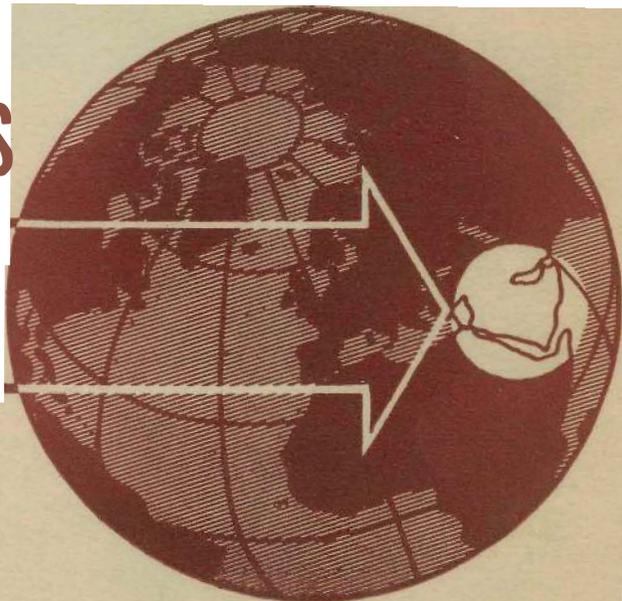




Supplement to
WORLD ECONOMIC REPORT, 1949-50
UNITED NATIONS

Review of
ECONOMIC CONDITIONS
in the MIDDLE EAST



REVIEW OF ECONOMIC CONDITIONS
IN THE
MIDDLE EAST

Supplement to

World Economic Report, 1949-50



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FOREWORD

The *Review of Economic Conditions in the Middle East*, together with its companion volume, the *Review of Economic Conditions in Africa*, forms part of the survey of the world economic situation prepared by the Secretariat of the United Nations and issued in *World Economic Report, 1949-50*. These volumes are intended to complement the annual reviews prepared by the Economic Commission for Europe, the Economic Commission for Asia and the Far East and the Economic Commission for Latin America; regional economic commissions do not exist in respect of Africa and the Middle East. The reports in their preliminary form were made available in February 1951 to the twelfth session of the Economic and Social Council.

The present *Review* was prepared by the Division of Economic Stability and Development of the Department of Economic Affairs, with the assistance of the Statistical Office of the United Nations, the Fiscal Division of the Department of Economic Affairs and the cartographic service of the United Nations Publishing Division. The introduction to the report is followed by an outline of the basic physical, economic and social characteristics of the region (chapter 1). Chapter 2 discusses briefly the main economic trends which have become manifest since the period immediately preceding the outbreak of the Second World War. Chapter 3 describes the nature of the oil industry of the Middle East and its importance in both the world economy and that of the producing countries; chapter 4 reviews certain aspects of the economic development of the region. There is also a statistical appendix to supplement and amplify the data in the text. Wherever possible, official sources have been used in compiling the report. Detailed research memoranda were prepared by the Secretariat as a basis for the review; these documents may be made available to interested readers, and inquiries regarding them should be addressed to the Director of the Division of Economic Stability and Development.

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**REVIEW OF ECONOMIC CONDITIONS
IN THE MIDDLE EAST**

INTRODUCTION

The Middle East is not a definite geographical unit, clearly marked off from neighbouring regions, and the economic ties between its constituent parts are loose. The term "Middle East" is of recent origin, becoming current only during the Second World War. In the absence of an authoritative definition, the present survey, for convenience of discussion, deals with the area consisting of the Nile valley, the "Fertile Crescent", the Arabian peninsula, the Iranian plateau and Asia Minor.¹ This territory covers a little under 10 million square kilometres, approximately the area of Europe, and has a population of about 100 million (see table 1).² Throughout this survey, "Middle East" refers to the region thus defined.

The unity of the region is essentially cultural—the product of a very long historical process working in somewhat similar geographical backgrounds. The civilizations of the river valleys of Egypt and Mesopotamia, beginning in earliest recorded history, spread to adjacent lands. Repeated conquests and large-scale movements of population helped to diffuse common cultural and religious patterns throughout the region. The political unification of the entire region, or of a large part of it, was achieved and maintained under the Persian, Macedonian and Roman Empires. Christianity swept over most of the Middle East, to be replaced by Islam, which remains today the religion of the great majority of the population.

Islam brought with it a legal code, the Sharia, which until very recently regulated almost all aspects of life in the countries of the Middle East; it still plays a major part in many spheres of activity. Until the middle of the nineteenth century, the scholasticism which was elaborated and

diffused throughout the region under the auspices of Islam constituted the intellectual basis of education and still provides the cultural background of the great majority. Islamic culture expressed itself through the Arabic language, which was the medium of science, literature and thought throughout the region until the twelfth century, and continued to be the language of religion and law until a much later period. Moreover, the three leading languages of the area, Arabic, Persian and Turkish, influenced one another to a marked degree, and until very recently knowledge of two or three of these languages was fairly widespread among the educated.

This cultural unity upheld, and was reinforced by, the Arab Caliphate and the Ottoman Empire. The disintegration of the latter after the First World War, and the establishment of independent states and mandates, completed the breakup of the political and administrative system which had covered the greater part of the region—a disruption which began with the earlier emergence of Persia and Egypt as independent States. The economic ties binding its parts were further weakened or severed by the erection of tariff barriers between the successor States and by their adoption of different currencies, often closely linked to those of some European Power. Thus, in the former Asian provinces of the Ottoman Empire, the Turkish gold pound was replaced by the Turkish lira, the Saudi Arabian riyal, the Iraqi dinar, the Palestinian pound (the last two linked to sterling) and the Lebanese and Syrian pounds (both linked to the franc). This caused much hardship to a city like Aleppo, for example; it had served as a producing and distributing centre for large parts of Anatolia, Syria, Palestine,

¹ Some countries which are often considered part of the Middle East, but which are discussed in the surveys of Africa, Asia or Europe, have been omitted to avoid repetition. With a view to facilitating comparison, the list of countries given in the section on the Middle East in the United Nations, *World Economic Report, 1948* (Afghanistan, Anglo-Egyptian Sudan, Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria, Turkey and Yemen) has been adopted as the basis for the

present study. A brief note on the definitions of the Middle East, including the one proposed by the *Ad hoc* Committee to study the factors bearing upon the establishment of an Economic Commission for the Middle East (United Nations document E/1360) is to be found in Research Memorandum No. 10 of the Division of Economic Stability and Development of the United Nations Department of Economic Affairs.

² References are to tables in the Statistical Appendix.

Iraq and Arabia, and its trade contracted sharply when the city was cut off from its markets. More recently, the political and economic relations of the region have been strained by the Arab-Israeli war.

Other factors, however, tended to link the countries of the Middle East more closely. During the past fifty years, oil has been discovered in almost all of them, and several, notably Iran, Saudi Arabia, Kuwait and Iraq, at present rank among the leading oil producers of the world. This change has markedly influenced their economic structure and has presented them with similar problems, some of which can be best approached on a regional basis. Moreover, some of the countries which do not produce oil have developed close ties with the oil-producing countries. The fact that the main oil resources of the Middle East are located in the Persian Gulf area while the principal markets for Middle East oil lie in western Europe, has led to the installation of pipelines from the oil-fields to the Mediterranean seaboard and has encouraged the erection of refineries at the terminals. In addition, oil constitutes almost the only commodity in which there is extensive intra-regional trade. At present, Egypt, Jordan, Lebanon, Syria and Turkey rely on Middle East sources for their petroleum requirements; this was also true of Palestine under the British Mandate.

Improvements in transport are also overcoming the geographical barriers which separate the Middle Eastern countries. Several railways and highways linking two or more of the countries have been built during the past forty years, and a close network of air lines covers the region. The extension of irrigation has also tended to bring the countries of the region together. Most of the major rivers of the area, notably the Nile, Tigris, Euphrates, Helmand, Orontes and Jordan, flow through more than one country, and concerted action is necessary for full utilization of their possibilities. Other problems, such as that of locust control, require the collaboration of countries lying within and outside the region.

The Second World War did much to bind the Middle Eastern countries to one another by isolating them from some of their most important markets and sources of supply. Supplies from

Axis and Axis-occupied countries were cut off by the Allied blockade and could not be replaced by corresponding increases in imports from Allied countries, because the war made reductions necessary in the output of Allied goods available for export. Military demands for shipping increased because of the closing of the Mediterranean. Since the general shortage of shipping made it extremely difficult to transport adequate quantities of goods to the region, every effort was made to draw on neighbouring countries for goods previously obtained from overseas, and trade within the region increased considerably. Thus, though intra-regional trade in 1938 accounted for only about 7 per cent of the total trade of Middle Eastern countries, the proportion had risen to about one-third by 1943, owing to a fivefold rise in the value of intra-regional trade.

These efforts were actively aided by the Middle East Supply Centre, established in 1941 by the United Kingdom and converted into an Anglo-American organization in the following year.³ Its primary aim—to control imports of civilian goods into the area in order to liberate shipping space and port facilities for military use—involved the promotion of intra-regional trade and the increase of Middle Eastern production to the utmost; in both respects the Middle East Supply Centre achieved its tasks. One of its contributions was the calling of regional conferences, attended by administrators and technicians from the Middle Eastern countries, which considered agricultural, financial, transport and other problems.

The termination of the Second World War and the reopening of the channels of international trade led to some relaxation of economic ties among the Middle Eastern countries. Intra-regional trade fell from its war-time peak and by 1946 represented less than a quarter of the total trade of the region. This trend was accentuated by hostilities in Palestine; the interruption of Israel's trade with neighbouring countries reduced the proportion of intra-regional trade to 10 per cent of the total in 1948.

In recent years, however, the Arab League, since its creation in 1945, has sought to foster

³ The Middle East Supply Centre served the area bounded by and including the following: Turkey in the north, Iran in the east, Somaliland in the south and Tripolitania in the west.

economic co-operation among its members through its Economic Committee. The International Islamic Economic Organization, which held its first session in Karachi in 1949 and its second in Tehran in 1950, has brought together all the Muslim countries of the region, and some Asian countries as well. The object of this organization is "to aid and stimulate the economic advancement of Muslim countries, so as to assist in raising their living standards and enhancing their national prosperity and well-being, as also to promote collaboration and co-ordination in economic matters between them" (article 3 of the organization's constitution).

The activities of the United Nations and the specialized agencies have also fostered international co-operation among Middle Eastern countries. In 1947, the International Labour Organisation held a regional conference in Istanbul. The Food and Agriculture Organization of the United Nations has held two regional conferences: in Cairo in 1948 and in Beirut in 1949. The World Health Organization in 1949 established a regional office in Alexandria. Both the International Monetary Fund and the International Bank for Reconstruction and Development have been in regular touch with the governments of the region which are members of the two organizations.

In 1948 an *Ad hoc* Committee, set up by the Economic and Social Council, recommended the creation by the Council of an economic commission for the Middle East with responsibilities similar to those of the regional commissions for Europe, for Asia and the Far East and for Latin America. The report of the committee is pending before the Council.

In 1949 the United Nations Economic Survey Mission for the Middle East was created by the Conciliation Commission for Palestine, under General Assembly resolution 194 (III).⁴ The mission reviewed economic conditions in the area and made recommendations for action to meet dislocations resulting from Arab-Israeli hostilities, and, particularly, to remedy the plight of the three-quarter million Arab refugees. The recommended

⁴ For its terms of reference and activities, see United Nations Economic Survey Mission for the Middle East, *Final Report*, 28 December 1949.

relief and works programme is at present being carried out by the United Nations Relief and Works Agency for Palestine Refugees in the Near East, established on 8 December 1949 under General Assembly resolution 302 (IV), with headquarters in Beirut.

The social welfare seminars for the Arab States of the Middle East were held under the auspices of the United Nations—the first in Beirut in 1949 and the second in Cairo in 1950.

The principal obstacles to the economic integration of the Middle East are the low living standards and the limited interchange of goods among the mass of the population, factors which keep demand for foreign and domestic goods low. Another factor is the essential similarity of the economies of most of its constituent territories, for, in all except Israel, the great majority of the population is dependent upon agriculture. Moreover, most countries tend to produce the same types of agricultural product: cereals (principally wheat and barley), fruits of the Mediterranean type (olives, grapes, oranges, dates, figs and nuts), vegetables, cotton, tobacco and livestock products. Countries of the Middle East rarely find in neighbouring countries the agricultural products they need, though Egypt has supplied some of its neighbours with rice, Syria has similarly exported wheat, and Turkey livestock. Consequently a relatively small volume of trade in agricultural products is carried on among most of the Middle East countries. Most of the region's agricultural exports are sent to highly industrialized countries outside the region, notably to western Europe.

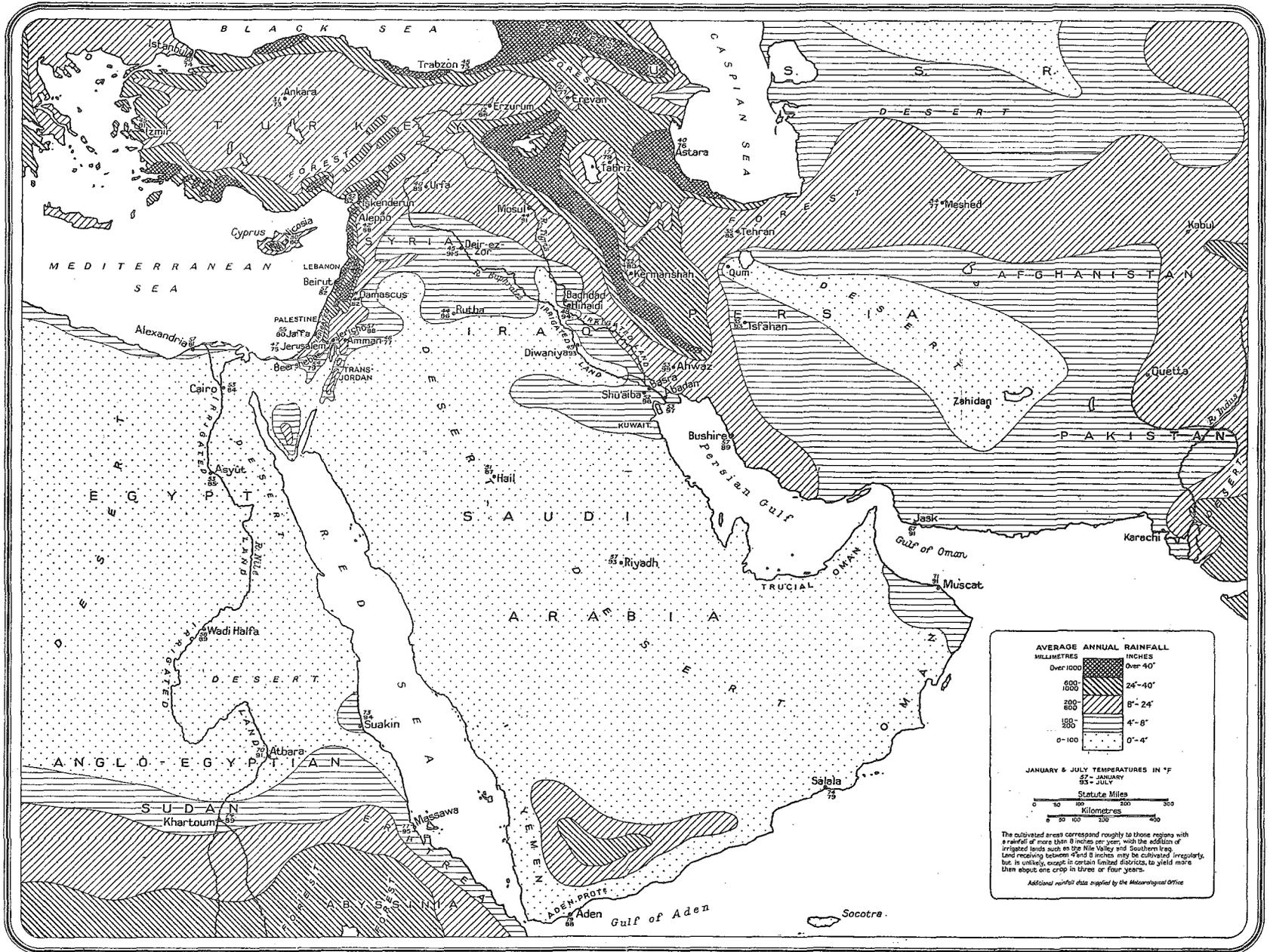
The situation with respect to the mineral resources of the region is similar; except for oil, the bulk of the mineral production is either used locally, as in the case of coal and iron in Turkey, or, more often, sent abroad for processing. Thus far, the industrialization of the region has not made the economies of the countries more complementary to one another to any appreciable extent. Industrialization has proceeded along similar lines in most countries; textiles, food processing and other light industries have been the first branches to be developed. These industries obtain their raw materials within the country or import them from outside the region. Moreover, the production of Middle Eastern industry does not

generally exceed local demand, and there is therefore no surplus to be exported; the major exceptions are cotton textiles in Egypt, carpets in Iran, diamonds in Israel and silk and rayon textiles in Syria.

Hence, as in other under-developed regions, such as Latin America—but to a greater degree because of smaller size and greater climatic homogeneity—the economies of the different countries of the Middle East are not complementary. It is probable, however, that growing population pres-

sure in some countries, intensified industrialization, extension of cultivation, widening of the range of crops and improvement in the means of transport, now taking place, will lead to some diversification of the economic structure and will make possible a certain integration of the countries of the region. Given further economic development, and a rise in living standards, the Middle East economies may be expected to become more complementary, and the economic ties among the different parts of the region accordingly stronger and more numerous.

THE MIDDLE EAST: CLIMATE



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Chapter 1

BASIC CHARACTERISTICS

Physical Structure

The Middle East is divided into two distinct and well defined physical areas.¹ The northern third of the region, including Cyprus, Turkey, Iran and Afghanistan, consists of tertiary folded mountain ranges enclosing the Anatolian and Iranian plateaus. These ranges form part of the great central mountain complex of Asia, with which they are connected at the Pamir knot. The Iranian plateau covers a large continuous stretch of land, interrupted only by the mountains which separate Iran from Afghanistan, while the Anatolian plateau is smaller and more broken. The southern and larger part of the region consists of a vast, level plateau stretching across the Arabian peninsula and the Sahara region of Africa. It is divided by the Great Rift, which runs from northern Syria through the Jordan valley and the Red Sea to Central Africa. This part of the Middle East consists of open country, containing the main rivers of the region.

The northern mountain chains and the mountains on either side of the Great Rift enclose the greater part of the Middle East and shut it off from the sea. This fact has had certain serious economic consequences. In the first place, the mountains present great natural obstacles to communication between the great interior plateaus and the sea. Secondly, the mountains capture the moisture-laden sea breezes near the coasts, and the water thus precipitated runs off rapidly to the sea in torrents, carrying with it precious soil. Nor can much use be made of these mountain streams for irrigation because of the proximity of the ranges to the sea; moreover, the broken nature of the land lying on the windward, rain-fed side of

the mountains creates an obstacle to cultivation. Finally, the great internal plateaus, cut off from the sea breezes by the mountains, are for the most part waterless deserts.

The outstanding physical characteristic which dominates the economic and social structure of the Middle East is its aridity. The region lies mainly in the great desert belt; most of it receives little rain—because its high temperature prevents precipitation, because it lies outside the path of moisture-laden winds or because it is shut off from such winds by high mountains. Only in the northern and southern extremities, on the shores of the Black Sea and the Caspian Sea and in equatorial Africa, do heavy rains occur and dense forests appear.

The rainfall map shows that by far the greater part of the region receives under 200 millimetres (8 inches) of rain per year and over half of it receives under 100 millimetres. The former figure marks the limit below which wheat cannot be grown except under irrigation; the latter is the lower limit for catch crops of barley.

The entire Arabian peninsula except the southwestern corner, all the Nile Valley north of Khartoum and a substantial part of the Iranian plateau consist of rainless desert. Rainfall of over 600 millimetres occurs only in the southern parts of the Anglo-Egyptian Sudan, the highlands of Yemen, north-western Iran and north-eastern Turkey, the mountain ranges bordering the eastern Mediterranean and the mountain chains enclosing the central plateau of Turkey.

Although somewhat deficient in organic matter, most of the land of the Middle East is quite fertile; some of it is very fertile. Water is the chief limiting factor in cultivation and settlement, and the

¹ L. Dudley Stamp, *Asia*, 8th ed. (London, 1950); W. B. Fisher, "Unity and Diversity in the Middle East", *Geographical Review*, July 1947 (Burlington, Vermont).

distribution of population in the area shows a remarkably high degree of correlation with the rainfall. Along the coasts of the Mediterranean, Aegean, Black, Caspian and Red seas, the Persian Gulf and the Indian Ocean, high mountain chains capture enough rainfall to support about a third of the area's hundred million inhabitants. Another third dwell in the valleys of rivers fed from the mountains, as for example, the Nile, the Tigris and the Euphrates. The remainder of the region's population lives mostly in very high, rain-fed, inland mountain zones, such as Afghanistan, the Iranian province of Azerbaijan and eastern Turkey. Vegetation maps of the region indicate that it consists mainly of large or small oases, separated from each other by stretches of desert or steppe, a fact which has encouraged nomadism.

