup>  
(Millions of dinars)

Item	1951/52	1952/53	1953/54	1954/55	1955/56	Total
Revenue . . . . .	7.5	24.0	35.3	40.7	60.8	136.5
Authorized ex- penditures . . . . .	9.4	20.5	28.4	31.6	46.6	136.5
Actual expenditures . .	3.1	12.8	12.3	20.9	34.0	83.1
Irrigation and reclamation . . . . .	1.6	3.5	7.1	11.5	11.6	35.3
Roads and bridges . .	0.6	1.7	1.9	4.3	8.4	16.9
Industries . . . . .	-	0.1	0.5	2.0	2.9	5.5
Other . . . . .	1.0	7.3	2.8	3.2	11.1	25.4

Source: Quarterly Bulletin of the Central Bank of Iraq, July-September 1957  
and Annual Report of the Central Bank of Iraq, 1956.

a/ Actual revenues and expenditures of the Development Board, fiscal years, beginning in April and ending in March of years stated. For April 1956/March 1957 authorized expenditures totalled 82 million dinars, while actual expenditures amounted to 45 million.

Table XXV. Iran: Development Expenditures<sup>a/</sup>  
(Millions of rials)

Item	1954/55	1955/56	1956/57	1957/58 <sup>b/</sup>
Total revenue . . . . .	1,778	4,320	5,674	8,660
Total expenditure . . . . .	1,850	4,410	8,002	13,124
Agriculture and irrigation . . . . .	157	723	1,633	3,253
Industry and mining . . . . .	371	718	1,379	1,785
Transport and communications . . . . .	448	1,454	3,300	5,510
Social . . . . .	67	683	1,301	2,356
Administration and other . . . . .	807	832	390	220

Source: Bank Melli Iran. In 1954/55 and 1955/56 the deficit was covered through borrowings from Bank Melli Iran, in 1956/57 through borrowings from Bank Melli Iran and the International Bank for Reconstruction and Development (IBRD), and in 1957/58 through borrowings from the IBRD.

a/ Actual revenue and expenditure of the Plan Organization.

b/ Estimated.



Table XXVI. Israel: Development Expenditures<sup>a/</sup>  
(Millions of Israeli pounds)

Item	1950	1952	1953	1954	1955	1956 <sup>b/</sup>	1957 <sup>c/</sup>
Total government expenditure . . . . .	88.4	195.9	264.6	356.2	511.8	662.6	636.6
Total development expenditures: . . . . .	35.1	73.5	100.7	164.1	210.4	275.4	216.7
Housing . . . . .	9.8	14.7	15.7	19.1	27.5	37.0	24.8
Public buildings . . . . .	-	3.8	6.1	11.1	7.3	9.2	3.5
Public works . . . . .	3.3	6.5	8.2	9.3	6.1	6.9	5.0
Loans: industry, local authorities, public companies . . . . .	3.9	17.9	21.7	18.3	21.7	33.7	40.7
Loans to agriculture . . . . .	9.7	22.6	34.7	55.2	75.8	87.9	83.6
Communications . . . . .	7.7	5.6	11.6	14.8	24.7	33.1	32.3
Other . . . . .	0.7	2.4	2.7	36.3	47.3	67.6	26.8

Source: United Nations, Statistical Yearbook, 1956, section on "Public Finance" (sales number: 1956-XVII-5).

a/ Years ending 31 March.

b/ Provisional data.

c/ Estimated.