Practically all the Middle Eastern countries contain vast tracts which, because of inadequate rainfall, are unfit for farming but can be used as pasture. In the region as a whole, about one seventh of the total population is nomadic. Nomads constitute about a third of the population in the Arabian peninsula, Afghanistan and Jordan, a quarter in the Anglo-Egyptian Sudan, almost a sixth in Iran and about a tenth in Iraq, Syria and Turkey. The contribution of the nomads to the economic life of the Middle East has diminished with the rapid replacement of caravans by motor vehicles and railways, but they still provide the region with most of its livestock products. The presence of nomads has, however, always exerted a disturbing influence on agriculture in areas close to the deserts, and efforts have been made by some Middle Eastern governments to encourage nomads to settle in certain areas, by providing land for farming or an alternative means of livelihood.

The Mediterranean type of climate prevails over the greater part of the region. Most of the rainfall occurs during the winter months; the summer and much of the spring and autumn are rainless or almost so. The chief exceptions are the monsoon zone in the south-western part of the Arabian peninsula, the tropical regions of the Anglo-Egyptian Sudan, which have rainy summers and dry winters, and the shores of the Caspian and Black seas, where rainfall occurs during the four seasons, with a concentration in the summer. The following table shows the variations in rainfall

from 1939 to 1947 in three cities situated on the edge of arid zones: Ankara, Damascus and Tehran (precipitation in millimetres).

	Ankara	Damascus	Tehran
1939	367	185	235
1940	396	185	215
1941	400	213	220
1942	361	303	
1943	398	212	300
1944	268	363	100
1945	276	151	290
1946	387	134	250
1947	423	292	90

Source: For Ankara: Central Statistical Office, *Istatistik Yilligi*; for Damascus: Ministry of National Economy, *Al majma' al ihsa' al Suria*; for Tehran: Overseas Consultants, Inc., *Report on Seven-Year Development Plan* (New York, 1949), vol. III; figures refer to season beginning in September of year indicated.

The lack of rainfall during a large part of the year limits the range of crops which can be grown under dry farming in most places. Moreover, the rainfall varies greatly from year to year, and droughts are common. Hence, since earliest times, the inhabitants of the area have employed irrigation, both to provide summer water, and thus extend the range of cultivable crops, and to supplement the basically insufficient water supply. The irrigation is done in various ways, by means of wells, underground canals (*ganat* or *kariz*), pumps or other water-lifting devices or by free-flow irrigation from dams. Dams are utilized for the greater part of the land under irrigation. Today, many of the region's most valuable cash crops, such as cotton, citrus and sugar-cane, are being grown by irrigation. Large-scale irrigation has, however, brought a series of problems in its train. Some of them are connected with hygiene, such as the spread of malaria, bilharzia and other diseases to areas previously free from these infections. Others are agricultural. The soils of the Middle East, formed under arid or semi-arid conditions, usually contain a high concentration of sodium salts, which under irrigation tend to rise towards the surface, with disastrous effects on crops.² Examples of this occur in the Egyptian delta, in southern Iran and in much of Iraq. Improved methods of drainage have, however, counteracted the harmful effects on the soil, and attempts are being made to eliminate the human diseases arising from irrigation.

² B. A. Keen, *The Agricultural Development of the Middle East* (London, 1946).

The warm climate and aridity of the Middle East affect the water supply available from rivers, both by reducing the number and volume of tributaries and by increasing the amount of evaporation. As a result, even the largest of the Middle East rivers—the Nile, Tigris and Euphrates—have only a fraction of the volume of those of other regions, whether tropical or temperate. The relatively small river volume limits the area that can be irrigated, and although the limit is far from being reached in most of the Middle East, the margin of unused water in some parts of the region, notably Egypt, is small in spite of the erection of storage and regulatory dams.

The climate, as well as the structure of the land, is largely responsible for the considerable amount of soil erosion in the Middle East. "In the dry season the soil bakes and cracks. In the wet season there are often torrential rains and floods,

which carve gullies and deposit at lower levels the great quantities of silt carried in suspension. Here it may cover fertile land and block existing natural drainage flows."³ These natural causes have been reinforced by deforestation and uncontrolled grazing. During the past few decades, particularly during the First World War, when there was an acute shortage of fuel in most of the area, large stretches of forest were cut down and were not replaced, while the herds of goats grazing over grass and forest areas destroyed seedlings. Soil erosion has also been increased by the practice of ploughing up and down hill, which is encouraged by the system of fragmented strip holdings prevailing in portions of the area; however, contour ploughing is the rule in many parts, while the elaborate and carefully maintained terraces covering the hillsides of Lebanon, Cyprus, Arab Palestine and Yemen have done much to check soil erosion.

Economic and Social Background

Under the impact of western influences, the economy of most countries of the Middle East has been materially transformed during the past hundred and fifty years. In the countries on the Mediterranean seaboard, particularly Egypt, Lebanon and Turkey, the process started earlier and has advanced further than in the remaining parts of the region. Despite their apparent diversity, however, the Middle East countries, with the partial exception of the newly established State of Israel, share several basic characteristics.

Outstanding among them are the following: a rapidly growing population, which in some countries is pressing heavily on the means of subsistence; a low hygienic and educational level, which manifests itself in the form of high mortality, widespread disease and low literacy rates; a paucity of known mineral resources, with the important exception of oil; a marked concentration on agriculture, in which the greater part of the population is engaged and which provides the bulk of the national income; a marked shortage of capital and a consequent dependence on foreign sources for investment; and a lack of technological

advancement, which, coupled with natural and social causes, leads to low productivity. These characteristics result in low national incomes, the economic and social consequences of which are aggravated by the unequal distribution of wealth and income. Such factors also affect the relations of the Middle East with the outside world; the volume of trade of the region with other parts of the world is small, and the regional imports of manufactured goods are covered only in part by exports of a limited range of agricultural and mineral raw materials, leaving a deficit which was met before 1939 by various invisible items, and since 1945 has been paid off from these and foreign exchange reserves accumulated during the war.

The population of the Middle East, which accounts for about 4 per cent of the world total, is increasing at a rate distinctly greater than the world average of one per cent (see table 2). This natural growth has, in some cases, been augmented by immigration. As a result, parts of the region, notably Egypt, are heavily congested, while in Israel and, to a lesser extent, Lebanon, the increasing population is being maintained at its present standard only by a heavy deficit on current account

³ *Ibid.*, page 55.

in the balance of payments. Natural resources are abundant in relation to population in several of the remaining countries, but in some production has not kept pace with the growth in numbers. A special difficulty has arisen in some countries from the presence of Arab refugees from Palestine.

The poverty of the population of the Middle Eastern countries is both a cause and a result of the low hygienic and educational level. Several endemic diseases, though less prevalent than in most of Asia and Africa, and in spite of considerable progress achieved during the past thirty years, are still common. Some of these, notably bilharzia, malaria and ankylostoma, have become widespread as a result of the extension of irrigation. Others, such as pellagra and tuberculosis, are traceable to malnutrition and overcrowding. Still others—typhoid, dysentery and trachoma, for example—are attributable to unhygienic practices. In addition, the situation of the area at the crossroads of trade and pilgrimage routes has exposed it to epidemics, such as typhus and cholera, originating in other parts of the world.

The efforts of most Middle Eastern governments in the field of education are beginning to bear fruit, but the educational level of most of the countries is still low. In only Israel and Lebanon is more than half the population literate. In some countries, the proportion of illiteracy is above 90 per cent; for the region as a whole, it is probably about 80 per cent. The percentage of children of elementary school age who are attending school has risen rapidly during the past thirty years, but is over 75 per cent only in Israel and Lebanon. In Turkey and Egypt a little over half, and in Iran and Iraq only one-fifth, of the children attend school. In the Arabian peninsula, Afghanistan and the Anglo-Egyptian Sudan, the proportion is still lower. Higher education is relatively advanced, but there is a shortage of technical and vocational institutes.

The population of the Middle East is predominantly rural. Fewer than a fourth of the inhabitants of the region live in towns, and about 75 to 80 per cent of the economically active population are engaged in agriculture and animal husbandry, which provide the greater part of the national income (see table 3). Although a predominantly agricultural area, the Middle East, however, plays a minor role in world agriculture, accounting for

about one-thirtieth of world production (see table 6). This is due in part to unfavourable natural conditions, in part to unscientific methods and in part to the small capital investment. In general, yields per unit area are low (see table 9); even where they are high, the output per person employed in agriculture is small.

The distinction between intensive and extensive agriculture in the region corresponds to that between irrigated and rain-fed cultivation, except in Iraq where extensive farming is used on irrigated lands. By far the greater part of the region, including most of Afghanistan, the Anglo-Egyptian Sudan, Iran, Iraq, Jordan, Syria and Turkey, is farmed under an undiversified non-intensive system of cultivation. The chief crops are wheat and barley, most of which are consumed by the farmers; little fodder and few root crops are grown, and dairying does not, in the main, form part of ordinary farm activity. Owing to the dry soil, at least half the land under cultivation lies fallow each year; one winter crop and one summer crop are grown during a two-year cycle or, in very arid zones, within a three-year cycle.

Intensive farming prevails over the whole of Egypt, but in other countries it is restricted to the relatively small areas in which rivers, springs or subsoil water make irrigation possible. Examples of this type of area are in the Gezira district of the Anglo-Egyptian Sudan; the coastal plains of Israel and Lebanon; and numerous plains, valleys or oases in Afghanistan, the Arabian peninsula, Cyprus, Iran, Syria and Turkey (see table 4). By far the greater part of the irrigated land is planted in cash crops, such as cotton, citrus, sugar-cane, dates and other fruits and vegetables. These crops, destined mainly for export, have received more attention and investment than others and have improved correspondingly in quality and yield. In only a few products, however, have Middle Eastern crops formed a significant proportion of world output. Thus, in 1948 the region accounted for three-quarters of the world production of dates, one-sixth of the olive oil, one-tenth of the cotton and one-twentieth of the world output of citrus fruit.

The sparseness and irregularity of the rainfall over the greater part of the Middle East are responsible for marked fluctuations in the size of non-irrigated crops (see table 7). In view of the

dependence of the region on agriculture, one or two years of drought may seriously disturb the economy of the countries and impose a grave strain upon their balance of payments.

The greater part of the Middle East has not yet been carefully prospected for minerals. The areas that have been surveyed do not appear rich in minerals, except oil, of which the Middle East contains about two-fifths of the world's proved reserves—located mainly in the Persian Gulf area—and accounts for one-sixth of world output. The most serious deficiency is in coal, but this lack is partially offset by the abundance of oil and could be further mitigated by utilization of the region's hydro-electric potential, of which only a small fraction is at present exploited. Iron seems to be more abundant, and deposits of chromite, manganese, phosphates and potash are exploited on a commercial scale (see table 15).

The shortage of raw materials, combined with the lack of skilled workers, the scarcity of capital and the narrowness of the home market arising from the poverty of the general population, has blocked the significant development of any industry other than oil extraction and refining. In spite of considerable war-time development, in no country except Israel does industry, again excluding oil, account for more than 15 per cent of the national income, and for most of the region its contribution is appreciably lower. The inclusion of the oil industry would alter the picture considerably as regards the Persian Gulf area. Nevertheless, even if oil were taken into account, the contribution of the Middle East probably would not exceed one per cent of world industrial production. Moreover, the greater part of the income created by oil extraction and refining does not accrue to the Middle Eastern countries.

Other Middle Eastern industries differ sharply from petroleum as regards their technical level, their degree of capitalization and the legal conditions governing their operations. Light industries, chiefly textiles and food processing, exist in a more or less developed state in most of the countries of the region. In many cases they are close to the handicraft stage and continue to use obsolete methods. The traditional crafts still account for a sizable portion of the total output; they completely dominate certain fields, such as rug making, and they play an important part in spinning and weav-

ing, shoemaking, leather working and other industries. Sometimes partial modernization of such crafts has taken place, as in the use of power-driven machinery to supplement handwork. Middle Eastern industry thus presents a wide variety of methods, ranging from archaic crafts to use of modern equipment. But even the more modern industries, with few exceptions, are not capitalized to an extent at all comparable with the oil industry. Such industries have generally been founded by, and are usually operated by, nationals of the country in which they are located, and their production is destined almost entirely for the home market. In some cases, however, foreign capital has participated, in co-operation with domestic capital, in the establishment of new industries.

The predominance of primary production in the economy of the Middle East is reflected in the foreign trade of the area (see tables 37 and 38). In general, the region imports manufactured goods in exchange for agricultural and other primary commodities; the production of manufactured consumption goods, though progressing, still falls far short of meeting regional requirements. Capital goods have to be imported since they are not produced in most of the countries of the region. These factors, as well as the links between certain Middle Eastern and European countries, have influenced the direction of Middle Eastern foreign trade. Most of the exports of raw materials are directed towards the highly industrialized countries of western Europe and the United States, which in return supply the finished products required by the Middle East (see table 41). Although there has been a rapid increase in recent years, the Middle East still accounts for only about 4 per cent of world trade.

In the case of several countries, one or two products constitute over three-quarters of their exports (see table 37). In most cases, the price of such export goods is not determined by the local supply situation, and therefore the economy of the Middle East is subject to fluctuations in the price of and demand for its goods in the world market but it cannot control such movements, since the products of the area account for relatively small percentages of world output, except for oil.

The region's income from its agricultural and industrial output is supplemented to only a slight

degree by income from other sources, principally transit traffic through the Suez Canal and over the air routes, tourism and pilgrimages. Although such services contribute relatively little to the national income of most countries of the area, they play an important part in the balance of payments (see table 42). This is also the case, in general, with respect to royalties, wages and other income derived from oil-mining. In some of the small countries of the Arabian peninsula, notably Kuwait, the bulk of the national income is derived from oil activities, but in such countries as Iran and Iraq, royalties and all local expenditures by the oil companies probably do not account for more than one-tenth of the national income.

The region's lack of educational and technological progress, its dependence on primary production and the paucity of its natural resources result in a low national income level. This is illustrated by the following approximate estimates of annual per capita income in certain Middle Eastern countries in 1949 (in United States dollars):

	<i>Per capita income</i>
Afghanistan	45
Egypt	100
Iran	85
Iraq	85
Israel	389
Lebanon	140
Saudi Arabia	45
Syria	100
Turkey	125
Yemen	40

Source: Statistical Office of the United Nations.

These figures, while higher than comparable figures for the greater part of Asia, appear to be well below those for most Latin American countries. As in other under-developed regions, the small size of the national income restricts savings, which, owing to the inadequacy of the financial mechanism, are only in part channelled to productive uses.

Low national incomes in the Middle Eastern countries are aggravated by the marked inequalities which characterize their economic and social structures. The population consists largely of very small landholders or tenants whose income barely provides the necessities of life and leaves little or no surplus for investment. The same is generally true of the small but growing group of industrial workers. At the other end of the scale are large landowners, who rarely invest in anything but land, and the important merchants, who do not generally invest their capital in long-term projects. Between the very rich and the very poor there is a middle class which is neither numerous nor wealthy.

The relatively high national income of Israel differentiates it from the rest of the region. Israel differs from other Middle Eastern countries also in its higher educational level, more equalitarian social structure, in which co-operatives and trade unions play an important part, the greater amount of available foreign capital and the greater degree of industrialization.

Chapter 2

MAIN ECONOMIC TRENDS

In the past fifteen or twenty years, except for the increase in population, little basic change has taken place in the economic structure of the Middle East. The most noteworthy development was the fivefold expansion in the output of petroleum. The economic repercussions of the Second World War were considerable, though actual fighting in the region was limited. The pattern of the region's foreign trade was inevitably distorted, as was to a lesser extent that of its agriculture, but these proved to be, in the main,

only passing phenomena. More far-reaching were the effects of the inflation resulting from the presence in the Middle East of a large body of Allied troops and from the pre-emptive purchases of the governments engaged in the war, with the consequent accumulation of large reserves of foreign exchange. For the post-war years the scanty data on standards of living indicate that per capita consumption of food and clothing has not risen above the pre-war level and in some countries has fallen below that level.

Population¹

An outstanding feature of the past thirty years has been the rapid growth in the population of the Middle East. The resulting pressure on resources has manifested itself most markedly where the bulk of the cultivated area was already utilized, as in Egypt and Lebanon. In the absence of accurate production and national income statistics it is very difficult to judge whether the population of the region as a whole is outrunning the increase in output. In at least one country, Egypt, this appears to have been the case. Thus, between 1924-28 and 1939, the volume of the major crops increased by 19 per cent, a proportion about equal to that of the rise in the population; the index of crop value adjusted for price changes, however, showed a decline of 15 per cent, largely caused by the fall in the price of cotton, of which the bulk is exported.² During the war and post-war years agricultural production lagged behind the growth in population and has been compensated only partly by the increase in industrial output. It seems

possible that the same phenomenon has also taken place in Iran during the past twenty years. In Israel, immigration is increasing the population at a rate which is well above that of the rise in production. Since the establishment of the State of Israel, output is estimated to have increased by about one-third and the Jewish population by about two-thirds.³

In Turkey and Syria, on the other hand, the increase in agricultural and industrial production over the past thirty years has been distinctly greater than the growth in the population. In Turkey, output grew rapidly until the outbreak of war, but slowed thereafter. Between 1927-29 and 1942-44 the main field crops doubled in quantity and livestock increased appreciably,⁴ while industry expanded to a still greater degree, but during the war and post-war years, the rate of increase in output was slower than the rate of population growth. In Syria, between 1922-24

¹ For further details on population problems in the Middle East, see Research Memorandum No. 11, which deals with the size and increase of the population, age structure, rural-urban distribution, migrations and refugees, population and resources.

² C. Issawi, "Population and Wealth in Egypt", *Mil-*

bank Memorial Fund Quarterly, January 1949 (New York).

³ Speech on budget for 1950-51, quoted in *Israel Economist* (Jerusalem), May 1950.

⁴ United States Department of Agriculture, *Foreign Agriculture* (Washington, D.C.), September 1949.

and 1934-38, the output of wheat and barley, the two major crops, rose over one-third and two-thirds, respectively, while some of the minor crops increased in a still greater proportion. This increase in production was, however, offset by a sharp fall in the price of grain, which provides the main article of export. During the war and post-war years, the output of Syrian agriculture more than kept pace with the growth in population, and there was also an expansion in industry.

Production and Transportation

AGRICULTURE⁵

A review of war-time and post-war developments in the area suggests that no significant change has taken place in the basic pattern of Middle Eastern agriculture. Owing to the war-time difficulty of importing foodstuffs and of exporting certain of the region's crops, the Middle Eastern countries attempted to increase the total area under cultivation (see table 5) and also to divert acreage from export crops to cereals and other foodstuffs. A particularly important expansion took place in the acreage planted to rice and to minor crops such as sugar, potatoes and vegetables. In Egypt, the increase in area was made possible by the greater supply of water available from irrigation projects completed just before and during the war; in Syria and Turkey it resulted from greater use of agricultural machinery; in Iraq, from both factors. In post-war years, the increase has been very slight and has been confined mainly to Syria and Turkey. In Iraq there seems to have been a marked decline in acreage.

The main export crops which were reduced in favour of foodstuffs were citrus in Palestine and cotton in the Anglo-Egyptian Sudan, Egypt, Iran and Syria. In the region as a whole, cotton acreage during the war fell to less than 50 per cent of the pre-war level, and in 1946 was 70 per cent of the pre-war level. Since then the restrictions imposed by governments have been relaxed, with the result that cotton acreage has expanded and returned to

In the region as a whole the population did not appear to outrun production before 1939, but during the war years the balance was upset and has been only partly restored during the post-war period. To a certain extent, the consequences of this deficiency in the expansion of production have been alleviated by an increase in imports, made possible by the larger foreign exchange earnings of the war years, which kept consumption at a level fairly close to that of the pre-war years.

its pre-war level. In Syria and Turkey there has been a large expansion in cotton production.

The benefits expected from the increase in acreage largely failed to materialize during the war years because of a sharp fall in yields owing to several causes. Imports of fertilizers into the region practically ceased; this particularly affected Egypt, where before the war over half a million tons had been imported, while in Lebanon the production of olives declined because of the shortage of fertilizer. Second, there were changes in the patterns of rotation because of the reduction in the area under cotton and similar crops, a factor most markedly felt in Egypt. Third, agricultural machinery, irrigation pumps and similar equipment could not be replaced during the war. Fourth, there was a shortage of man-power in Turkey owing to mobilization. Moreover, the extension of cultivation brought inferior land into use, especially in Iraq and Syria. With the return of more normal conditions in the post-war years, yields have shown a tendency to rise, without reaching the pre-war level in most countries.

Available figures on production are shown in tables 6, 7 and 8. In the region as a whole the 1947-49 acreage of the main food crops was about 5 per cent above the 1934-38 average, but per capita output was distinctly below the pre-war level. Indices of agricultural production in Egypt show that foodstuffs rose from 100 in 1934-38 to 112 in 1947, 116 in 1948 and 115 in 1949, while the indices for all crops in the same years were 100, 112 and 110, respectively. In Turkey the index of food production on the same base was 98 in 1947, 117 in 1948 and 95 in 1949, while

⁵ For further details regarding the agriculture of the Middle East, see Research Memorandum No. 12, which deals with its place in world production, the level of production, livestock, fisheries and forestry, recent developments and movements of prices, rents and wages.

that for all crops was 103, 118 and 102, respectively, for these years.⁶ The 1949 crops were poor, particularly in Turkey, but in 1950 abundant crops were harvested, although in Egypt, where wheat acreage was reduced in favour of cotton, output decreased slightly. Estimates for the 1950 crops of wheat and barley in Iran and Iraq are distinctly above the 1949 level. An excellent wheat crop was obtained in Turkey.

During the war years there was a decline in livestock owing to increases in slaughtering and, in Turkey, owing to the cold winters of 1942 and 1943. By 1947, however, the total number of livestock in the principal countries was about 10 per cent higher than the pre-war average (see table 11). There was also an increase in the number of pack animals. Available figures on the output of milk show a 50 per cent increase over the pre-war level in the two principal producers, Egypt and Turkey, while the wool clip in Iraq and Turkey in 1948 and 1949 was one-third higher than that of the pre-war period. The output of fisheries is shown in table 12.

The evidence indicating that, in recent years, agricultural production has not kept pace with the increase in population is supported by the fact that countries which formerly were self-sufficient or even exporters of food, notably Egypt, have become food-deficit areas and that there has been a decline in the level of consumption. As regards the pre-war period, calculations by the Food and Agriculture Organization of the United Nations⁷ placed the daily per capita value of available food supplies in Egypt in 1934-38 at 2,450 calories and 73.5 grams of protein. The corresponding figures for Turkey were 2,562 calories and 68.4 grams, respectively. These compared favourably with available figures for Far Eastern and Latin American countries, but nevertheless reveal a level of consumption that was far from adequate, especially in view of the great inequalities in the distribution of income. During the war years, the food supply position deteriorated, and by 1947 the per capita value for Egypt had fallen to 2,364 calories and

for Turkey to 2,173 calories, with a corresponding decline in protein supplies. The abundant crops of 1948 increased supplies to a level very close to that of the pre-war period, but this level was not maintained in 1949. Available data on Iran and Iraq also indicate a decline from the pre-war standard. At present the average for the Middle East is above that of the Far East and is roughly comparable to that of Latin America. The governments of the region are attempting to meet this situation by facilitating imports and increasing output. In a regional meeting of the Food and Agriculture Organization held in 1949, targets fixed for 1950/51 envisaged a small expansion in acreage and an increase in production ranging from about 5 per cent for cereals to 15 per cent for citrus, 19 per cent for sugar and 25 per cent for vegetable oils; it was hoped to secure these by raising yields and reducing field and harvesting losses. Most of the extension in acreage was planned for dry farming areas and only a small fraction for irrigated land. The most striking increases in the area under cereals were planned in Syria and Turkey; in Egypt, on the other hand, the area planted in cereals was being reduced in favour of cotton. The planned expansion in vegetable oils and citrus fruits was fairly evenly distributed among the producing countries.

INDUSTRY⁸

During and after the war the output of Middle Eastern industry increased considerably, and is now well above the pre-war level. However, although several new industries have been started, on the whole neither the structure of industry nor its place in the economy of the different countries of the Middle East has undergone any considerable change.

At the outbreak of war in 1939, industry was receiving government help in the form of credits, tariff protection and other types of assistance in many parts of the region. Turkey, whose iron and steel works were just beginning to operate, was the only country of the Middle East which

⁶ Food and Agriculture Organization of the United Nations, *Yearbook of Food and Agricultural Statistics, 1950* (Washington, D.C.).

⁷ Food and Agriculture Organization of the United Nations, *Food Balance Sheets, April 1949*, and *State of Food and Agriculture, 1948, 1949*.

⁸ For further details on industry in the Middle East, see Research Memorandum No. 13, which deals with the development of industry since the First World War, its structure and place in the economy of the principal countries, and the main industries.

had a heavy industry at that time. Several light industries had been established in Egypt, Iran, Lebanon, Palestine and Syria, as well as in Turkey, and these were meeting an increasing part of the needs of these countries.

During the war, a considerable increase in production was achieved, generally by utilizing existing plants more intensively, since supply and shipping shortages greatly restricted imports of new equipment. In the immediate post-war years some of the smaller new industries, which were able to survive only in exceptional war-time circumstances, disappeared, but imports of foreign goods were limited at first, and pent-up demand was sufficiently high to enable most industries to maintain their output. Moreover, capacity was expanded, production was increased and several new industries were established. Thus the index of industrial production in Turkey reached 151 in 1947 and 156 in 1948 (1938=100).⁹ In Israel, the index of man-days worked in industry rose to 182 in 1949 (average) and 213 in May 1950 (1939 = 100).¹⁰ In Egypt, a partial index of industrial production shows a rise to 147 in 1946 and 151 in 1947 (1938 = 100).¹¹

The increase in the output of the leading industries of the region between 1938 and 1948 was approximately as follows: electricity, 100 per cent; coal (in Turkey), 60 per cent; steel ingots (in Turkey and Egypt between 1940 and 1949), 200 per cent; refined sugar, 20 per cent; tobacco products, 60 per cent; alcoholic drinks, 50 per cent; cotton yarn, 70 per cent; cement, 60 per cent; glass (in Egypt, Turkey and Palestine), 400 per cent; and paper (in Egypt, Turkey and Palestine), 250 per cent. In appraising this expansion, it should, however, be borne in mind that many of these industries were very small in the pre-war period. Evidence regarding other industries is less definite; many which existed in 1939 expanded several fold during the war years, and some new industries, such as diamond cutting and polishing, vegetable dehydrating and some chemical and mechanical industries, were created.

⁹ Economic Cooperation Administration, *Country Data Book, Turkey* (1950).

¹⁰ Central Bureau of Statistics, *Statistical Bulletin of Israel* (Jerusalem).

The revival of foreign competition since 1945 has eliminated some of these industries and has reduced the output of others, but it is probable that their level remains somewhat above that of pre-war years.

The expansion in industrial output has not been equally distributed among different parts of the region; in general, it was proportionate to the amount of equipment in the country at the outbreak of the war. Some of the countries in which industry was in a very early stage, such as Afghanistan or Iraq, showed little or no increase.

The industry of the Middle East developed along lines similar to those in other under-developed regions; the main determining factors were the existence of local demand, the presence of agricultural and other raw materials, the availability of skilled labour and the relative scarcity of capital. Hence, besides petroleum, the most advanced branches are such light industries as textiles and food processing, which utilize domestic raw materials and cater to local demand (see table 13.) Except in Turkey and Cyprus, mining and quarrying are relatively unimportant. In most countries, the presence of oil-fields or refineries ensures an abundant and relatively cheap supply of fuel, but in the past two decades a marked expansion has taken place in the production of electricity for lighting, irrigation and industrial purposes. The cement industry has also expanded rapidly; cement is required for urban construction and public works, and the industry is favourably situated because of the high transport costs of imported cement. The chemical and pharmaceutical industries have spread only slightly outside Egypt and Israel, and heavy industry is still largely confined to Turkey.¹² The engineering industry, which formerly consisted mainly of repair yards for railways and ships, is now extending its range. A motor vehicle assembly plant is operating in Egypt, and another is under construction in Israel; in addition, several other industries, such as the manufacture of refrigerators, radios and electrical implements, have been

¹¹ Ismail Raafat in *Revue Economique et Financière* (Cairo, 1949).

¹² Between 1940 and 1949 the output of pig-iron in Turkey rose from 81,000 tons to 113,000 tons per year, and that of steel ingots and castings from 38,000 to 102,000 tons.

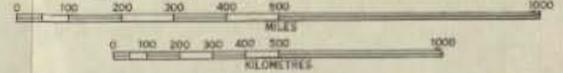


**MIDDLE EAST
PRINCIPAL TRANSPORT ROUTES**

- Improved Road
- - - Unimproved Road
- ✈ Airfield
- Railway
- - - Railway (under construction)
- - - Railway (abandoned)

Pipelines are not shown.

The boundaries shown on this map do not imply official endorsement or acceptance by the United Nations.



established in these and other countries. In Israel, the relative abundance of capital and the presence of skilled workers and technicians have made it possible to establish industries not found elsewhere in the region, notably diamond cutting. The development of the principal industries is shown in tables 15 to 21.

TRANSPORTATION¹³

Until recently, the communications network of the Middle East was developed to serve primarily international rather than domestic or regional needs. The outstanding example is the Suez Canal, which plays a minor part in the economic life of the Middle East and a leading part in international trade; other cases in point are the pipelines and some of the airports, notably those of Beirut and Cairo. Although most of the railways of the region fulfil a vital function in the countries they serve, their routes and services were often determined primarily by the strategic, political or commercial aims of Powers outside the region.

During the Second World War, several important projects to complete or improve the communications of the Middle East with surrounding regions were carried out. Thus, the capacity of the Trans-Iranian Railways was greatly expanded, making possible the transportation of four million tons¹⁴ of war materials to the Union of Soviet

Socialist Republics; this was accompanied by the improvement of the ports of Khorramshahr and Bandar Shahpur. The extension of the Egyptian railways to Cyrenaica spanned one of the great natural barriers which had isolated the Middle East from its neighbours. The completion of the Mosul-Aleppo line provided direct rail connexions between Europe and the Persian Gulf, while the construction of the Tripoli-Haifa line linked the European railways with those of Egypt (see table 30). New roads and airports were also built, and old ones were improved for war purposes (see table 32). During the war, traffic on the railways and roads rose sharply, and in spite of a small decline present traffic remains above the pre-war level (see tables 31 and 33). Shipping traffic slackened considerably, but later returned to the pre-war level (see table 34). Air traffic showed a sharp and uninterrupted increase (see table 35).

In spite of such additions and improvements, the network of communications still falls far short of the internal needs of the region.¹⁵ Except for a few of the more compact countries, such as Egypt, Israel and Lebanon, the lack of transport facilities is one of the principal factors holding up economic development. In most of the area, the inadequacy of the rail and road networks, and, to a lesser extent, of the ports, is a major obstacle to any substantial progress in agriculture and industry.

Foreign Trade and Balance of Payments¹⁶

The international trade of the Middle East continues to account for only a small proportion of world commerce.¹⁷ This is mainly due to the low level of production in the region, as well as the

fact that certain groups of the population have little contact with the market. The share of the Middle East in world trade rose from 2.1 per cent in 1937 to 2.8 per cent in 1947 and 1949.

¹³ For further details, see Research Memorandum No. 14, which contains a survey of transport systems of the Middle East including railways, roads, inland waterways, maritime transport, and Suez Canal and air transport.

¹⁴ Elgin Groseclose, *Iran* (New York, 1947), page 175.

¹⁵ The Middle Eastern countries have a lower "density of railways" (length of railways divided by area of country) than pre-war eastern Europe or present-day India and Pakistan, but a slightly higher density than most of the countries of Latin America. The exclusion of desert areas in the Middle East does not greatly affect the comparison, except as regards Egypt. Relative to the size of the population in the Middle Eastern countries, the figures for railways are below those of eastern Europe and most of the Latin American countries, but slightly higher than for India and Pakistan. In relation to their area, the countries of the Middle East have

fewer roads than eastern Europe but more than India. On the whole, the "density of roads" is comparable with that of Latin America. Relative to their population, the countries of the Middle East fall well below the average for eastern Europe or Latin America, but somewhat above the figure for India. With regard to motor vehicles, the Middle Eastern countries have about as many, in relation to the population, as Latin America, and distinctly more than India or pre-war eastern Europe.

¹⁶ For further details see Research Memorandum No. 15, which contains a survey of the volume, value, direction and composition of Middle East foreign trade, the balance of current payments, capital account and the dollar shortage.

¹⁷ Wherever possible, exports of oil and imports of petroleum companies have been excluded from the figures and statements in the following paragraphs on foreign trade.

This increase was almost entirely a result of the relatively greater increase in imports. While exports, expressed in terms of United States dollars, increased from \$530 million in 1937 to \$1,210 million in 1949, imports rose from \$610 million to \$2,150 million. The proportion of Middle East imports to world imports increased from 2.1 per cent to 3.5 per cent between 1937 and 1949, but exports rose only from 2.0 per cent to 2.1 per cent of the total. If its oil exports are included, the Middle East accounted for about 2.7 per cent of world exports in 1937, 3.5 per cent in 1947 and 4 per cent in 1949. The ratio of the region's trade to world trade is below that of the region's population to the total world population; in other words, the average per capita foreign trade of the region is, at present, lower than that of the world as a whole.

The Second World War, by isolating the Middle East from many of its leading markets, altered the quantum, direction and composition of regional trade. Available figures show a sharp decline in the quantum of both imports and exports. Concurrently, there was a marked decline in trade with the Axis countries, which were formerly among the leading suppliers and customers of the region, and a marked increase in intra-regional trade and trade with India, while the share, though not the quantum, of trade with the United States also rose. With the reopening of trade channels after the war, however, both exports and imports showed a marked tendency to return to the pre-war pattern (see table 41). Perhaps the most important changes from the pre-war period have been the relative growth of imports and the increase in the import surplus of all the countries of the region (see table 36); the tendency of several countries to become net importers of cereals (see table 39); the decline in imports of cotton piece-goods and other manufactured consumption goods, as a result of industrialization; and the increase in imports of capital goods (see table 38). As regards exports, the dependence of Middle Eastern countries on a few products has slightly increased (see table 37). There was little change, however, in the relative position of the Middle Eastern countries in import and export trade (see table 40).

Table 42 shows current transactions in the balance of payments of the principal Middle Eastern countries. For the region as a whole, the following items show a net loss of foreign exchange: merchandise trade (excluding oil), which accounts for the greater part of the deficit; imports of non-monetary gold, chiefly for hoarding; payments for freight and insurance, since both these services are mainly supplied by foreign countries; and interest payments on capital invested in the region, which outweigh by far the income derived by the Middle East from its overseas assets. On the other hand, the region has a net gain of foreign exchange from petroleum activities and pilgrim and tourist expenditure; in Israel donations have played an important part in the balance of payments.

Study of the balances of the individual countries indicates that the gap arising from the import surplus and other deficit items has been closed in different ways. In Egypt, this was accomplished partly by current British military expenditures and by sales of foreign exchange by the Suez Canal Company to meet its local expenditures. The deficit was also met by a partial liquidation of sterling balances acquired during the war, by an Export-Import Bank loan and by a small amount of foreign investment. In Iran, the apparent export surplus shown in table 42 arises from the inclusion of oil exports. Their exclusion leaves a large deficit, met by royalties and other current expenditures of the oil companies, as well as by their investments. Iraq covered its large import surplus partly from royalties and other current expenditures by the oil companies, by British military expenditure and by income from pilgrims; the rest was met by drawings on sterling balances accumulated during the war and by investments of oil companies. In Israel, donations from funds raised by world Jewry contributed substantially towards meeting its huge import surplus; expenditures by pilgrims and tourists also made a contribution. The remainder was provided out of drawings on sterling balances, an Export-Import Bank loan and foreign investments. In recent years, the large deficit in the merchandise trade of Jordan has been met to only a limited extent by grants-in-aid from the United Kingdom; for the rest, the deficit has been financed by drawings on sterling balances, funds

brought by Palestine Arab refugees, a loan from the United Kingdom and payments by relief agencies.

In Lebanon and Syria, tourist expenditures and profits on transit trade in merchandise and gold, as well as remittances from Lebanese and Syrian emigrants, expenditures by oil companies and payments by relief agencies financed part of the import surplus; the remainder was met by drawings on accumulated franc and sterling balances. In Saudi Arabia, the huge import surplus, including imports by the oil company, was covered largely by current royalties and other expenditures of the oil company and the expenditures of pilgrims visiting the Muslim holy places; United States Government grants, Export-Import Bank loans and large-scale investments by the oil company met the remainder. In the other oil-producing countries of the Arabian peninsula—Bahrein, Kuwait and Qatar—oil royalties and investments similarly financed large import surpluses. Turkey, which until 1946 had an export surplus, in recent years had a deficit in merchandise trade, which was covered by United States grants and loans, chiefly under the European Recovery Program, and by drawings on foreign exchange reserves accumulated during the war and immediate post-war years.

Most Middle East countries have had a large deficit in their trade with hard currency countries (see table 43); the main exceptions were Afghanistan, the bulk of whose exports of caracul hides were sent to the United States, and the

Anglo-Egyptian Sudan, whose limited imports from hard currency countries were covered by its exports of gums and skins. The deficits were met in Egypt, Iran and Iraq by the conversion into dollars of part of the releases from sterling balances, and in Syria and Lebanon mainly by investments of oil companies and remittances from emigrants. The dollar deficits of Israel in recent years were met from donations raised in the United States and from an Export-Import Bank loan. In Saudi Arabia, revenues from the oil companies more than covered imports from the United States and other payments to that country. The dollar deficit of Turkey was met largely by borrowing from the Export-Import Bank and by grants and credits of the Economic Cooperation Administration. In recent years Turkey's shortage of sterling has been more acute than its shortage of dollars.

The Middle East region as a whole has long been a net debtor on capital account, though its obligations have not been large.¹⁸ During the war years, the countries of the region accumulated substantial amounts of foreign exchange, mainly sterling, and gold reserves (see table 45). At the same time part of the foreign capital invested in the region was repatriated. Recently, owing to the decline of the foreign assets of the region and increasing foreign investments and borrowing from abroad (see table 44), the net indebtedness of the region has once more increased, though it has not yet reached its pre-war level.

Inflationary Pressures and Deflationary Tendencies¹⁹

During the Second World War, the Middle East countries, in varying degrees, experienced severe inflationary pressures, which relaxed after the end of hostilities. In the post-war period renewed inflationary pressure has made itself felt in some countries, especially in Turkey and Pal-

estine and Israel, while in others, such as Lebanon, Iran and Syria, deflationary trends have prevailed in recent years. Even in countries where prices increased the least, their rise between 1939 and 1949 was distinctly greater than in the United Kingdom and the United States, the main sup-

¹⁸ In 1938, long-term investments in the countries of the Middle East were estimated at about \$1,500 million, or about 2.7 per cent of the long-term foreign investments of the world. This total included the following: Turkey, \$590 million; Egypt (including Suez Canal), \$513 million; Iran, about \$140 million; Saudi Arabia and Bahrein, about \$60 million; Iraq, Palestine, Syria and Lebanon, \$137 million. The only Middle Eastern

country with substantial long-term investments abroad was Egypt, which had \$106 million. See Cleona Lewis, *The United States and Foreign Investment* (Washington, D.C., 1948).

¹⁹ For further details on inflationary pressures and deflationary tendencies in the Middle East during and after the Second World War, see Research Memorandum No. 16.

pliers and customers of the region. Table 50 shows both the unevenness and the size of the increase in the cost of living in various countries of the Middle East during the past decade.

WAR PERIOD

During the war, the major cause of inflation in the countries of the region, with the exception of Turkey, was the increase in demand resulting from the large additional purchasing power arising from expenditures of the Allied troops stationed in the Middle East (see table 46). These expenditures were financed by issuing local currency, covered by sterling balances which the Allied authorities deposited in London for the account of the issuing agencies of the Middle East countries. Foreign troops were not stationed in Turkey, but large pre-emptive purchases at high prices by the governments engaged in the war caused the value of Turkish exports to rise, and from 1940 to 1945 the country's foreign trade resulted in a net export surplus of £T326 million and a corresponding increase in incomes. The increase in income in the region was only partially offset by the budgetary policy of the governments, the reduction in investments and the increase in import surpluses.

Most of the countries had budgetary surpluses during the war; substantial deficits which appeared in Iran and Turkey at the beginning of the war were later reduced, and therefore affected prices only during the early stages of the inflation. (Table 47 shows government revenues and expenditures.) In spite of the creation of new enterprises to meet war-time needs, investments as a whole were reduced, since construction decreased sharply and development plans were slowed down or stopped. Although the quantity of imports diminished considerably, higher import prices and a lower level of exports caused the import surpluses to increase, except in Turkey.

The curtailment of supplies contributed to the inflationary pressure; the shrinkage in the quantity of imports in all the countries of the region was only partially offset by diminished exports and by some increase in the domestic production of consumer goods. Except in Turkey, agricultural production was slightly above the pre-war level, owing to the extension of cultivated areas, which

more than offset the decrease in yields. Industry expanded under the stimulus of increased demand and the absence of competition. The inadequacy of supply was intensified by speculation, hoarding and the shortage of transport.