Table XXVII. Syria: Development Expenditures<sup>a/</sup>  
(Millions of Syrian pounds)

Item	Total appropriations	Actual expenditures to end of 1956 (Categories I and II)	Loans and advances to end of 1956 (Categories III and IV)
Irrigation projects . .	230.8 <u>b/</u>	7.9 <u>c/</u>	26.7 <u>d/</u>
Road, seaport and air- port projects . . . .	177.3	18.5 <u>e/</u>	10.5 <u>f/</u>
Electricity . . . . .	24.5	-	19.6 <u>g/</u>
Other . . . . .	227.3 <u>h/</u>	52.2 <u>i/</u>	0.8
Total	659.9	78.6	57.6

Source: Statistical Abstract of Syria, 1956 (Damascus, 1957).

a/ Extraordinary budget, 1955-1961. The extraordinary budget covers certain major expenditures on development projects that have been singled out in the table. In addition, the ordinary budget usually includes funds that are devoted to development purposes.

b/ Including Ghab project administration with a share of 87.5 million.

c/ Including 2.9 million spent on a well-digging project.

d/ Including loan of 20 million to the Agricultural Bank, 4.3 million to the Ghab project and 2.9 million to the Aleppo Water Commission.

e/ Of this sum 8 million were spent on the purchase of DHP railways. The rest was devoted to road construction projects.

f/ Covers a loan of 10 million to the Latakia seaport and an advance of 0.5 million to cover the deficit of the Hejaz Railways.

g/ Covers nationalization compensations to electricity establishments.

h/ Including national defence, petroleum refinery, bank projects, hospitals and buildings, administrative expenditures and other projects.

i/ Including 50 million spent on national defence.

Table XXVIII. Turkey: Development Expenditures<sup>a/</sup>  
(Millions of Turkish liras)

Item	1950	1953	1954	1955	1956	1957 <sup>b/</sup>
Industry, mining and electric power . . . . .	65.0	62.6	66.7	65.8	56.7	72.5
Agriculture . . . . .	95.6	164.7	174.6	271.2	350.5	531.7
Transportation and communications . . . . .	120.5	260.8	271.2	416.6	482.5	577.5
Public works . . . . .	47.6	80.0	101.4	108.9	103.4	136.8
Total	328.7	568.1	613.9	862.5	993.1	1,318.5

Source: United Nations Bureau of Economic Affairs; Ministry of Finance, Memorandum on Budget Bill for Fiscal Year 1955, No. 1955-56:63. Figures include current and investment expenditures. They exclude expenditures on State enterprises and budgets of the provinces and municipalities. Investment expenditures on State enterprises alone constituted 35 to 40 per cent of total public investment expenditures.

a/ General and annexed budgets.

b/ Estimated.

Table XXIX. Bank Credit Outstanding<sup>a/</sup> and its Distribution between the Public and Private Sectors, Selected Countries  
(Millions of national currency units)

Country, currency and item	1954	1955	1956	1957
<u>Egypt</u> (Egyptian pound):				
Claims on Government . . .	56.0	97.6	172.4	203.6 <u>b/</u>
Claims on private sector . .	161.0	170.5	195.3	209.2 <u>b/</u>
<u>Iran</u> (rial):				
Claims on Government . . .	17,060.0	17,320.0	18,820.0	20,820.0 <u>c/</u>
Claims on private sector . .	8,060.0	9,710.0	10,810.0	13,530.0 <u>c/</u>
<u>Iraq</u> (Iraqi dinar):				
Claims on Government . . .	11.9	16.9	22.7	29.0 <u>d/</u>
Claims on private sector . .	24.8	31.1	32.8	36.1 <u>d/</u>
<u>Israel</u> (Israeli pound):				
Claims on Government . . .	168.6	228.8	380.6	410.7 <u>e/</u>
Claims on private sector . .	333.3	386.9	455.3	530.8 <u>e/</u>
<u>Lebanon</u> (Lebanese pound):				
Claims on Government . . . )	425.0 <u>f/</u>	508.0 <u>f/</u>	633.0 <u>f/</u>	...
Claims on private sector . . )				
<u>Syria</u> (Syrian pound):				
Claims on Government . . .	234.0	255.0	317.0	342.0 <u>g/</u>
Claims on private sector . .	421.0	431.0	452.0	475.0 <u>g/</u>
<u>Turkey</u> (Turkish lira) <u>h/</u> :				
Claims on Government . . .	1,555.0	2,201.0	2,448.0	2,886.0 <u>i/</u>
Claims on private sector . .	1,195.0	1,403.0	1,661.0	2,219.0 <u>i/</u>