The governments attempted to relieve inflationary pressures by increasing taxation, improving supply and controlling the distribution and prices of goods. These steps were not ineffective; the most successful aimed at the development of agricultural resources and the reduction of demand by sales of gold and increases in taxes. Measures which attempted direct or indirect control by means of subsidies, price ceilings and restriction of profits were generally unable to stop or even retard the advance of prices; the main exceptions were in Palestine and the Anglo-Egyptian Sudan. Such measures met with special difficulties, owing to the character of the region—for example, the illiteracy of a great part of the population and the extensive territory to be covered—and they required organization and skilled administrative personnel, which it was difficult to obtain or develop at short notice during the war.

POST-WAR PERIOD

During the post-war period more diversified trends have been in evidence. The pattern of price movements has not been uniform in the different countries of the region owing to several factors: the unequal pressure of population, which was heavier in Israel and Jordan than in the other countries; divergent budgetary policies, which resulted in deficits in some countries and surpluses in others;²⁰ inequality in the rate of investment; the varying repercussions on Middle Eastern foreign trade of the Arab-Israeli war; and the dissimilar impact of monetary devaluations, arising from the fact that certain currencies followed the pound sterling while others were not devalued, or were devalued to a lesser extent.

The post-war period in Egypt has been characterized by a tendency towards stabilization; price fluctuations have not been extreme. From January

²⁰ For details on public finances of the Middle East, see Research Memorandum No. 17, which deals with public finance problems in the region and contains an analysis of current trends in Afghanistan, Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria and Turkey.

1945 to July 1950 the monthly cost of living index varied between the extreme limits of 298 (September 1945) and 273 (August 1949), displaying a maximum variation of less than 5 per cent from the average (June to August 1939=100). This relative stability of prices resulted from the balance between inflationary pressures and alleviating factors until the devaluation of the pound sterling in September 1949. On the whole there have been few important changes in the factors involved, apart from those resulting from variations in agricultural production—which was slightly above pre-war level—and the increase in the population. In spite of the sharp rise in cotton prices and the difficulties of obtaining supplies from foreign markets during the immediate post-war period, the balance of trade continued to show import surpluses. Despite appreciable changes in the volume of government revenue and expenditure, which was roughly four times the pre-war level, all the budgets, with the exception of that for 1948-49, resulted in surpluses. While activity in the building industry increased substantially, the rate of total private investment remained fairly stable. Industrial production maintained, and may even have surpassed, the level reached during the Second World War.

These characteristics are in marked contrast to the situation in Egypt during the pre-war years. The budgets then showed deficits, and the balance of trade usually indicated an export surplus. Industrial production was on a smaller scale. It is chiefly this reversal of tendency which explains why, after maintaining a rising movement which continued until 1945, the price curve tended to remain level in the succeeding years.

After the devaluation of the pound sterling in September 1949, the cost of living showed a distinct tendency to rise; the index was 292 in July 1950, compared with 274 a year earlier, the highest level since 1946. This increase was mainly caused by the rise in the price of cotton and the surplus of exports in the first months of 1950. Agricultural production in 1949 appears to have been slightly lower, on the whole, than in 1948. A deficit estimated at £E29.8 million was provided for in the budget for the 1949-50 financial year but does not seem to have materialized.

In Iran, after a temporary recession, prices showed a distinct upward tendency during the post-war period. From July 1946 to August 1949 the cost of living rose 36 per cent. This was due mainly to poor crops in 1947 and 1948 and also to increases in the local expenditures of the oil company; the moderate budgetary deficits which appeared after the surplus of 1945-46 did not exceed 5 per cent of expenditures until 1949-50,²¹ but it should be noted that about 15 per cent of the budget receipts were oil royalties. The combined effects of the various factors which tended to increase demand or to reduce supply were only partially offset by expanded imports of consumer goods and somewhat increased industrial production.

In 1949 and at the beginning of 1950 the upward trend in Iran was replaced by a sharp fall in prices, and economic activity slackened considerably. The main cause of this reversal was the change in foreign trade, which showed import surpluses on an unprecedented scale.²² This increase in imports resulted from the decline in the free exchange rate of the dollar and sterling on the Iranian market, from large-scale imports of grain, which offset the effects of the disastrous crop of 1949, and from the more liberal import policy of the Government designed to reduce the cost of living.

The budgetary deficit of 1949-50 appears to have been about the same as during the preceding year; the pressure of investments was light on account of delay in carrying out the seven-year plan.

Prices in Iraq, after a continued decline after the end of the war, took an upward course in 1947 and the beginning of 1948, owing mainly to the poor crop of 1947, the appearance of budgetary deficits—in contrast with war-time surpluses—and inadequate imports of consumer goods. The situation changed considerably, however, with the outbreak of the Arab-Israeli war, when business slowed down and unemployment increased. The effects of a large budgetary deficit, reduced import surpluses and the poor crop in 1948 were more than offset by the sharp con-

²¹ From figures given by Bank Melli.

²² Excluding petroleum, since the receipts of sales by the oil companies do not directly accrue to the national income.

traction in private investments, the embargo on exports of certain foodstuffs and the prospect of an abundant 1949 crop, which caused a marked decline in prices at the end of 1948 and in 1949.

After the devaluation of the dinar, which followed immediately on that of the pound sterling, exports increased considerably, and the cost of living index rose slightly at the end of 1949 for the first time in 15 months and fluctuated during the first few months of 1950. The improvement in the crops, which were distinctly greater in 1949 than in 1948, except for dates, and in the budgetary situation, tended to relax the pressure on prices during the course of 1949. The utilization of the US \$12.8 million loan of June 1950 from the International Bank for Reconstruction and Development, and the construction of irrigation and transport development projects, may be expected to stimulate economic activity.

In Israel, the Arab-Israeli war tended to increase the inflationary pressure which had prevailed since the outbreak of the Second World War. The cost of living index reached a peak in April 1949; though it decreased somewhat during the second half of 1949 and the beginning of 1950, the threat of inflation remained. The absorption of a large number of immigrants required large-scale investments, which have been estimated at £1 86 million in 1949,²³ or approximately 40 per cent of the national income. This powerful inflationary factor was offset to some extent in 1949 and the first half of 1950 by the consequences of the Arab exodus from Palestine at the beginning of the period, which tended to decrease demand; by the large import surpluses, only 12 per cent of imports being covered by exports in 1949; and by the rationing and price control policy followed by the Israeli Government. With the reduction of import surpluses during the second half of 1950, owing to balance of payment difficulties, inflationary pressures increased.

In Turkey moderate inflationary pressures were felt during the post-war period. Cereal crops were

below the level of 1934-38, except in 1948/49. Other crops were better, however, and industrial production increased. The financing of investments from the general budget,²⁴ together with considerable military expenditure, gave rise to budgetary deficits. These deficits remained fairly moderate but had to be covered, in part, by sales of bonds to the Central Bank, especially during 1948. While aid under the European Recovery Program has accelerated investments, only part of them were covered by the programme. External trade contributed towards the relaxation of inflationary pressure, since imports increased when controls were relaxed following the devaluation of the Turkish lira in September 1946.

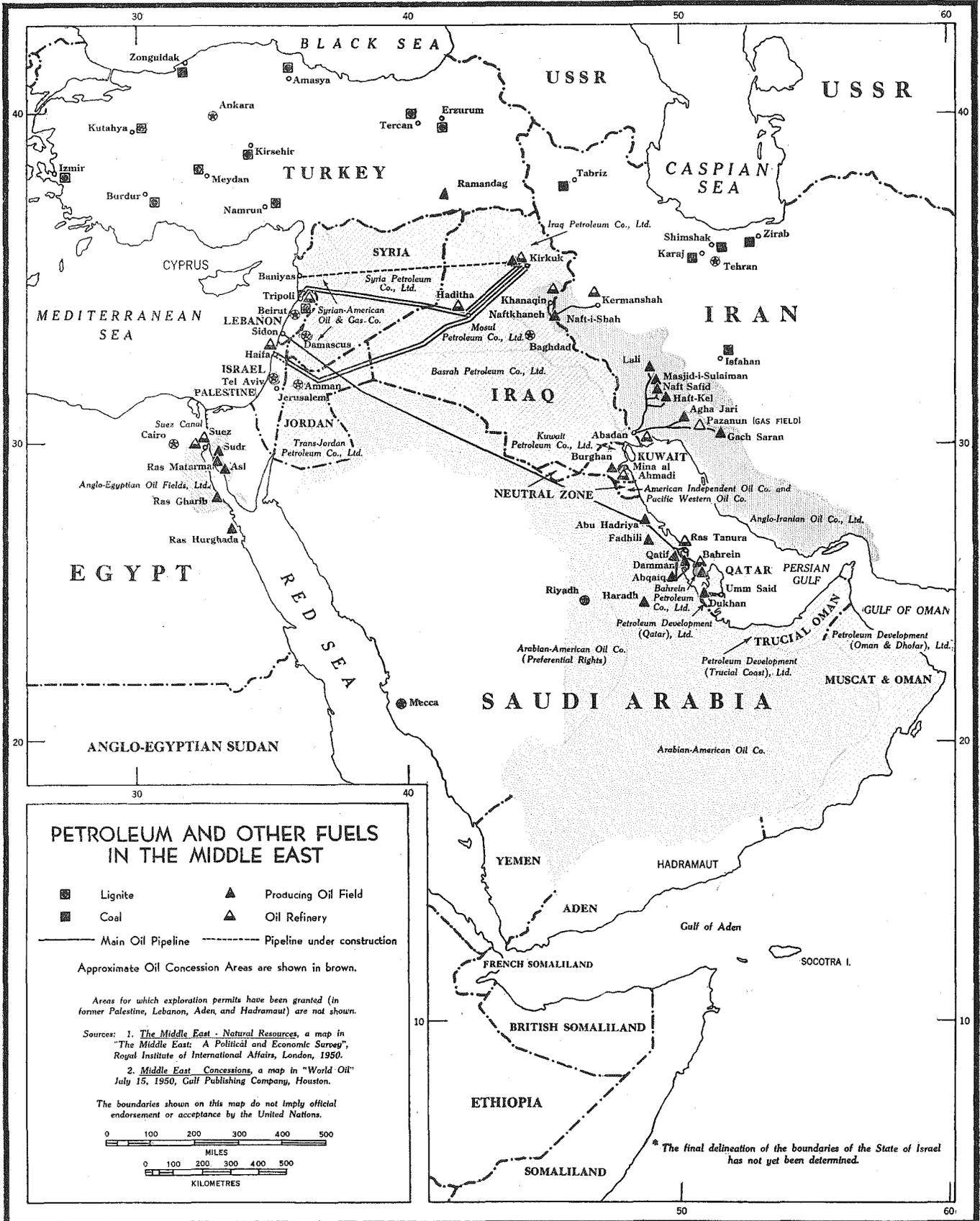
During 1949 the cost of living index rose to an average of 375 compared with 343 in the preceding year (1939=100). Inflationary pressure was limited and was a result mainly of the poor cereal crop of 1949, which necessitated the importation of wheat. Nevertheless, the import surpluses were considerably lower than in the preceding year. Turkey did not devalue its currency after the devaluation of sterling in 1949, but this fact did not lead to a decline in exports during subsequent months.

From the investment figures in the Turkish budget and the increasing amount of aid under the European Recovery Program, it appears that the volume of investments has expanded, and that gross investment amounted to about \$250 million in 1949, of which the major part was financed by domestic resources. The pressure of these investments has to a certain extent been offset by the fact that they were financed in part by the Economic Cooperation Administration, and by the improvement in the budgetary situation in 1949. Following a decline in wholesale prices, the cost of living also decreased after the beginning of 1950, reaching 339 in September compared with 379 the previous year. This decline is attributable mainly to larger import surpluses and to the abundant crops of 1950.

²³ *Israel Economist*, January 1950.

²⁴ £T94 million in 1947 and £T166 million in 1948.

Economic Cooperation Administration, *Country Data Book, Turkey*, March 1950.



Chapter 3

PETROLEUM¹

The Middle East probably has the greatest oil deposits in the world; the proved reserves constitute two-fifths of the world total, and the geological formation makes low-cost production possible. Oil is, however, unequally distributed over the region. Hence, while oil plays a leading part in the economy of the countries bordering the Persian Gulf, its contribution to the other Middle East countries is slight or negligible.

The existence of oil in the region has been known since ancient times, but Middle Eastern countries lack the technical skill necessary for its exploitation, as well as the large capital investment required not only for extracting the oil but for transporting it by pipeline over long distances to ports. The industry has been established in the region by foreign interests, mainly British and American, which brought capital estimated at over a thousand million dollars, introduced necessary skills and provided markets. Oil production, begun shortly before the First World War, has shown an almost continuous expansion, accelerated during and after the Second World War. The region accounts at present for over one-sixth of total world production.

The terms of their concessions (see table 22) give the foreign companies a freedom of action which substantially insulates them from the economy of the Middle Eastern countries. Output is determined by considerations of world, rather than local, conditions. Moreover, it is the companies which provide and own the means of transport, whether pipelines or tankers, to carry Middle Eastern oil to its markets, and it is they who secure these markets, both in western Europe and in other parts of the world. The foreign exchange derived from sales of oil accrues to the petroleum companies, and is in large measure retained by them.

Hence, the impact of oil operations on Middle Eastern producing countries is mainly indirect, and the benefits derived by them are limited. The benefits consist of royalties and other payments to governments, foreign exchange spent by oil companies in the course of their operations, employment provided for workers, technical skills acquired by nationals employed by the oil companies and fuel provided for local consumption at reasonable rates.

World Position of Middle East Oil

PRODUCTION AND RESERVES

According to estimates for early 1949, proved oil reserves in the Middle East account for about 42 per cent of the world total, as compared with 35 per cent in the United States and 12 per cent in Venezuela (see table 23); most of the remainder are in the Union of Soviet Socialist Republics and Indonesia. These Middle Eastern reserves are

located mainly on the shores of the Persian Gulf in Kuwait, Iran, Iraq and Saudi Arabia. The potential reserves are believed to be much larger than the known reserves.

The production of crude petroleum by major oil producing countries in the Middle East, and in the world as a whole, is shown in table 24. In pre-war years, the region supplied a small portion—3.6 per cent in 1928 and 6.4 per cent in 1938—of the world crude oil output, excluding that of the Union of Soviet Socialist Republics. Middle East production amounted to 16 million

¹ For further details see Research Memorandum No. 18, "Petroleum in the Middle East". Because of the difficulty of obtaining official information on this subject, other than official sources have sometimes been used, as the footnotes indicate.

metric tons in 1938; since 1944 it has more than tripled, reaching 58 million tons in 1948, 71 million in 1949 and about 88 million in 1950. The region contributed 13.1 per cent of the world supply (excluding that of the USSR) in 1948, and 16.4 per cent in 1949, compared with 6.7 per cent in 1944. At the end of 1950, the Middle East was producing at a rate equal to almost one-fifth of the world total.

The main producers in 1949 were Iran, traditionally the most important in the region, Saudi Arabia and Kuwait. Iraq, which before 1945 had been the second largest producer, is now the fourth. Other producers are Egypt and Bahrein; Qatar and Turkey have just started production.

The present volume of Middle Eastern crude oil production is not indicative of the region's capacity to produce. Most of the important fields in the region have been discovered only within the past fifteen years, and during the war the execution of plans for expansion of the industry were delayed because of shortages of materials, equipment and man-power. Inadequate transport facilities were another major obstacle. At present there are large-scale plans to develop both the oil resources and the transport facilities of the region in order to enable Middle East output to meet an increasing proportion of the growing world demand for petroleum.

REFINERIES

Refining capacity and the production of refined oil products in the Middle East have increased considerably during the past decade. This is owing to the expansion during the war and the post-war period of the refineries in Abadan, Iran; Haifa, Israel; Bahrein and Suez; and the construction of refineries in Ras Tanura, Saudi Arabia; Tripoli, Lebanon; and Kuwait. At the end of 1948 there were twelve refineries in the region with a total daily capacity of about 940,000 barrels, compared with 830,000 barrels at the end of 1947. The latter figure was about twice as large as that of the pre-war period. More than half the refining capacity of the region was then located in Iran, where the Abadan refinery, the largest in the world, accounted for 500,000 barrels of processing capacity. In 1949 a refinery with a daily capacity of 25,000 barrels was

built at Mina al Ahmadi, Kuwait; plans were under way for the expansion of the Suez refinery, owned by the Egyptian Government, and of several other refineries in the region.

Despite considerable expansion in the refining capacity of the region, the amount refined remains substantially below the crude production of the area. In 1949 Middle East refineries were capable of processing about 300 million barrels, of the 530 million barrels of crude production (see table 26). The remainder was exported in crude form, mainly to Europe and North America, where it was refined.

PIPELINES

Lack of adequate transport facilities has hampered the expansion of oil production in the Middle East. To remove this obstacle, the petroleum companies of the region have undertaken the construction of ports and pipelines. The chief ports which the oil companies utilize to handle the exports of the region are Haifa, Sidon and Tripoli on the eastern Mediterranean coast, and Abadan and Bandar Mashur in Iran, Ras Tanura in Saudi Arabia, Mina al Ahmadi in Kuwait, Umm Said in Qatar and Bahrein on the Persian Gulf. These ports are the terminals of pipelines or possess refineries.

Certain petroleum companies of the region, in order to expand their exports and to reduce transport charges, have undertaken the construction of large pipelines from the oil-fields to the eastern Mediterranean coast. Pipelines from Kirkuk to Tripoli and from the Arabian oil-fields to Sidon have been completed, and plans are under way for the construction of others. In addition, there are numerous small pipelines connecting the oil-fields of Bahrein, Iran, Kuwait, Qatar and Saudi Arabia with their Persian Gulf ports (see table 25). Since the Arab-Israeli war, the Kirkuk-Haifa pipeline has been closed.

COSTS AND PRICES

There are indications that the production costs of crude petroleum in the Middle East are considerably below those of other major producing areas, in spite of the large capital investment required for extraction and transport. Almost all Middle East petroleum is extracted from flowing

wells, and the equipment is of high quality. The production rate of these wells, which aggregated 396 at the end of 1949, is high; their daily average output was about 3,728 barrels,² compared with an average of 11 barrels for 450,000 wells in the United States, and 21 barrels for the world. Labour costs are low, and petroleum production per worker is comparable with that of the United States and Venezuela. In the Middle East, royalties and tax payments ranged between 13 and 35 United States cents per barrel in 1948, while in Venezuela the average for twelve major oil companies was 86 cents. Recently, royalty rates have been raised in several Middle Eastern countries, but their level is still well below that of Venezuela.

Information concerning the actual cost of production of petroleum is not available for most of the Middle Eastern countries. The production cost of crude petroleum at the end of 1947 in Saudi Arabia was estimated at 24 cents per barrel, excluding a royalty payment of about 21 cents and the cost of transport to the refinery of 2.5 cents.³ The cost of production in Saudi Arabia may be regarded as roughly representative of the cost of crude production in other major oil producing countries of the Persian Gulf. In Venezuela the average cost of crude production of the twelve major oil companies in 1948 was about 68 cents per barrel, excluding taxes and royalty payments.⁴

The geographical position of the Persian Gulf oil-fields necessitates heavy transportation costs in order to reach world oil markets. The greater part of Middle Eastern oil passes through the Suez Canal and has to pay a toll, which in August 1949 amounted to 18 cents per barrel. As a result, the transport cost of oil in 1949 from the Persian Gulf to Southampton, England, was from US \$1.04 to \$1.08 per barrel, compared with 50 to 55 cents a barrel from Puerto La Cruz, Venezuela, to Southampton.⁵

² At the end of 1949, the average production of the 10 producing wells of Iraq was 11,200 barrels per day; of the 73 wells of Iran, 8,192 barrels; of the 76 wells of Saudi Arabia, 6,084 barrels; of the 61 wells of Kuwait, 4,447 barrels; of the 67 wells of Bahrein, 449 barrels, and of the 109 wells of Egypt, 407 barrels. Gulf Publishing Company, *World Oil*, 15 July 1950 (Houston, Texas).

³ United States Senate, Eightieth Congress, Hearings before a special committee investigating the national

Until recently, crude oil from the Persian Gulf was generally sold in Europe priced on a delivery basis, whereby it met the competition of Caribbean and Gulf Coast shipments at individual destinations. In early 1949, however, Middle Eastern oil was sold at a general price of US \$1.97 per barrel for 33 degree gravity crude, f.o.b. tanker Persian Gulf, with a 2 cent differential per degree. Later, in mid-1949, this price was cut by 15 cents, and in September 1949 a further 13 cent reduction brought the price of crude petroleum down to \$1.69 per barrel for 33 degree gravity crude, f.o.b. tanker in Persian Gulf ports. This may be compared with the price of \$2.59 per barrel for crude from Venezuela, f.o.b. Puerto La Cruz, and \$2.72 for east and west Texas crude, f.o.b. Houston.⁶ In view of the low costs of production, however, present prices of Middle Eastern oil still leave a large margin of profit.

DEMAND AND SUPPLY

During 1949 only two major geographical regions produced more petroleum than they consumed—the Middle East and the Caribbean area. All other regions, except the Union of Soviet Socialist Republics, obtained part of their requirements from these two areas. The importance of Middle East oil in world markets has increased rapidly. In 1946, the Middle East (excluding Egypt) had an exportable surplus of petroleum amounting to 545,000 barrels per day in comparison with 1,028,000 barrels per day in the Caribbean area, while in 1949 the corresponding figures, were 1,191,000 barrels and 1,251,000 barrels, respectively. In addition to its own requirements, which increased from 145,000 barrels per day in 1946 to 212,000 in 1949, the Middle East has met the main part of the petroleum deficits of Europe, the Far East and Africa.⁷ Recently there have even been shipments of crude oil to North America, despite the long sea haul. During 1949 and 1950, sales and prices of Middle Eastern oil were affected by the gen-

defence programme: Statement of vice-president of the Arabian American Oil Company, page 24978.

⁴ J. E. Pogue, *Oil in Venezuela* (Chase National Bank, New York, June 1949).

⁵ *Ibid.*

⁶ Prices published in *Oil and Gas Journal* (Tulsa, Oklahoma).

⁷ *World Oil*, 15 July 1949 and 15 July 1950. Data are not available to show the destination of oil exports from most of the Middle East producing countries.

eral dollar shortage and by the devaluation of several European currencies. It is expected that more Middle East oil will reach world markets as pipeline facilities to the eastern Mediterranean

become available, replacing the tanker transport of 3,600 miles by little more than 1,000 miles of pipeline and eliminating the payment of Suez Canal tolls.

Importance of Oil in Economy of the Middle East

NATIONAL INCOME

The contribution of oil to the economy of the various Middle Eastern countries differs widely. In such countries as Iran and Iraq, oil constitutes one of many sectors of the economy and accounts for only a small part of the national income, while it plays an important part in the balance of payments and the government budget. Thus, in Iran direct payments by the oil industry to the Government, together with local expenditures, such as wages and purchase of materials, do not exceed 10 per cent of the national income; of this total, royalties represent a third. Similar proportions obtain in Iraq. In Bahrein and in Kuwait, on the other hand, oil extraction ranks higher than all other economic activities together. In Kuwait, the number of local workers employed in the petroleum industry, and their dependants, at present constitute about a fifth of the total population; in Bahrein they represent a fourth.

The oil companies have contributed directly in varying degrees to the development of the areas in which they conduct their operations. They have often built roads, cleared large areas of the countryside, organized transport facilities and established new settlements. In some countries, the oil companies have assisted the government, by providing technical advice and advance payments on account of future oil royalties, in the implementation of the country's general development plans. Thus, in Saudi Arabia and Bahrein, the companies have provided technicians, machinery and seeds for agricultural programmes, have installed medical and educational facilities and have constructed works for public use.

⁸ During 1950, the terms of concession in Saudi Arabia were modified so as to make the total amount received by the Government in the form of royalties and taxes equal to one-half of the net operating income of the Arabian American Oil Company, after deductions of United States taxes; it is also understood that the royalty

GOVERNMENT BUDGETS

During the post-war years, direct payments by oil companies to the governments of the major producers have risen in all Middle Eastern countries except Iraq. From 1947 to 1949, such payments increased about 40 per cent in Iran, were doubled in Saudi Arabia and expanded fivefold in Kuwait. In Iraq, there was a decline, owing mainly to the closing of the Haifa pipeline, but this was more than offset by the opening, in 1949, of a second pipeline to Tripoli. A further large increase is anticipated in the future, as a result of greater output and higher royalty rates.⁸

Several Middle Eastern governments depend on oil royalties to balance their budgets; indeed, in the Arabian peninsula oil provides more than half of the government revenues. On the other hand, such large and relatively developed countries of the region as Egypt and Turkey receive little or no revenue from oil.

In the past decade, owing to the increase in government expenditure and the difficulty of importing capital equipment, the revenues from oil resources have been used in great part to finance the operating expenses of the governments. The relation of this income to total budget revenues in the past few years is shown in table 27.

The realization that oil is a dwindling natural asset and that its proceeds should be used to increase the country's productive capacity has prompted some of the major oil producing countries to draw up development plans to be financed to a great extent from oil revenues. On 15 February 1949, the Iranian Parliament approved a bill for a seven-year development plan for the financing of which all income derived from the pay-

rate (expressed in dollar terms) paid to the Bahrein Government by the Bahrein Petroleum Company was approximately doubled. In Iraq, the royalty rate received by the Government from the Iraq Petroleum Company, was raised by 50 per cent in 1950.

ments of the Anglo-Iranian Oil Company will be earmarked (article 5 of the law on the seven-year plan). Similarly, it is expected that in Iraq a large part of the cost of the schemes prepared between 1946 and 1948 by the Irrigation Development Commission will be met from oil royalties or loans secured by oil royalties. The Government of Saudi Arabia likewise has a number of projects for the development of the country, to be financed primarily by income from oil activities.

FOREIGN EXCHANGE

Most of the petroleum companies which operate in the Middle East and are owned by foreign interests have, in many cases under their concession agreements, the right to dispose freely of their foreign exchange earnings. Thus, the foreign exchange proceeds of oil exports are not under the control of the governments, and a considerable part of the earnings of oil companies do not return to the producing countries, except in the form of investments.

Nevertheless, the oil companies play an important role in the balance of payments of oil producing countries of the Middle East. They supply substantial amounts of foreign currency to the local economy in the form of direct payments to governments, local expenditure on production and construction and advances to governments on account of future income from the petroleum companies.

This has made possible a large expansion in the import trade of the oil producing countries, but a part of the increase has consisted of food, luxuries and manufactured goods, part at least of which could be produced locally, rather than capital goods and machinery. In recent years the foreign trade balances of the oil producing countries have shown an increasing deficit (see table 28).

SOURCE OF FUEL

Petroleum constitutes by far the most important source of energy used in the Middle East countries. It is cheaper in the Middle East than other fuels, and its price compares favourably with that of petroleum in other countries, especially non-producing countries. But in several countries prices are raised considerably by excise duties. Most of the oil concessions and pipeline

agreements contain provisions for supplying the oil requirements of the country, but the demand for petroleum and its products in the region, though increasing, is small. In irrigation, agriculture and mining, many of the operations are still largely performed by primitive methods involving the use of human energy or draught animals. Petroleum provides a source of fuel in the Middle East for motor vehicles, domestic uses, production of electricity in the cities and, in some countries, for agricultural pumping machinery and small-scale industries. A significant part of the local consumption of oil meets the needs of the oil companies themselves and of bunker supplies for ships passing through the eastern Mediterranean and the Red Sea.

EMPLOYMENT

In the course of their activities, petroleum companies in the Middle East employ a certain number of workers and provide some technical training. The labour-absorbing capacity of the industry is, however, by its very nature, limited; therefore, except in Bahrein and Kuwait, the total number engaged in the oil industry constitutes only a small fraction of the population. Even if fields complementary to petroleum production proper are included, the total employment is not great. Nevertheless, in several countries of the Middle East the oil companies are by far the largest employers of industrial workers. The petroleum companies in these countries have directly provided jobs for more than 100,000 local workers (see table 29).

In the Middle East as a whole, about 85 per cent of the total number of petroleum company employees are nationals of the countries concerned. In February 1947, a resolution recommending the employment of nationals wherever possible was adopted by the Petroleum Committee of the International Labour Organisation, and in some concession agreements provisions have been inserted in favour of employing local workers. One of the main obstacles to the employment of nationals is the shortage of workers with the required industrial background, at least in the early stages of exploration and production.

The absence of technical training and experience among the workers of the Middle East has

made it necessary for the petroleum companies in the region to promote the training of skilled and partially skilled workers and supervisors, with emphasis mainly on methods of increasing productivity and of enforcing safety standards. The major training and educational programmes of the oil companies include general education to eliminate illiteracy, together with vocational training and some education at the college level.⁹ While the governments of the region would wish more to be done in this direction, the training programmes have facilitated the employment of an increasing number of nationals in the oil industry and have developed mechanical aptitudes and industrial experience among the workers. The competition between oil and other industries for the employment of the limited number of Middle Eastern skilled workers has thus been reduced to a great extent, and the development of other branches of the national economies hindered as little as possible.

GENERAL SIGNIFICANCE

The development of the region's petroleum resources has made a significant contribution to the economies of several Middle Eastern countries; it is of importance for the appreciation of the region's possible economic future that the magnitude of this contribution be clearly realized. The countries deriving substantial benefits from oil operations cover, among them, less than 30 per cent of the population of the region. Furthermore, except in the smallest countries, revenues from oil do not account for more than a tenth of the national income. Finally, the royalties and other revenues accruing from oil have been used to only a limited extent for development

⁹ In this connexion see International Labour Organisation, *Labour Conditions in the Oil Industry in Iran* (Geneva, 1950).

purposes. There is, therefore, a striking contrast between the huge potential wealth represented by the oil reserves of the Middle East and the current benefits so far derived by the countries to which the reserves belong. At their present stages of economic development, these countries are little able to benefit from the economic activity which centres around the petroleum industry. Few of the industry's needs in a particular country can be met from the production of that country; the employment opportunities which arise for local labour are limited to relatively lower grade employment, and the availability of a comparatively cheap source of energy has little significance because of the small scale of mechanized industry. The technological gap between local industries and the petroleum industry will have to be reduced before the situation can be greatly changed and before the petroleum industry can make a large contribution to the region's economic development. It is true that present indications point to a marked increase in oil revenues during the next few years both because of the large expansion planned by the companies and because of the increased royalty rates. New agreements on royalties and taxes have recently been concluded, or are being negotiated, between the companies and the governments of most of the major producing countries. While such increased benefits are manifestly important, they should not be regarded as constituting the major benefit which the industry could make towards the economic development of the region. The major benefit would be derived when other steps are taken to ensure the general economic development of the countries within the region so as to raise the technological level of the area sufficiently to make possible a closer interaction between the oil industry and the rest of the economy.

Chapter 4

ASPECTS OF THE ECONOMIC DEVELOPMENT OF THE REGION

The Second World War, while stimulating certain fields of activity, such as industry, and enabling some countries to accumulate large foreign exchange reserves, had a disruptive effect on agriculture in many countries, halted or slowed down development projects, prevented the replacement of worn out equipment and, by giving rise to marked inflation, accentuated the inequalities of the social structure and rendered it more difficult for the governments to take positive or remedial action. More recently the consequences of the Arab-Israeli war have involved a further drain on government resources.

If in recent years there has been little basic change in the economic structure of the Middle East, over the last three or four decades measurable progress has been made in the economic field and rather more in respect of social conditions. In agriculture there has been a large increase in output as a result of the introduction of new crops, the improvement of techniques and the extension of cultivation. Thus, in Egypt, between 1921-23 and 1937-39, the yield of cotton increased by 49 per cent, that of barley by 31 per cent and that of wheat by 26 per cent; these increases were accompanied by improvements in quality. In Palestine, the citrus industry, introduced late in the nineteenth century, expanded rapidly, providing the country with its main export commodity, and important progress was made in other branches of agriculture, while in Lebanon there was a similar growth in fruit and vegetable production. In Turkey, Syria, Iran and Iraq the cultivated area was greatly extended—in Iraq owing to increased irrigation—with a corresponding expansion in output. In industry, the most spectacular increase has taken place in oil extraction and refining, but there has also been progress in other branches of mining and manufacturing. Before the First World War, modern industry could hardly be said to

exist in the Middle East. Today in most countries industry is able to meet a good part of local requirements, and a few industries, notably cotton yarn in Egypt, diamonds in Israel and silk and rayon textiles in Syria, provide supplies for export. Transport systems, while not yet adequate for the region's needs, have in most countries greatly improved since the First World War.

The benefits of this economic development have, to a large extent, been offset by the rapid growth of the population. Until the outbreak of the Second World War, however, it appears that, taking the region as a whole, production was increasing faster than population and that investment was being made on a sufficient scale to maintain or accelerate the rate of economic growth.

The increase in the population reflects the improvement in social conditions which has taken place in the Middle East during the past thirty or forty years. Health conditions, though still low if measured by western standards, have improved. Epidemics which were formerly frequent and devastating are now rare; when they do occur, they are quickly localized and eradicated, as when a cholera epidemic broke out in Egypt in 1947. Education, starting from very humble beginnings, has rapidly progressed at both elementary and higher levels, while other social services are being introduced or broadened.

Among other changes, administrations operated on more modern lines are very gradually being built up. Fertile areas which were formerly neglected because of lack of security are now being developed, for example, El Jezira in Syria. Perhaps no less important is the fact that almost all the countries of the region have recently achieved political independence and can now devote their attention to their own internal problems. In other words, the political, social and cultural preconditions for economic development

are gradually improving, thus reducing one of the greatest obstacles to economic progress in all under-developed countries.

Much of the economic progress of the region has been achieved by private initiative. The whole of Egyptian, Israeli, Lebanese and Syrian industry is privately owned, and the agricultural progress of the region is largely attributable to individual efforts. In Israel, however, co-operatives manage 10 to 20 per cent of industry, while in agriculture co-operative and collective settlements (*Kibbutzim*) are the dominant forms. Some of the Middle Eastern governments have played an important part in the industrial development of their countries with a view to accelerating the process of economic development. Most of them have built and maintain or supervise the major irrigation works and are responsible for much of the agricultural research; in the field of transport and communications they have assumed responsibility for railway operation, account for almost half the mileage flown by air lines in the region and maintain the telecommunications system. In recent years some governments have also created, or participated in, agricultural, mortgage and industrial credit banks, as well as central banks charged with management of currency, exchange control and execution of the government's financial policy.

Some of the governments, notably Turkey and Iran, own and operate a substantial part of the industrial enterprises. Thus, in Turkey the government owned and managed Sumer Bank and Eti Bank, founded in 1933 and 1935, respectively, at present own and operate almost three-quarters of the country's industry, including all the heavy industry. In Iran, government owned

and operated industries account for almost a third of the total, excluding petroleum and handicrafts; they cover all the country's output of sugar, tobacco and cement, and a considerable portion of its minerals, textiles and chemicals.

In the field of social welfare, though the social services are still in the earliest stages of development, governments are responsible for a substantial share. In almost all the Middle Eastern countries, central governments provide the greater part of educational facilities and manage most of the hospitals and dispensaries. In many countries, the agricultural co-operative movement has been government fostered.

These activities, though varied, have not, however, reached the core of the economic difficulties of the region. Following the Second World War, some governments sought to open the way for reform on a scale commensurate with the magnitude of the problems confronting them. This movement was stimulated by the attainment of political independence and the general increase in social consciousness. It has usually, though not always, expressed itself in large-scale development plans which require substantial resources, constancy of purpose and an efficient administrative mechanism; the implementation of such plans encounters many difficulties, and they are now being carried out with varying degrees of success. The problem of development has a somewhat different aspect in Israel, where it is rendered more difficult by large-scale immigration. On the other hand, the Government of Israel can draw on a larger reserve of technical and entrepreneurial skill than that of other Middle Eastern countries, while the amount of foreign capital available to it is considerably greater.

Poverty and Potentialities of the Middle East

In spite of the real improvement achieved during the past three or four decades, the Middle East is still an under-developed region with a very low standard of living. This is reflected in all available evidence: in the high mortality rate and short life expectancy of the mass of the population; in inadequate food consumption, clothing and housing; in low national incomes and the small volume

of savings and investments; in the high incidence of illiteracy and the lack of technical advancement; in the low degree of capitalization and the small amount of energy resources available to supplement human labour.

By contrast, the Middle Eastern countries possess known resources of great value—in the

unused lands of the region, the petroleum reserves and the rivers and river valleys capable of further development. Large stretches of land which were cultivated in ancient times in the Tigris and Euphrates area are now left fallow, and, while estimates regarding the possibility of bringing them into use vary widely, it is generally recognized that they could support a much greater population than at present. In other areas, for example in Turkey and Iran, a large part of the arable land is not cultivated. In most of the Middle Eastern countries, moreover, it would be possible to attain a higher output if methods of cultivation were improved. In 1948 the Director-General of the Food and Agriculture Organization of the United Nations stated that "It is believed that, owing to the unique natural resources of this region—the vast areas of potentially fertile land, water for irrigation, a climate which makes possible two or three crops per annum, abundance of oil as a source of power, and the willingness of all countries to join forces and co-operate in developing these countries—increased production

of food to relieve the world shortage can take place more quickly in this region than in any other".¹

The Middle East has two-fifths of the proved world oil reserves but at present benefits from them only indirectly. Full use of such wealth would enable the producing countries of the region to obtain an important part of the capital needed for economic development and the energy required for the expansion of agriculture, industry and transport.

The rivers of the region, if used more fully for irrigation purposes and for the production of electricity, could become the basis of important developments. While the Nile makes a substantial contribution to the economy of its valley, the Jordan, Orontes, Litani, Tigris, Euphrates and most of the other rivers are utilized to only a limited extent. Mineral resources may also exist, but resource surveys have not been made, and prospecting has just begun in most of the countries of the region.

Obstacles to Economic Development

Realization of the potentialities of the region is seriously impeded by a number of obstacles, the more formidable because they reinforce one another. Although the difficulties should not be minimized, experience indicates that a concerted approach through an integrated economic development programme may achieve significant progress in overcoming obstacles, since improvements in one field often make advances possible elsewhere; it should be possible for economic development programmes in the Middle East to make advances stage by stage.

The Middle East has been described as an example of a hand-to-mouth economy.² The vicious circle—lack of investment keeping output down and low output failing to provide the necessary surplus for investment—operates in the Middle East as in other under-developed areas. Low national incomes, unequally distributed among the population, result in a restricted volume

of savings, imperfectly channelled by under-developed money markets and financial institutions, and in a scarcity of long-term and medium-term credit, with its consequent shortage of investment. The gap created by the inadequacy of domestic savings has been filled to only a limited extent by foreign capital, which by its very nature can supplement, but not substitute for, local capital, while the contribution to the economy of the region of royalties paid by oil companies and of sterling balances has also been limited. The scarcity of investment funds is reflected in all branches of the economy: in the inadequate transport system, which in many countries retards production; in the primitive methods often used in agriculture; and in the low capitalization and productivity of industry. Moreover, financial deficiencies, together with the inelasticity of production, render the region highly vulnerable to inflation.

¹ Report to the Council of the Food and Agriculture Organization, Regional Conference for the Near East, 5 April 1948.

² Speech by Mr. A. Badre of Lebanon to the United Nations Economic and Social Council, 10 February 1948.

The Middle East plays a minor part in world trade, and the per capita value of imports and exports is low. The exports of the region consist of a small volume of a few primary products, the output of which is often conditioned by the weather and the price of which fluctuates sharply in international markets.

The poverty of Middle Eastern countries limits the scope of government action by restricting the size of the budgets. Moreover, the fiscal systems in general are not progressive; the bulk of the revenue is derived from taxes on consumption. Fiscal reforms have been undertaken or are being planned in several countries, notably Egypt, Iran, Israel and Turkey. In recent years, progressive income taxes have been introduced but, though such taxes now play a greater part in the fiscal system, they remain of minor importance (see table 49). A large share of expenditure is for administration and, in recent years, for rising military expenses (see table 48). In view of the small private capital market, public financing is bound to play a major role in the economic development of the region. Attempts have been made, with varying degrees of success, to float internal loans, but it is unlikely that the local markets can provide adequate funds. The countries which earn oil royalties, or which receive important assistance from abroad, are in a better position to carry out development programmes.

These economic obstacles are reinforced by social and political factors, some of which are being overcome gradually. The rapid growth of the population undoubtedly adds to the difficulties mentioned. Another major obstacle, the shortage of administrators, technicians and skilled workmen, is closely associated with the social structure; but the progress of education in most Middle Eastern countries is enlarging the number of trained personnel. The full utilization of river resources in the Middle East is possible only on the basis of international political agreement, since most rivers flow through more than one country, while the enlargement of domestic markets calls for trade agreements and co-ordination of economic policies. The creation, during the past few years, of the Economic Committee of the Arab League and the International Islamic Economic Organization was designed to facilitate economic

co-operation among their members; the need for co-operation is increasingly recognized. Many activities of the United Nations and of the specialized agencies have led to improvement in economic relations among the countries of the region.

Real improvement in the standard of living of the Middle East cannot be attained unless the rate of agricultural and industrial production is raised sharply, and to a greater extent than the rate of growth of the population. The major obstacles to the further development of agriculture and industry are therefore examined here more closely.