Source: International Monetary Fund, International Financial Statistics, vol. XI, No. 2 (Washington, D.C.), February 1958. Except where otherwise stated, figures include loans made by the central bank of the country considered.

a/ Data refer to end of the year except as noted.

b/ 31 October.

c/ 20 August.

d/ 30 August.

e/ 30 September.

f/ Data refer to advances and discounts by the commercial banks and claims on the Lebanese Government held by the Issue Department of the Bank of Syria and Lebanon.

g/ 30 June.

h/ Data refer to Central Bank of Turkey only.

i/ Last Saturday of December.

Table XXX. Bank Credit Outstanding at Year End for Selected Economic Activities in Certain Countries

(Millions of national currency units)

Country, currency and year	Agriculture	Industry	Trade	Building	Total
<u>Egypt</u> (Egyptian pound)					
1954 . . . . .	17.4 <u>a/</u>	1.6 <u>b/</u>	127.0	9.8 <u>c/d/</u>	155.8
1955 . . . . .	19.5 <u>a/</u>	2.7 <u>b/</u>	147.5	10.7 <u>c/d/</u>	180.4
1956 . . . . .	17.7 <u>a/</u>	2.9 <u>b/</u>	163.9 <u>c/</u>	12.0 <u>c/d/</u>	196.5
<u>Israel</u> <u>e/</u> (Israeli pound)					
1954 . . . . .	95.4	64.4	38.8	37.1	235.7
1955 . . . . .	129.7	81.4	38.6	29.0	278.7
1956 . . . . .	156.9	110.1	36.7	32.4	336.1
<u>Syria</u> (Syrian pound)					
1954 . . . . .	32.4	54.8	291.4	4.6	383.2
1955 . . . . .	39.9	55.2	282.5	8.7	386.3
1956 . . . . .	38.1	59.9	302.9	10.4	411.3
<u>Turkey</u> (Turkish lira)					
1954 . . . . .	1,500.4	147.4	2,899.8	338.2 <u>a/</u>	4,885.8
1955 . . . . .	1,558.9	144.9	3,662.7	438.7 <u>a/</u>	5,805.2
1956 . . . . .	1,892.4	161.6	4,488.5	470.1 <u>a/</u>	7,012.6
1957 <u>f/</u> . . . . .	1,908.6	167.0	4,812.4	467.0	7,355.0

Source: For Egypt: National Bank of Egypt, Economic Bulletin, vol. IX, No. 2 and vol. X, No. 2; Israel: Statistical Abstract of Israel, 1956/57; Syria: Statistical Abstract of Syria, 1956 (Damascus, 1957); Turkey, Monthly Bulletin of Statistics, May 1957 (Ankara).

a/ Data refer to the Agricultural and Co-operative Credit Bank only.

b/ Data refer to the Industrial Bank of Egypt.

c/ 31 October.

d/ Mortgage loans only.

e/ Data for Israel include credit co-operative societies.

f/ End of April.

Table XXXI. Indices of Cost of Living and Wholesale Prices,<sup>a/</sup> by Country  
(1953 = 100)

Country and item	1954	1955	1956	1957
<u>Egypt (Cairo):</u>				
Cost of living, all items . . .	96	96	98	101.5 <u>b/</u>
Cost of living, food . . . . .	101	103	104	108.0 <u>b/</u>
General wholesale prices . . .	97	99	110	119.0 <u>b/</u>
<u>Iran (Tehran):</u>				
Cost of living, all items . . .	118	122	130	139 <u>c/</u>
Cost of living, food . . . . .	114	114	121	127 <u>c/</u>
General wholesale prices . . .	118	115	123	122 <u>c/</u>
<u>Iraq (Baghdad):</u>				
Cost of living, all items . . .	98	101	107	112 <u>c/</u>
Cost of living, food . . . . .	98	102	110	116 <u>b/</u>
General wholesale prices . . .	96	97	104	109 <u>c/</u>
<u>Israel (Haifa, Jerusalem, Tel Aviv):</u>				
Cost of living, all items . . .	112	119	127	135 <u>d/</u>
Cost of living, food . . . . .	113	117	126	132 <u>d/</u>
General wholesale prices . . .	118	124	131	150 <u>c/</u>
<u>Lebanon (Beirut):</u>				
Cost of living, all items . . .	95	97	102	109 <u>c/</u>
Cost of living, food . . . . .	93	96	105	114 <u>c/</u>
General wholesale prices . . .	92	93	98	100 <u>c/</u>
<u>Syria (Damascus):</u>				
Cost of living, all items . . .	...	...	...	...
Cost of living, food . . . . .	92	91	104	114 <u>c/</u>
General wholesale prices . . .	93 <u>e/</u>	94 <u>e/</u>	98 <u>e/</u>	95 <u>d/e/</u>
<u>Turkey (Istanbul):</u>				
Cost of living, all items . . .	110	119	136	148 <u>b/</u>
Cost of living, food . . . . .	109	114	131	142 <u>b/</u>
General wholesale prices . . .	111	119	142	159 <u>f/</u>

Source: United Nations, Monthly Bulletin of Statistics, February, 1958;  
Syria, General Monthly Bulletin of Current Statistics, January 1957  
and November/December 1957.

- a/ Annual averages, except as stated.
- b/ Average for the first eight months.
- c/ Average for the first eleven months.
- d/ Average for the first ten months.
- e/ 1952-1954 = 100.
- f/ Average for the first five months.

Table XXXII. Estimated Consumption of Commercial Sources of Energy  
Expressed in Terms of Coal Equivalent, by Country

Country	Total (Thousands of metric tons, coal equivalent)				Per capita (kilogrammes, coal equivalent)			
	1937	1954	1955	1956	1937	1954	1955	1956
Bahrain . . . . .	144	692	903	794	1,750	6,170	7,520	6,500
Cyprus . . . . .	44	219	241	312	120	430	460	590
Egypt . . . . .	2,057	5,291	5,880	5,700	130	230	260	240
Iran . . . . .	1,545	2,366	...	...	95	1,110	...	...
Iraq . . . . .	135	1,317	1,653	2,333	40	270	320	480 <sup>a/</sup>
Israel/Palestine <sup>b/</sup>	779	1,640	1,833	1,991	-	970	1,050	1,100
Jordan <sup>c/</sup> . . . . .	...	108	145	183	...	80	100	120
Kuwait . . . . .	...	315	1,285	1,551	...	1,570	6,330	7,560
Lebanon <sup>d/</sup> . . . . .	...	545	702	...	...	390	490	...
Saudi Arabia . . . . .	3	1,055	1,921	1,989	...	...	...	...
Syria . . . . .	274 <sup>e/</sup>	713	739	902	...	190	190	230
Turkey . . . . .	1,179 <sup>f/</sup>	5,441	5,325	5,695	90	230	220	230

Source: United Nations, Statistical Yearbook, 1957.

- <sup>a/</sup> Excluding nomads and foreigners.
- <sup>b/</sup> Including data for Jordan in 1937.
- <sup>c/</sup> 1937 figure included under Palestine.
- <sup>d/</sup> 1937 figure included under Syria.
- <sup>e/</sup> Including data for Lebanon.
- <sup>f/</sup> Revised figure.



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Page 35, second paragraph, second line: for "FAO" read "Fao".

Page 42, table 24, under "Wheat", "Barley" and "Rice": for "Area (hectares)" read "Area (thousands of hectares)". Insert "(production)" after "Cotton" and "Dates", to read "Cotton (production)" and "Dates (production)".

Page 87, table 55, under "Industry", 1952 figure for asphalt: for "110" read "10".



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