DIFFICULTIES IN THE WAY OF INCREASING AGRICULTURAL PRODUCTION

The factors responsible for the present low level of Middle Eastern agricultural output fall into the following main groups: natural conditions, especially the insufficiency and irregular distribution of rainfall, discussed previously; lack of technical progress; and the systems of land tenure and land distribution prevalent throughout most of the region, the main exception being Israel. In the smaller, more intensively cultivated countries, provision of sufficient land for the dense rural population meets with serious difficulties which only capital and great effort can overcome. Given the necessary capital, additional land in the other countries could be cultivated but for obstacles connected with land tenure, such as confusion in land and water rights, excessive concentration of land ownership, insufficient use of the vast public domains and immobilization of a large part of the land because of *Waqf*, i.e., land bequeathed to a religious or charitable institution or to heirs who may not alienate it but may enjoy the income derived from it (mortmain).

The system of communal ownership which is still to be found in parts of Iran, Jordan and Syria has defects associated with the mediæval European "open field" system. The confusion of land titles which has arisen in the transition from communal to individual ownership, as well as in other ways, lessens possibilities for development, particularly if water rights are distinct from land rights. During the past thirty years an attempt has been made by the Governments of Iraq, Jordan, Lebanon, Palestine and Syria to settle these land

and water rights, but in spite of these efforts, there is still much confusion in land titles, especially in parts of Iraq and Syria.

"Strip" holdings are generally found where communal ownership has given way to individual ownership, particularly in Iran and Syria. Such holdings tend to facilitate soil erosion and have other technical drawbacks. Equally disadvantageous is the excessive fragmentation prevalent in several areas. Some of the governments of the region, notably those of Jordan, Lebanon, Palestine and Syria, have succeeded in consolidating the strips in large parts of their territory into more compact holdings. In these countries, however, and in Egypt, a large proportion of the farms are still too small to be operated economically. Farmers with such small holdings are forced to supplement their earnings by renting land or by working on larger farms. Fragmentation has been accelerated by the inheritance laws, which result in the division of land among many heirs.

At the other extreme, a large proportion of the cultivated land, except in Israel, Jordan, Lebanon and Turkey, is held by large—generally absentee—landowners. Thus, in Egypt, 11,000 landowners hold 37 per cent of the cultivated area while 2.5 million small farmers own only 34 per cent; in Iran, about half of the privately owned cultivated land belongs to large landowners and only 5 per cent to small holders; in the southern half of Iraq, the greater part of the land belongs to large landowners; in Syria, large holdings account for 40 per cent of the privately owned land. The question of rural indebtedness is also closely related to the problem of the maldistribution of land.

In almost all the countries of the region some of the most fertile land is held in *Waqf*. In Egypt and Iran the large extent of *Waqf* lands has caused much concern. In addition, in some of the countries, notably Iran, Iraq, Turkey and, to a lesser extent, Syria, the Government owns large tracts of land which at present are under-utilized or not cultivated at all.

The system of tenancy is also unsatisfactory; share-cropping is usual in most countries, but in some, notably Egypt, cash rent is increasingly coming into use. In either case, the tenant generally receives an inadequate share of the total

produce. Moreover, leases are very short, and the insecurity thus created is harmful both to the tenant and to the land, which the system tends to compel him to overwork.

In recent years there has been an increase in the number of landless rural workers; the gravity of this problem varies from country to country. Thus, in the Anglo-Egyptian Sudan, northern Iraq and Turkey, though many of the smaller farmers possess some land, they need to supplement their earnings by working on large or medium-sized farms, especially at harvest time, while in Egypt, Iran, southern Iraq, Lebanon and Syria, there is a sizable landless population.

Some Middle Eastern governments, notably those of Egypt and Iran, have attempted to improve the condition of tenants and labourers by regulating rents and wages, but these measures have not affected the basic factors depressing the condition of tenants and labourers. The Middle Eastern governments have not yet attempted large-scale agrarian reform, though steps have been taken in Egypt and Iraq to provide some landless peasants with land. In Turkey, by the end of 1950, over 500,000 hectares had been distributed to peasants under a law passed in 1945.

DIFFICULTIES IN THE WAY OF INCREASING INDUSTRIAL PRODUCTION

In spite of advances during the war and post-war years, several of the factors which retard the expansion of industry still exist, and most Middle Eastern industries are not yet sufficiently advanced to meet foreign competition. Perhaps the most important limiting factor is the narrow home market, a result of the relatively small population, the low purchasing power of the mass of the inhabitants and, until recently, the preference of the wealthier groups for foreign goods.

Another disadvantage is the limited range of raw materials available in the region, but this may be owing in part to insufficient prospecting and surveying. Absence of coal and iron deposits and lack of other minerals, except oil, has been an important factor in preventing the development of any substantial heavy industry in most of the region. Although Turkey has a wide range of minerals, in Egypt and Israel only a few (phosphates, iron ore, potash, bromine) are available

in large quantities; very little surveying has been done in most of the other countries.

A greater variety of agricultural raw materials is available for light industries, and much of the expansion achieved during the past decade has involved increasing use of such materials. Local supplies, however, are not always adequate. For example, in Israel, Lebanon and Syria, it is difficult to obtain large quantities of vegetables and fruits, other than citrus, of uniform quality, and the quality of much of the wool and some of the grain produced in the region is unsatisfactory. In other cases only limited use can be made by local industry of some of the high-grade crops developed mainly for export markets. The Egyptian textile industry, for example, which sells the bulk of its output in the domestic market to a population with low purchasing power, is handicapped by the high price of fine quality Egyptian cotton. The high costs of agricultural production, including land rents, raise the prices of raw materials and impose a handicap on industry, as in the case of Egyptian sugar. Moreover, some basic agricultural materials, such as wood, are not available in most of the region. Industry also suffers from outside competition resulting from the relatively high price structure occasioned by war-time inflation.

In spite of notable advances during the past few years, industry is still hampered by the shortage of trained managers and technicians. This difficulty has been met to a certain extent by sending nationals abroad for training, and by employing foreign technicians who, during their service in

the country, train nationals to take over their duties. Also, war-time employment with the Allied armies gave many Middle Eastern technicians opportunities to improve their skills, and thousands of industrial workers were able to acquire experience in Allied army workshops.

These factors, together with the expansion of industry during the past twenty years and the extension of education throughout the region, have helped to raise the technical competence of Middle Eastern workers. Productivity is now considerably greater in industry than in agriculture but, except in a few plants equipped with up-to-date machinery, it still remains low measured by international standards.³ This low productivity is, in some cases, offset in terms of cost by the depressed level of wages (see table 14).

Although the scarcity of local capital and the reluctance of foreign and local capitalists to invest in industry have constituted a major obstacle to industrial development, there have been several indications of change in this respect. Local private capital has begun to be invested in industry,⁴ and some of the governments are using part of their oil royalties and other revenue for industrial investment. Except in the somewhat special circumstances in Israel, foreign capital still tends to be restricted to the oil industry; in recent years, however, several large enterprises in Egypt and Turkey have been established with the aid of United Kingdom and United States capital, and a part of the proceeds of foreign grants and loans received by Middle Eastern countries is being used for industrial investment.

Development Projects

Since the end of the Second World War, important development projects have been initiated in most Middle Eastern countries. The projects fall

into three main groups: irrigation and agriculture; industry; and transport. In addition, Israel has a large-scale housing programme and most of the

³ The net product per man employed in industry is about three times as high in the United Kingdom as in Egypt, for example, and output per shift in Turkish coal-mines is one-tenth of that in Pennsylvania. In the Egyptian textile industry "while wages are on the average about 60 per cent and, in some cases, barely one-third of the wages in the United Kingdom, the cost of labour per unit of machinery (cards, slivers, spindles and looms) is two to three times higher in Egypt than in the United Kingdom. Only in spinning, where wages in Egypt are extremely low, is the cost per spindle slightly lower than in the United Kingdom" (National Bank of Egypt, *Economic Bulletin*, October 1948 and December 1949). A comparison recently made by the Israeli Labour Federa-

tion showed that money wages in Israel were about twice as high as in the United Kingdom, and 65 per cent of those in the United States; productivity per worker was about one-half of that in the United Kingdom and a fifth of that in the United States (M. Thornburg, *Turkey: An Economic Appraisal*, 1949; information given to United Nations Economic Survey Mission for the Middle East).

⁴ In Egypt, capital investment in the textile industry increased by US \$23 million between 1945 and the end of 1947; in Israel, about \$50 million was invested in industry in 1949, and in Syria about \$22 million was invested in industry between 1945 and the end of 1948.

governments of the region are expanding their education, health and other social services.⁵

IRRIGATION AND AGRICULTURE

In Afghanistan, work is proceeding on Helmand River reservoirs designed to bring into cultivation almost 100,000 hectares of land and to provide improved irrigation for an additional 50,000 hectares. The major irrigation work in the Anglo-Egyptian Sudan has been in the Gezira district; a scheme to irrigate 25,000 hectares was successfully completed, and a project to irrigate another 40,000 hectares was initiated in 1946. In Cyprus, a ten-year plan was initiated in 1946, and 72 small projects to irrigate an area of 4,000 hectares were completed in 1948.

The Isna barrage has been completed in Egypt, and work is proceeding on another dam at Idfina, which will be completed early in 1951 and will improve 40,000 hectares of land. These and other schemes, including the digging of 1,000 artesian wells in Upper Egypt, form part of a ten-year plan for irrigation and for the conversion of 375,000 hectares from basin to perennial irrigation by supplying Nile and underground water. Moreover, Egypt is participating in the construction of a reservoir at Owen Falls, which, in addition to providing electricity for Uganda, will increase the storage capacity of Lake Victoria and will bring under cultivation about 400,000 hectares in Egypt, as well as a further considerable area in the Anglo-Egyptian Sudan. This scheme is to be followed by other large-scale works on the Nile, the Upper Nile and the Blue Nile.

In Iran, work is proceeding on the Kuhrang tunnel, which will increase the water supply of 8,000 to 10,000 hectares. Another scheme at Shaban-Kareh, to irrigate 16,000 hectares, is almost complete, and preliminary work has begun on projects at Saveh and on the Kara-su River, to irrigate 8,000 and 10,000 hectares, respectively. A more ambitious project, on the Karun River,

for the irrigation of 70,000 to 100,000 hectares, is under consideration.

Among the projects in Iraq are the completion of the Habbaniya reservoir on the Euphrates, which will irrigate 300,000 hectares in its first stage and 800,000 hectares eventually, and the construction of a dam at Wadi Tharthar, between the Tigris and Euphrates, to control the flood waters of the Tigris. A network of irrigation canals and drains will also be provided.

Plans of Israel cover vast works, involving the irrigation of the Negeb from the Jordan, Kishon and Yarkon rivers and the construction of a canal from the Mediterranean to the Dead Sea; these are to reclaim a total of 324,000 hectares and generate a large amount of electricity. So far, little has been done to implement this programme, owing to the difficulty of obtaining international agreement on the use of the Jordan waters, but some small-scale schemes have been completed. The same factors have held up plans of Jordan for utilizing the waters of the Jordan and Yarmuk rivers for the irrigation of 37,000 hectares, but minor projects are being carried out on streams flowing into the Jordan; some of these are being sponsored by the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

During the past six years, several small-scale projects have appreciably extended the irrigated area in Lebanon. Other projects now under way or nearing completion are expected to result in irrigation of an additional 37,000 hectares and an expansion of electric power. Some small-scale irrigation work, including five experimental farms, is nearing completion in Saudi Arabia, with the help of the Arabian American Oil Company.

The completion of projects begun before the outbreak of war and of other small-scale schemes in Syria resulted by 1945 in the addition of 15,000 hectares to the irrigated area; further development has since taken place through the greater use

⁵ The principal economic plans drawn up by the Middle Eastern governments are the five-year plan of Afghanistan, which is to be financed in part by an Export-Import Bank loan; the five-year plan of Egypt, which provides for a total expenditure of US \$143 million from government revenue and reserves; the seven-year plan of Iran, which provides for an expenditure of \$656 million, to be financed by oil royalties and by foreign and internal loans; the irrigation development plans of Iraq, which are being financed by oil royalties

and a loan from the International Bank for Reconstruction and Development; the four-year plan of Israel, which provides for an expenditure of \$1,380 million, to be met mainly from gifts and loans from abroad; and the five-year plan of Turkey, which envisages a total expenditure of \$730 million, of which half is to be provided jointly under the European Recovery Program and by the International Bank for Reconstruction and Development.

of river and underground water by means of pumps. Several small schemes are at present being considered, including a 9,000-hectare irrigation project in El Jezira and a 15,000-hectare drainage scheme near Aleppo; long-term plans have been made for the construction of a dam on the Euphrates which will irrigate 300,000 hectares.

In Turkey, multiple purpose river development schemes seek to combine flood control and the generation of electric power with irrigation. Among the projects nearest to completion is that of the Seyhan Valley, which will regulate the flow of the river, generate electricity and irrigate about 150,000 hectares. An irrigation and flood control dam under construction on the Porsuk River is being supplemented by a reservoir on the Sakarya River, for flood control and hydro-electricity. Three reservoirs are also being built on the Gediz River, near Izmir, which will be supplemented by another dam for flood control and hydro-electric power. Drainage and irrigation works are being constructed on the Menderes River. It is estimated that the projects now under construction will ensure the irrigation of 195,000 hectares and the drainage of 20,000 hectares of land.

In addition to these irrigation projects, several Middle Eastern governments have also taken steps to overcome some of the financial and technical obstacles which hinder the progress of agriculture. In this they have been helped by the spread of education in rural areas and the increased readiness of farmers to use new techniques. Cheap credit has become more readily available through government-owned or government-sponsored agricultural banks and, in some countries, through the growth of the co-operative movement. Thus, in Cyprus and Israel, the majority of the rural population are members of co-operatives; in Egypt about one-fifth and in Turkey about one-sixth are in co-operatives. Research and extension work has progressed in Egypt and Israel, and, to a lesser extent, in Turkey, Iran and Lebanon; in the rest of the region it is, however, still inadequate. Important technical developments include an increase in the use of fertilizers (see table 10); the provision of storage and refrigeration facilities, which, however, are still insufficient for the region's needs; and the increased use of machines in field work. Thus in 1948 almost 4,000 tractors

were imported by the area—about ten times as many as in pre-war years.

INDUSTRY

The countries in which the Government owns and operates a large sector of industry, namely Turkey and Iran, have drawn up development plans for the next few years. Other countries, such as Egypt, Lebanon and Syria, in which private ownership predominates, rely mainly on the mechanism of the private market. Israel occupies an intermediate position, in that the greater part of industry is privately owned, but the Government plays an important part by its powers over the allocation of capital, foreign exchange and imports; similar conditions exist in Afghanistan, though the scale of operations is extremely small.

In Iran, the capacity of cotton spinning and weaving factories is to be increased by 90 million metres, and some expansion is also expected to take place in silk and jute. Sugar production is to be raised to 150,000 tons per annum. A steel mill with an annual capacity of 50,000 to 100,000 tons is to be established, and several chemical industries, including the production of sulphuric acid and nitric acid and ammonium sulphate, will be established or expanded.

Iron and steel production in Turkey is to be increased to 350,000 tons and 220,000 tons, or about 350 per cent and 225 per cent, respectively, of the output of 1948, and the textile, paper, cigarette and chemical industries are to be expanded. Coal production is to be raised by almost 50 per cent to meet the increased demands of Europe. Turkish participation in the European Recovery Program has facilitated the implementation of the development plan and has also necessitated certain modifications in its aims.

In Israel, the four-year development plan provides for expanding industrial output by 60 per cent to bring the total to \$823 million, while the industrial labour force is to be increased from 86,000 to 122,000, and the capital invested in industry, from \$151 million to \$247 million. It is planned to divide the expansion among existing industries; the greatest increase is to take place in chemicals, metals, machinery and electrical products.⁶

⁶ Prime Minister's Office, *Four-Year Development Plan of Israel, 1950-53* (Hakirya, March 1950).

In Afghanistan it is planned to make the country self-sufficient in cotton textiles, sugar, cement, bricks and leather. Coal production is to be increased, as is hydro-electric generating capacity.

The most important government project under construction in Egypt is the Aswan Dam hydro-electric scheme, which, when completed, will supply 1,500 million kilowatt-hours of electricity per year. The energy will be used to produce 92,000 tons of steel from neighbouring iron ore deposits, as well as about 400,000 tons of calcium nitrate fertilizer; the rest will be used for irrigation, transport, public utilities and industrial development in the region.

TRANSPORT

Several railway development plans are under way. In Egypt, in addition to the renovation of equipment and the electrification of two important lines, work has begun on a railway between Shellal and Wadi Halfa, which will link the Egyptian railways with those of the Anglo-Egyptian Sudan at an estimated cost of \$20 million. Plans for Iran provide, in addition to renovation and repairs, for the completion of the Tehran-Tabriz, Tehran-Meshed and Tehran-Yezd lines, by linking Tabriz with Mianeh (298 kilometres), Kashan with Yezd (about 350 kilometres) and Shahrud with Meshed (497 kilometres). The Saudi Arabian Government is at present working on a 560-kilometre railway to link the capital, Riyadh, with Damman on the Persian Gulf. So far, 250 kilometres have been completed, and part of this line is in use. In Turkey, a fifteen-year plan provides for the construction of 2,300 kilometres of new rail lines, mostly in the central and eastern parts of the country, at an estimated cost of \$280 million. In addition, substantial amounts are being spent on re-equipment and improvements.

Most of the governments of the area also have plans for large-scale road building in the next few years. Thus Egypt's five-year plan provides for considerable road improvement and the construction of 300 kilometres of new road. In Iran it is proposed to build 4,000 kilometres of new road and to improve an additional 4,000 kilometres of existing roads within the next seven years. In Israel, Lebanon and Syria, most of the work being done at present is for the purpose of widening and straightening the main highways to improve the existing network, though it is more nearly adequate than in the other countries of the Middle East. In Jordan, as well as in Lebanon and Syria, some road building is being carried out with the help of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, and a large-scale programme is planned. In Saudi Arabia work is proceeding on a four-year plan under which nearly 2,000 kilometres of highway are to be built by the Government. Several hundred kilometres of road have already been completed, including the Mecca-Jidda, Mecca-Medina and Mecca-Arafat highways. In Turkey, a nine-year programme providing for the construction of 23,000 kilometres of road is being carried out. Among the projected highways is one linking Edirne (Adrianople) to Iskenderun (Alexandretta) through Istanbul, Ankara, Keyseri and Adana; another would run from Iskenderun to Erzurum. At present, work is proceeding on some 2,300 kilometres of road.

Important harbour construction includes work at Damman in Saudi Arabia, Latakia in Syria and Eregli in Turkey. Improvements or enlargements are being carried out at Alexandria in Egypt, Haifa in Israel, Jidda in Saudi Arabia and Istanbul in Turkey. In Lebanon a large airport was recently completed at Khalde, near Beirut.

The brief review of the Middle East economy given in this report indicates that the execution of plans for economic development such as those adopted by a number of the countries is indispensable for the raising and even for the maintenance of the standard of living of the Middle East. Population is growing rapidly, and living conditions can be improved only if national income is greatly expanded. Throughout most of the region such an expansion can be brought about mainly through agricultural development, including both increased productivity and improvement in the rural economy. The contribution of industry and foreign trade can, in present circumstances, only be secondary to that which the improvement of agriculture would make. The evidence suggests that there are many possibilities for such agricultural development, and the governments of the region are currently engaged in a number of specific projects which should increase production.

The carrying out of all such development projects is obviously faced with obstacles which are both great and numerous. Some of these obstacles represent the economic consequences of certain political and social features of the region; others stem from natural conditions which, in most instances, can be improved, though only through large investments of capital, while the extreme vulnerability of the Middle Eastern countries to inflation adds seriously to the governments' difficulties. Nevertheless, the expansion of agriculture which is being sought could, in addition to directly raising living standards, help to enlarge the internal market for industry; the development of industry would, by meeting some of the needs

of agriculture, lessen the strain on the balance of payments; and such developments might in turn enlarge both private and governmental resources and so permit further efforts. If it were also possible to attract foreign capital for the promotion of such development projects, the governments could further increase these efforts.

In their endeavours to advance their economic development, certain Middle Eastern countries have some outstanding assets: petroleum resources, unused land and rivers capable of considerable development. The potential value of these assets has been increased in recent years by modern techniques, and new possibilities have been opened up by recent extensions of international action. Thus, steps have been taken to furnish technical help in a number of ways. The United Nations and the specialized agencies have, under the technical assistance programme, provided the governments of the region with expert advice and have participated in the execution of several projects. The International Bank for Reconstruction and Development has made loans to two Middle Eastern governments, and financial and technical assistance has been provided under bilateral aid programmes.

Although assistance from outside sources is available only on a limited scale, it may well enable governments to develop the resources of their countries more rapidly than hitherto. On this possibility and on the governments' own determination to advance economic development must depend the rate at which living standards within the region will improve.

STATISTICAL APPENDIX

GENERAL NOTE

In general, information for the following tables was obtained from data compiled by the Statistical Office of the United Nations or received from governments and from other official international and national sources. 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.

The following symbols and abbreviations have been used throughout:

Two dots (. .) not available;	Minus sign (—) deficit, e.g., in balance of payments tables;
Dash (—) nil or negligible;	A blank in a table indicates that the item is not applicable.
Slash (/) crop year, e.g., 1949/50;	
Hyphen (-) annual average, e.g., 1934-1938;	

Tons represent metric tons, unless otherwise indicated.

Dollars represent United States dollars, unless otherwise stated.

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

Readers will find information concerning rates of exchange in issues of the United Nations *Monthly Bulletin of Statistics*.

The countries of the Middle East generally included in these tables are Afghanistan, Anglo-Egyptian Sudan, Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria, Turkey and Yemen (see explanation in the first footnote of the "Introduction" to the present report). Data on Aden Colony, Aden Protectorate, Bahrein, Cyprus, Kuwait, Muscat and Oman, Qatar and Trucial Oman have been added in certain tables. "Israel/Palestine" indicates the area after the establishment of the State of Israel, and, prior to that time, the territory of the Palestine Mandate. The designation "Jordan" refers to the Hashimite Kingdom of the Jordan and, in the earlier period, to Transjordan. Unless otherwise indicated, the Sanjak of Alexandretta is included in Syria before June 1939, and in Turkey thereafter.

STATISTICAL APPENDIX

Table 1. Area and Population of Certain Countries, 1949

Country	Area (thousands of square kilometres)	Population (thousands)	Density per square kilometre
Aden Colony	a	82	410
Aden Protectorate	272	650	2
Afghanistan	650 ^b	12,000	18
Anglo-Egyptian Sudan	2,506	7,558	3
Arab Palestine ^b	5	530 ^c	106
Bahrein	d	110	183
Cyprus	9	476	53
Egypt	1,000	20,045	20
Iran	1,630	18,387	11
Iraq	435	4,800 ^e	11
Israel	21 ^b	1,058	50
Jordan ^g	90	400 ^f	4
Kuwait	21	170	8
Lebanon	9	1,238 ^g	132
Muscat and Oman	212	830	4
Qatar	22 ^b	20	1
Saudi Arabia	1,546 ^b	6,000 ^e	4
Syria	187	3,435 ^h	18
Trucial Oman	15	80	5
Turkey	767	19,623	26
Yemen	195	4,500	23
Total	9,593	102,718 ⁱ	11

Source: United Nations, *Demographic Yearbook 1949-50*; United Nations Economic Survey Mission for the Middle East, *Final Report, 1949*; Israel, Central Bureau of Statistics, *Statistical Bulletin of Israel*.

^a 207 square kilometres.

^b Unofficial estimates.

^c Exclusive of 477,000 Arab refugees.

^d Approximately 600 square kilometres.

^e 1947.

^f Unofficial estimate, exclusive of 70,000 Arab refugees who entered the country in 1948-49.

^g Exclusive of 100,000 Arab refugees.

^h Exclusive of 75,000 Arab refugees.

ⁱ Including 726,000 Arab refugees not given in country totals and 31,000 Arab refugees included in population of Israel.

Table 2. Growth of Population in Four Countries between Census Years

(In thousands)

Country	Population and year		Percent- age	Annual increase	
				Gross reproduction rate	Net reproduction rate
Cyprus (excluding military) . . .	348 (1931)	450 (1946)	1.7	..	..
Egypt (including nomads)	15,933 (1937)	19,088 (1947)	1.8	3.11 (1937)	1.44 (1937)
Palestine	757 (1922)	1,036 ^a (1931)	3.5	3.26 (1931) ^b	1.80 (1931) ^b
Turkey	17,821 (1940)	18,790 (1945)	1.1	..	..

Source: United Nations, *Demographic Yearbook 1948*; official censuses; Clyde V. Kiser, "The Demographic Position of Egypt" in Milbank Memorial Fund *Demographic Studies of Selected Areas of Rapid Growth* (New York, 1944); P. J. Loftus, "Features of the

Demography of Palestine" in *Population Studies* (Cambridge, June 1948).

^a Immigration into Palestine between 1922 and 1930, inclusive, officially estimated at 98,000 in Government of Palestine, *Survey of Palestine*, vol. I, page 185.

^b Muslim Arabs.

Table 3. Employment and Related Data in Industry and Agriculture in Three Countries

A. EGYPT, 1945

Item	Unit	Industry	Agriculture
Persons employed	Thousands	630 ^a	5,000 ^b
Ratio to total working population	Per cent	7	55 ^b
Ratio to total population earning income ^b	Per cent	10	75
Capital invested	Millions of Egyptian pounds	200	1,200
Output:			
Gross	Millions of Egyptian pounds	200	320
Net	Millions of Egyptian pounds	60	240
Net output as percentage of national income	Per cent	10	40
Salaries of employees, wages of workers, and earnings of artisans	Millions of Egyptian pounds	27	..
Annual income, per capita	Egyptian pounds	95	48
Annual wage, average	Egyptian pounds	42	19

Source: United Nations, *Statistical Yearbook*; Hafez Afifi Pasha, Address before United Nations Social Welfare Seminar, Beirut, 26 August 1949; Abdel Moneim el Shafei, article in *Al Ahrām* (Cairo, 3 May 1949); Mustapha Maher Bey, article in *Journal du commerce et de la marine* (Alexandria, 8 February 1949);

Société Fouad 1er d'Economie politique, estimate of national income, reported in *Al Ahrām*, 4 February 1950.

^a Almost 500,000 of these are in private large-scale industry; the rest are artisans or government industrial workers.

^b Estimated.

B. ISRAEL, 1949

Item	Unit	Industry ^a	Agriculture ^b
Number employed	Thousands	101	47
Ratio to total working population earning income	Per cent	30	14
Net income	Millions of Israeli pounds	72	20
As percentage of national income	Per cent	33	9
Annual income per capita	Israeli pounds	713	426

Source: Compiled from occupational tables in A. L. Gruenbaum, *Four-Year Development Plan of Israel* (Hakiryā, 1950) and national income figures in *Israel: Documents, Facts and*

Figures (Diplomatic Press, London, 1950).

^a Including civilian and military construction.

^b Including forestry.

C. TURKEY, 1945

Item	Unit	Industry	Agriculture
Persons employed	Thousands	674	5,724
Ratio to total working population	Per cent	8	64
Ratio to total population earning income	Per cent	9	76
Output: ^a			
Net	Millions of Turkish pounds	1,000	3,400
Net output as percentage of national income	Per cent	13	45
Annual income, per capita	Turkish pounds	1,484	594

Source: Compiled from occupational tables in the 1945 census, and estimate of national income published in Economic Cooperation Ad-

ministration, *Country Data Book, Turkey* (Paris, 1950).

^a 1948.

Table 4. Irrigated, Cultivated and Cultivable Areas in Certain Countries
(In thousands of hectares)

Country	Year	Area				
		Irrigated	Cultivated (including fallow)	Cultivable	Permanent meadow and pasture land	Forest and woodland
Aden Protectorate	1947	110 ^a	110 ^a	..	..	-
Afghanistan	1947	..	1,150	..	..	..
Anglo-Egyptian Sudan ^b	1947	250	717	1,317	24,038	94,111
Cyprus ^c	1947	15	199	..	405	169
Egypt	1948	2,445	2,445	3,495	-	-
Iran ^d	1947	2,200	16,600 ^e	50,000	10,000	19,000
Iraq ^f	1949	1,300	1,900 ^g	6,600	4,000	..
Israel ^h	1950	20	190	890	..	29
Jordan	1946	26	480	..	600	35
Lebanon ⁱ	1950	53	225	340	..	75
Palestine ^j	1944	50	800	870	..	89
Syria ^k	1947	297	2,314 ^l	5,680	3,825	356
Turkey ^m	1944	360	14,286 ⁿ	30,000	39,021	11,892

Source: Food and Agriculture Organization of the United Nations, *Yearbook of Food and Agricultural Statistics, 1949*, and additional sources as indicated in the footnotes.

^a Major crops only.

^b Report of the Governor-General, 1947.

^c *Non-Self-Governing Territories*, vol. II (United Nations, 1950), information transmitted during 1949.

^d United States Department of Agriculture, *Foreign Agriculture*, September 1949; Overseas Consultants, Inc., *Report on Seven-Year Development Plan*, vol. III.

^e Including 11.9 million hectares of fallow land.

^f United Nations Economic Survey Mission for the Middle East, *Final Report*, part II.

^g Excluding fallow land.

^h Alfred Bonn , "Land and Population in the Middle East", *The Middle East Journal*, vol. 5, No. 1, 1951.

ⁱ Figures provided by Lebanese Government.

^j D. Warriner, *Land and Poverty in the Middle East* (London, 1948).

^k Ministry of National Economy, *Al majmua al hisaia al Suria* (Damascus, 1948).

^l Including about 700,000 hectares of fallow land.

^m Turkish Information Office, *Public Works in Turkey*; Central Statistical Office, *Istatistik Yilligi*, 1948; estimate of cultivable area from A. Bonn , *State and Economics in the Middle East* (London, 1946).

ⁿ Including 4,814,000 hectares of fallow land.

Table 5. Area under Cultivation^a in Certain Countries, Pre-war and Post-war
(In thousands of hectares)

Country	1934-38	1942	1945	1946	1947	1948	1949
Egypt	2,270	2,210	2,310	2,237	2,311	2,298	2,299
Iran	2,567	..	..	..	2,670	2,731	3,016
Iraq	1,552	1,470	1,797	2,120 ^b	1,860 ^b	1,200 ^b	1,500 ^b
Israel/Palestine	458	397	456	..	..	..	47 ^e
Lebanon	110	106	101	98	92	97	98
Syria	809	936	1,155	1,241	1,267	1,310	1,400 ^b
Turkey	6,863	8,080	6,787	7,066	7,449	7,875	7,461

Source: Food and Agriculture Organization of the United Nations, *Yearbook of Food and Agricultural Statistics, 1947, 1949*.

^a Wheat, barley, maize, rye, rice, oats and cotton.

^b Partly estimated.

^c Israel only; data from Central Bureau of Statistics, *Statistical Bulletin of Israel*.

Table 6. Production of Principal Food Crops in Certain Countries, 1934-38, 1948 and 1949

Crop	1934-38		1948		1949	
	Millions of tons	Per cent of world total ^a	Millions of tons	Per cent of world total ^a	Millions of tons	Per cent of world total ^a
Barley	4.3	10.5	4.8	10.8	4.0	9.3
Maize	2.4	2.2	2.2	1.4	2.3	1.6
Oats	0.3	0.7	0.4	0.8	0.2	0.4
Potatoes	0.3	0.2	0.9	0.5	0.9	0.6
Rice	1.3	0.9	2.2	1.5	2.0	1.4
Rye	0.4	1.9	0.5	2.7	0.3	1.5
Sugar	0.2	0.7	0.4	1.2	0.2	0.6
Wheat	8.1	6.4	8.9	6.2	6.8	4.9
Wheat equivalent of eight crops above: ^b						
Total	15.3	3.0	17.4	3.0	14.3	2.6
Per capita production (kilogrammes):						
Middle East	143		144		116	
World	258		265		252	

Source: Food and Agriculture Organization of the United Nations, *Food and Agricultural Statistics*, May 1950. The region includes the Asian countries covered in the present survey, and the following African countries: Anglo-Egyptian Sudan, British Somaliland, Egypt, Eritrea, Ethiopia, French Somaliland and Somalia.

^a Excluding the Union of Soviet Socialist Republics.

^b Converted to wheat equivalent (calorie basis) by means of following factors: maize 106.3; sugar 105.4; wheat 100; rye 95.8; rice 82.9; barley 64.8; oats 58.4; potatoes 21.0.

Table 7. Production of Cereals in Certain Countries, 1934-38, 1942 and 1945 to 1950
(In millions of quintals)

Country	1934-38	1942	1945	1946	1947	1948	1949	1950
Anglo-Egyptian Sudan:								
Wheat	0.1	0.2 ^a	..	0.2	0.2	0.1	0.2	..
Maize	0.1	..	..	0.2	0.1	0.1	0.2	..
Millet and sorghum	..	..	..	11.9	8.2	5.3	7.4	..
Total	..	..	..	12.3	8.5	5.5	7.8	..
Cyprus:								
Wheat	0.6	0.8	0.6	0.6	0.4	0.4	0.6	..
Barley	0.4	0.6	0.4	0.5	0.4	0.5	0.6	..
Total	1.0	1.4	1.0	1.1	0.8	0.9	1.2	..
Egypt:								
Wheat	11.8	12.6	11.8	11.6	10.4	10.8	11.7	10.2
Barley	2.2	2.8	2.6	1.8	1.7	1.7	1.4	0.9
Maize	16.2	14.5	17.0	14.2	14.0	14.1	12.5	12.9
Rice	6.1	9.4	8.7	9.4	12.8	13.1	11.7	11.7
Total	36.3	39.3	40.1	37.0	38.9	39.7	37.3	35.7
Iran:								
Wheat	18.7	16.5 ^a	21.0	20.8	19.0	17.0	16.3	19.8
Barley	7.9	12.6 ^b	12.5	8.7	7.7	6.0	6.5	8.0
Maize	..	..	..	..	0.1	0.1	0.1	..
Rice	4.2	3.2	4.2	4.2	3.5	4.5	4.8	..
Total	30.9 ^c	32.4 ^c	37.8 ^c	33.8 ^c	30.3	27.6	27.7	..
Iraq:								
Wheat	4.8	4.2	4.0	5.0	3.4	3.0	5.0	6.0
Barley	5.8	6.6	6.5	6.2	6.3	5.7	8.0	9.0
Rice	2.1	3.5	2.5	3.0	2.6	3.5	2.3	..
Total	12.7	14.3	13.0	14.2	12.3	12.2	15.3	..
Israel/Palestine:								
Wheat	0.9	1.0	1.1	0.8	0.1	0.2	0.2	..
Barley	0.7	1.1	1.2	0.6	1.0	0.1	0.2	..
Maize	0.1	..	0.1	0.1	0.1	..	0.1	..
Total	1.7	2.1	2.4	1.5	1.2	..	0.5	..
Jordan:								
Wheat	0.8	1.2	..	0.9	0.4	1.0	1.4	..
Barley	0.4	0.5	0.5	0.4	0.1	0.4	0.6	..
Total	1.2	1.7	..	1.3	1.1	1.8	2.0	..
Lebanon:								
Wheat	0.4	0.4	0.5	0.7	0.5	0.5	0.5	..
Barley	0.3	0.1	0.3	0.3	0.2	0.2	0.3	..
Maize	0.1	0.1	0.1	0.1	0.1	0.1	0.1	..
Total	0.8	0.6	0.9	1.1	0.8	0.8	0.9	..
Syria:								
Wheat	4.6	4.6	3.9	5.8	4.0	5.5	5.4	7.0
Barley	2.9	2.3	2.5	2.8	1.7	2.6	..	..
Maize	0.2	0.3	0.2	0.3	0.3	0.4	..	..
Rice	..	..	0.1	0.2	0.2	0.2	..	..
Total	7.7	7.2	6.7	9.1	6.2	8.7	..	..
Turkey:								
Wheat	37.1	42.6	21.9	36.5	32.5	48.5	25.6	47.6
Barley	20.8	21.6	9.3	16.5	15.1	21.7	12.5	20.2
Maize	5.9	8.5	2.9	6.0	5.3	7.0	7.3	6.3
Rice	0.8	0.9	0.5	0.5	0.7	0.8	0.7	..
Total	64.6	73.6	34.6	59.5	53.6	78.0	46.1	..
Total of above countries:								
Wheat	79.8	84.1	64.8 ^d	82.9	70.9	87.0	66.9	..
Barley	41.3	48.2	35.8	37.8	34.2	38.9	32.5 ^e	..
Maize	22.6 ^e	23.4 ^f	20.3 ^f	20.8 ^e	20.0	21.8 ^g	20.5 ^e	..
Rice	13.3	17.0	16.0	17.4	19.8	22.1 ^g	19.7 ^e	..
Total	157.0	172.7	136.9	158.9	144.9	169.8	139.6 ^e	..

Source: Food and Agriculture Organization of the United Nations, *Yearbook of Food and Agricultural Statistics*, and *Monthly Bulletin of Food and Agricultural Statistics*.

^a 1943.

^b 1944.

^c Estimated.

^d Excluding Anglo-Egyptian Sudan and Jordan.

^e Excluding Iran.

^f Excluding Anglo-Egyptian Sudan and Iran.

^g Excluding Israel/Palestine.

Table 8. Output of Agricultural Products Other than Cereals in Certain Countries, 1934-38 and 1946 to 1949

(In thousands of metric tons)

<i>Product and country</i>	<i>1934-38</i>	<i>1946</i>	<i>1947</i>	<i>1948</i>	<i>1949</i>
Citrus fruit:					
Israel/Palestine	401	382	510	308	226 ^a
Egypt	235	243	280	252	229
Others (Cyprus, Iran, Lebanon, Turkey)	138	207	220	215	..
Total	774	832	1,010	775	..
Cotton (lint):					
Egypt	400	272	286	400	369
Turkey	52	44	47	67	97
Anglo-Egyptian Sudan	53	48	47	56	55
Others (Afghanistan, Iran, Iraq, Syria)	52	22	25	31	34
Total	557	386	405	554	555
Oil-seeds (oil equivalent):					
Egypt	123	77	87	107	..
Turkey	36	22	19	40 ^b	..
Others	86	56	58	..	..
Total	245	155	164	..	..
Olive oil:					
Turkey	37	32	58	37	50
Lebanon and Syria	12	12	30	26	29
Others (Cyprus, Iran, Palestine)	9	3	4	5	..
Total	58	47	92	68	..
Sugar (raw):					
Egypt	146	196	222	191	170
Turkey	61	118	118	123	140
Iran	17	36	58	38	30
Total	224	350	398	352	340
Tobacco:					
Turkey	61	98	102	74	91
Iran	15	17	11	12	17
Others (Anglo-Egyptian Sudan, Cyprus, Iraq, Israel/Palestine, Lebanon, Syria)	12	20	13	12 ^b	12 ^b
Total	88	135	126	98	120^b

Source: Food and Agriculture Organization of the United Nations, *The State of Food and Agriculture, 1948, Yearbook of Food and Agricultural Statistics, 1949* and *Monthly Bulletin of Food and Agricultural Statistics.*

^a Excluding lemons.

^b Partly estimated.

Table 9. Average Yields of Wheat, Barley and Cotton in Certain Countries, Compared with Other Areas, 1934-38 and 1948
(In quintals per hectare)

Country	Wheat		Barley		Cotton	
	1934-38	1948	1934-38	1948	1934-38	1948
<i>Middle East:</i>						
Anglo-Egyptian Sudan	7.6	7.7 ^a	7.5	..	3.1	3.4
Cyprus	7.9	4.9	9.5	9.0	1.2	1.2
Egypt	20.1	17.0	19.8	18.1	5.4	6.6
Iran	12.0	9.7	12.4	8.7	2.2	1.9
Iraq	7.2	8.0	7.7	9.1	1.1	1.0 ^a
Jordan	..	8.7	..	11.4	..	..
Lebanon	5.2	7.2	8.8	13.3	-	-
Palestine	4.0	..	2.9	..	-	-
Syria ^b	9.7	6.1	10.6	7.0	1.8	2.5
Turkey ^c	10.2	10.6	11.2	12.0	2.1	2.5
<i>Western Europe:</i>						
Denmark	30.4	36.5	29.8	33.1	-	-
France	15.6	18.0	14.5	15.5	-	-
United Kingdom	23.1	26.0	20.9	24.4	-	-
<i>Eastern Europe:</i>						
Bulgaria	12.5	7.2 ^a	13.0	6.8 ^a	1.9	1.5 ^a
Greece	9.0	9.1	9.5	9.3	2.7	2.6
Poland	14.6	11.7	15.7	11.7	-	-
Yugoslavia	11.4	9.0 ^d	9.6	7.9 ^d	2.2	..
<i>Other major producers:</i>						
Argentina	9.8	10.7	9.4	8.9	1.9	1.8
Australia	8.0	10.2	9.5	9.9	1.1	1.1 ^a
Canada	7.1	11.0	10.5	12.8	-	-
India	6.9	6.6	8.4	8.8	1.1 ^e	0.9
United States	8.7	12.1	11.6	14.2	2.4	3.5
USSR	9.3	..	9.6	..	3.2	..

Source: Food and Agriculture Organization of the United Nations, *Yearbook of Food and Agricultural Statistics*, 1949.
^a 1947.

^b Excluding the Sanjak of Alexandretta.
^c Including the Sanjak of Alexandretta.
^d 1946.
^e Including Pakistan.

Table 10. Utilization of Fertilizers in Five Countries, Pre-war and Post-war
(In metric tons)

Country and item	1938	1946/47 ^a	1947/48 ^a	1948/49 ^a	1949/50 ^a
<i>Egypt:</i>					
Nitrogen	76,000	46,700	64,900	76,000	109,000
Phosphoric acid	8,700	6,500	7,600	13,500	13,500
Potash ^b	200	-	-	-	-
<i>Israel/Palestine:</i>					
Nitrogen	-	..	..	2,800	3,800 ^c
Phosphoric acid	-	-	-	2,500	7,400
Potash ^b	3,100	1,500 ^c	2,000 ^c	2,000 ^c	..
<i>Lebanon:</i>					
Nitrogen	-	500 ^c	700	1,100	1,400
Phosphoric acid	..	..	..	500	600
Potash ^b	..	500 ^c	900 ^c	1,100	1,300
<i>Syria:</i>					
Nitrogen	..	200 ^c	300	500	500
<i>Turkey:</i>					
Nitrogen	200	800	1,300	4,300	3,200
Phosphoric acid	-	800	1,000	800	800 ^c
Potash ^b	200	700	800	1,000	1,000

Source: Food and Agriculture Organization of the United Nations, Commodity Series, *Fertilizers*, September 1949, and *Yearbook of Food and Agricultural Statistics*.

^a Year ending 30 June.
^b K₂O content.
^c Unofficial figure.

Table 11. Livestock and Draught Animals in Certain Countries, Pre-war and Post-war
(In thousands)

Country and year	Cattle	Buffalo	Sheep	Goats	Horses	Donkeys	Mules
Anglo-Egyptian Sudan:							
1939	2,700	..	2,500	2,000	23	375	1
1943	..	..	..	..	..	..	..
1945	3,400	..	5,200	4,100	20	500	1
1947	3,500	..	5,500	4,300	20	500	1
Egypt:							
1939	1,230	966	1,897	1,088	47	1,069	29
1943	1,202	1,001	1,424	760	31	827	12
1945	1,265	1,064	1,385	732	34	851	15
1947	1,321	1,240	1,875	1,474	28	1,125	12
Iran:							
1937	2,920	..	14,011	7,119	305	1,180	52
1943	..	..	..	..	..	..	..
1945	2,500	..	16,500	..	..	..	..
1946	2,500	11	13,200	6,800	350	1,300	50
1948	2,100	10	11,000	7,000	310	1,000	42
Iraq:^a							
1939	250	59	6,000	2,230	150	120	60
1943	613	102	6,125	1,902	..	412	..
1945	866	137	7,424	1,947	198	..	55
1946	..	..	8,000	2,250	188 ^b	435	52 ^b
Syria:							
1939	357	6	3,100	1,275	66	139	27
1943	418	5	2,482	1,173	104	187	49
1945	354	5	3,504	1,412	109	176	45
1947	354	6	3,176	1,185	141 ^c	230	47 ^d
Turkey:							
1938-39	9,311	907	25,221	16,518	964	1,387	74
1943	9,231	848	21,105	16,206	981	1,621	92
1945	9,810	848	23,386	16,248	977	1,618	88
1947	9,761	947	24,496	17,258	1,071	1,725	96
1948-49	10,219	937	25,840	17,374	1,134	1,711	103
Total:							
1937-39	16,768	1,938 ^e	52,729	30,230	1,555	4,270	243
1945	18,195	2,054 ^e	57,399	31,439 ^f	1,690 ^f	4,880 ^f	255 ^f
1947	18,336 ^f	2,343 ^{e,f}	56,247	33,267	1,810 ^f	5,330 ^f	261 ^f

Source: Food and Agriculture Organization of the United Nations, *Yearbook of Food and Agricultural Statistics, 1947, 1949; Monthly Bulletin of Food and Agricultural Statistics.*

^a Number registered for taxation.

^b 1948.

^c 98,000 in 1949.

^d 54,000 in 1949.

^e Excluding Anglo-Egyptian Sudan and Iran.

^f Partly estimated.

Table 12. Output of Fisheries in Certain Countries

Country	Year or period	Output (thousands of tons)	Kind of fish
Aden Colony and Protectorate	Post-war	25.0-50.0	Sardines, tunny, sharks
Anglo-Egyptian Sudan	War-time	5.0	Alestes
Cyprus ^a	War-time	0.4	Sardines
Egypt	1946	50.0-60.0	Sardines, tilapia, grey mullet, sponges
Iran (Caspian sea fisheries only) ^b	1948/49	4.0	Sturgeon, caviar
Iraq ^a	War-time	5.0	Turbot, mullet
Israel ^c	1948/49	3.3	Carp, sardines, mullet
Lebanon	1948	1.4	Sardines
Muscat, Oman and other Persian Gulf areas	War-time	20.0	..
Syria	1946	1.0	Sardines
Turkey ^d	1946	50.0	Mackerel, tunny, sardines

Source: Food and Agriculture Organization of the United Nations, *Fisheries Bulletin*, unless otherwise stated.

^a E. B. Worthington, *Middle East Science* (London, 1946).

^b Ministry of Finance, *Statistique annuelle du commerce extérieur de l'Iran.*

^c Central Bureau of Statistics, *Statistical Bulletin of Israel*, January-February 1950.

^d Estimated.

Table 13. Structure of Industry in Four Countries

A. EGYPT: NUMBER OF ESTABLISHMENTS, PERSONS EMPLOYED, POWER AVAILABLE AND VALUE OF PRODUCT, 1945

Industry ^a	Number of establishments	Number of employees	Horse-power	Value of product	
				Gross (thousands of Egyptian pounds)	Net
Food	5,749	65,289	126,582	52,181	12,324
Textiles	9,644	117,272	51,384	29,151	9,020
Cotton ginning and pressing	90	15,651	29,473	17,004	2,587
Wood-working	2,103	13,809	1,921	1,706	692
Paper	386	8,784	4,652	3,590	1,328
Chemicals	449	15,013	11,205	12,302	2,442
Leather and tanning	1,419	12,328	3,518	6,141	1,376
Mining and quarrying	58	7,316	12,766	3,516	952
Glass-making	72	2,189	473	398	165
Construction materials	354	8,424	14,776	2,145	694
Mechanical and electrical	1,283	16,647	4,508	3,926	1,645
Fuel	3	4,213	14,009	3,827	925
Tobacco and cigarettes	65	16,130	1,216	23,961	3,622
Other	545	13,079	122,182	7,275	3,359
Total	22,220	316,144	398,665	167,123	41,131

Source: National Bank of Egypt, *Economic Bulletin*, October 1948.

^a Excluding repair and maintenance work.

B. IRAN: NUMBER OF PERSONS EMPLOYED AND POWER AVAILABLE IN PRINCIPAL INDUSTRIES, 1948

Industry	Number of employees	Horse-power
Sugar refining	4,500	10,000
Textiles	28,800	45,000 ^a
Chemicals	4,600	3,000 ^b
Match production	4,000 ^c	
Fishing	2,600	1,300
Mining	4,900	
Electricity	600	19,000
Petroleum ^d	62,000	85,000

Source: Ministry of Labour, *Production Statistics of Major Industries in Iran* (in Persian, Tehran, 1948); International Labour Organisation, "Agricultural and Industrial Activity in Iran", *International Labour Review*, May 1949.

^a Approximate.

^b State-owned factories only.

^c Eleven establishments of a total of 26.

^d Anglo-Iranian Oil Company.

C. PALESTINE: NUMBER OF ESTABLISHMENTS, PERSONS EMPLOYED, POWER AVAILABLE, VALUE OF PRODUCT AND CAPITAL INVESTED IN INDUSTRY,^a 1937 AND 1946

Industry	1937					1946			
	Number of establishments	Number of employees	Horse-power	Gross value of product (thousands of Palestine pounds)	Capital invested	Number of establishments	Number of employees	Gross value of product (thousands of Palestine pounds)	Capital invested ^b
Food	290	3,676	6,394	2,261	1,626.8	392	7,100	8,000	12,300
Textiles and wearing apparel	210	2,772	1,425	635	656.0	530	13,100	10,000	4,100
Wood-working	246	2,084	5,091	635	415.5	210	2,620	3,500	4,800
Printing and paper	157	2,282	1,168	523	519.4	190	2,560	1,700	2,200
Chemicals	71	2,002	5,878	876	1,593.5	154	2,480	2,500	2,500
Leather	61	842	438	268	143.0	144	1,900	2,200	1,800
Quarrying and cement production	156	3,058	7,344	1,003	1,289.3	146	4,800	3,000	2,500
Diamonds	—	—	—	—	—	38	4,200	5,500	500
Metals and machinery	266	2,872	3,545	860	835.9	390	6,200	2,800	8,000
Miscellaneous	99	2,376	73,583	830	3,984.5	247	3,150	2,450	4,400
Total	1,556	21,964	104,866	7,892	11,063.9	2,441	48,110	41,650	43,000

Source: Government of Palestine: *A Survey of Palestine*; *Palestine Year Book*; *Israeli Annual* (New York, 1949).

^a Not including Arab industries. Three principal concessions^b are included.
^b 1949.

D. TURKEY: NUMBER OF EMPLOYEES IN LEADING INDUSTRIES,^a 1935 AND 1945

Industry	Number of employees	
	1935	1945
Food, beverages and tobacco	87,000	68,000
Textiles	84,000	104,000
Clothing	103,000	52,000
Wood, rush and cane products	65,000	69,000
Paper and printing	5,000	9,000
Chemicals	1,000	3,000
Rubber products	17,000	2,000
Hides, leather and fur		19,000
Shoe manufacturing and repair		70,000
Mining and quarrying	19,000	34,000
Construction	80,000	62,000
Metals	58,000	75,000
Machinery and tools	14,000	49,000
Stone and earthenware	16,000	17,000
Electricity, gas and water	2,000	4,000

Source: Census of 1935 and of 1945.
^a Excluding technical and administrative per-

sonnel (aggregating 5,000 for all industry) and 33,000 unskilled industrial workers.

Table 14. Wages of Industrial Workers in Certain Countries

<i>Country, year and industry</i>	<i>Wage</i>	<i>Approximate equivalent in United States dollars^a</i>
Egypt, 1947:		
Average, manufacturing	133 piastres per week	5.40
Iran, 1947:		
Sugar ^b	80-100 rials per day	1.60 - 2.00
Cotton textiles ^b	40-150 rials per day	0.80 - 3.00
Leather ^b	50-70 rials per day	1.00 - 1.40
Rice husking ^b	30-65 rials per day	0.60 - 1.30
Oil (minimum, artisan)	80 rials per day	1.60
Israel/Palestine, 1944:		
Jewish labourers ^b	900-1,280 mills per day	3.60 - 5.00
Arab labourers ^b	230-820 mills per day	0.90 - 3.30
Average, 1949 ^c	about £1 2.25 per day	6.00
Lebanon, 1948:		
Unskilled labour	£3-£4 per day	1.40 - 1.80
Turkey, 1938:		
Average wages in government-assisted private industries (excluding salaried personnel)	£T1.05 per day	0.83
Coal mining, 1946 ^d		1.24 per day

Source: Egypt: industrial census of 1945; Iran: International Labour Organisation, *International Labour Review*, "Agricultural and Industrial Activity in Iran" (May 1949); Israel/Palestine: Government of Palestine, *A Survey of Palestine*; Turkey: Central Statistical Office, *Istatistik Yilligi* (Ankara, 1949). For more details on wages in the oil industry in

Iran, see International Labour Organisation, *Labour Conditions in the Oil Industry in Iran*, 1950.

^a Converted at official rates.

^b Males.

^c Statement by Histadrut.

^d M. W. Thornburg, *Turkey: An Economic Appraisal* (New York, 1949).

Table 15. Minerals and Mining in Certain Countries

(In thousands of metric tons)

Country and minerals	1938	1939	1943	1945	1947	1948	1949
Cyprus:							
Asbestos	9.7	8.9	1.4	3.2	6.8	8.1	12.6
Copper ore (content)	36.6	31.1	0.1	0.5	12.3	11.4	18.8
Chrome ore (Cr ₂ O ₃ content)	2.8	3.9	0.2	1.6	2.3	5.2	6.6
Salt	3.0	3.0	6.0 ^a	5.0 ^b	15.6	..	..
Egypt:							
Manganese ore (content)	44	35	2	-	..	17	40
Phosphate	458	548	319	349	377	300	350
Salt (exports)	285	442	107	255	623	360	466
Palestine:							
Potash (content)	24	32	47	45	38 ^c	50 ^d	..
Turkey:							
Copper ore (content)	2.5	6.7	9.7	9.9	10.1	12.0	11.3
Chrome ore (Cr ₂ O ₃ content)	106.5 ^e	91.6 ^e	75.7	71.9	50.0	137	..
Sulphur	3.9	2.6	3.4	4.2	2.7	2.6	..
Manganese ore (content)	0.9 ^e	..	1.1	2.0	1.8	3.3	..
Iron ore (content)	50	155	59	82	95	120	135
Coal	2,589	2,696	3,166	3,720	3,944	4,025	4,183
Lignite	158	185	625	725	819	997	1,272
Salt ^f	262	240	266	254	276	..	..

Source: United Nations, *Statistical Yearbook and Monthly Bulletin of Statistics*.

^a 1942.
^b 1944.

^c 1946-47.

^d 1947-48.

^e Shipments from mines.

^f Twelve months beginning 1 June of year stated.

Table 16. Production of Electricity in Certain Countries, Pre-war and Post-war

(In millions of kilowatt-hours)

Year	Anglo-Egyptian Sudan	Egypt	Iran	Iraq ^a	Lebanon	Israel/Palestine	Syria	Turkey
1939 .....	..	288 ^b	..	..	39	91	25	353
1943 .....	..	..	..	..	43	162	29	457
1945 .....	..	..	..	49	58	216	29	528
1946	14	431	..	47	61	252	38	563
1947	15	..	..	59	73	304	43	625
1948	17	642	200	69	86	260 ^c	41	628
1949 .....	..	..	..	..	..	329 ^d	52	682 ^e

Source: United Nations, *Monthly Bulletin of Statistics*; Anglo-Egyptian Sudan: Department of Economics and Trade, *Foreign Trade Report*, 1948; Egypt: Report of Finance Committee of Chamber of Deputies; Institut national de la statistique, *l'Egypte* (Paris); C. Issawi, *Egypt* (London, 1947); Iran: Overseas Consultants, Inc., *Report on Seven-Year Development Plan*.

^a Consumption.

^b 1938.

^c Israel only.

^d For Israel only; 461 million in 1950.

^e 735 million in 1950.

Table 17. Production of Cement in Certain Countries, 1938, 1939, 1943 and 1945 to 1950
(In thousands of metric tons)

Country	1938	1939	1943	1945	1946	1947	1948	1949	1950
Egypt	375	368	323	432	588	648	768	889	..
Iran	65	69	42	23	37	42	58	..	..
Israel/Palestine ^a	98	112	176	151	255	328	160	241	380
Lebanon	171	156	118	148	158	168	209	254	263
Syria	65	58	33	29	43	48	54	58	..
Turkey	287	284	176	298	325	345	336	374	397

Source: United Nations, *Statistical Yearbook and Monthly Bulletin of Statistics*; Iran: Overseas Consult-

ants, Inc., *Report on Seven-Year Development Plan*.
^a Israel only after 15 May 1948.

Table 18. Cotton Textile Equipment and Output in Certain Countries, 1949

Country	Spinning		Weaving	
	Spindles (thousands)	Output of yarn (thousands of tons)	Number of power looms	Output (millions of metres)
Afghanistan	18	0.5 ^a	600	7.0 ^a
Egypt	510	33.7	{ 11,300 ^b 37,300 ^{b,c} }	152 (square metres)
Iran	224	12.0	3,600	30.0
Iraq	27	0.3	700	0.9
Israel	45	5.4 ^d	1,200 ^e	40.0 ^d
Lebanon	70	5.0	{ 700 ^d 300 ^{e,d} }	700 (tons)
Syria	100	3.7	{ 1,500 ^d 10,000 ^{e,d} }	21.4
Turkey	249 ^f	29.7	4,700	26,500 (tons) ^d

Source: United Nations, *Statistical Yearbook and Monthly Bulletin of Statistics*; United Kingdom Board of Trade, economic surveys of Egypt, Iran, Iraq and Turkey; United States Department of Commerce, International Reference Service, *Iraq, Lebanon*; Annual Report of Société Misr (Cairo, 1949); Overseas Consultants, Inc., *Report on Seven-Year Development Plan*; *Bank Melli Bulletin*, No. 99 (Tehran); *Palestine Industry*; Ministry of National Economy, *Al majmua al ihsaia al ama*

(Beirut); A. Gibb, *Economic Development of Lebanon* (London, 1948); Chamber of Commerce *Bulletin* (Aleppo, 1948 and 1949); M. W. Thornburg, *Turkey: An Economic Appraisal* (New York, 1949).

^a 1946.

^b 1945.

^c Hand looms.

^d 1947.

^e Including looms for woollens.

^f 1946.

Table 19. Production of Sugar in Three Countries
(In thousands of metric tons)

Crop year	Egypt		Iran	Turkey
	Raw sugar	Refined sugar ^a	Refined sugar	Refined sugar
1937/38	160	209	18	57
1938/39	162	238	22	47
1942/43	190	158	14	64
1944/45	173	148	24	100
1945/46	180	166	22	100
1946/47	191	185	36	107
1947/48	223	200	52	106
1948/49	191	216	35	118
1949/50	170	175	30	135

Source: United Nations, *Statistical Yearbook*; National Bank of Egypt, *Economic Bulletin*, vol. III, No. 1; Iran: Ministère des finances, *Statistique annuelle du commerce extérieur de l'Iran* and *Bank Melli Bulletin* (October 1949 to January 1950); Turkey: Turkish Informa-

tion Office, *News from Turkey*, (26 January 1950); Ministère de l'Economie et du Commerce, *Conjoncture*, (October to December 1949).

^a Total produced from domestic and imported raw sugar.

Table 20. Output of Tobacco Products in Certain Countries
(In millions of cigarettes; tobacco in metric tons)

Country and item	1938	1939	1943	1945	1946	1947	1948	1949
Egypt:								
Cigarettes	6,000	..	..	..	..	..	10,000	9,800
Iran:								
Cigarettes	..	..	2,682	3,098	3,551	3,061	4,350	..
Tobacco	5,930	8,361	2,500	8,744	10,357	8,705	..	..
Iraq: ^a								
Tobacco	4,700	4,100	8,600	11,300	10,500	10,000	b	..
Israel/Palestine:								
Cigarettes	619	580	1,385	1,147	1,165	1,063	511 ^c	1,031 ^d
Tobacco	73	52	120	138	156	156	7 ^c	28 ^d
Lebanon:								
Cigarettes	595	664	1,191	972	848	807	856	912
Tobacco	222	299	61	223	290	253	375	327
Syria:								
Cigarettes	..	461 ^e	1,224	865	868	833	962	1,192
Tobacco	..	1,241 ^e	709	867	746	683	972	833
Turkey:								
Cigarettes	..	10,598	9,927	15,325 ^f	14,659	15,666	..	..
Tobacco	..	4,451	3,572	3,242 ^f	2,803	2,541	..	..

Source: United Nations, *Statistical Yearbook*; C. Issawi, *Egypt* (London, 1947); United Kingdom Board of Trade; United States Department of Commerce, International Reference Service, *Economic Review of Egypt*, 1948, 1949.

^a Fiscal year; data represent tobacco issued from excise bonded warehouses.

^b Approximate output of cigarettes, 1,300 million; see United Kingdom Board of Trade, *Overseas Surveys*, Iraq 1949.

^c Israel only; June to December.

^d Israel only.

^e 1940.

^f 1944.

Table 21. Output of Alcoholic Beverages in Certain Countries
(In thousands of hectolitres)

Country and item	1938	1939	1943	1945	1946	1947	1948	1949
Cyprus:								
Wine	153 ^a	..	..	137	157	105	129	170
Egypt:								
Beer	56	78	336	380	291	177	151	..
Iraq:								
Beer	-	-	-	-	-	-	-	20 ^b
Araq	9 ^b	8 ^b	17 ^b	22	26	22	..	..
Israel/Palestine:								
Beer	17	20	116	194	181	180	37 ^c	89 ^d
Wine	31	34	43	52	59	75	24 ^c	65 ^d
Lebanon:								
Beer .....	..	18 ^e	70	70	16	16	19	20
Wine .....	..	23 ^e	10	8	4	1	5	..
Araq .....	..	11 ^e	11	11	12	8	12	..
Syria:								
Wine .....	..	2	2	2	1	1	..	..
Araq .....	..	5	11	8	8	6	..	..
Turkey:								
Beer .....	..	94 ^e	140	162 ^f	187	201	..	..
Wine	123	102	127	259	176	140	116	177
Araq	71	66	96	29	20	43	33	33

Source: United Nations, *Statistical Yearbook*; *Statistical Abstract of Iraq*; Lebanon, *Majmuat ihsaat Suria wa Lubnan* (Beirut); Ministry of National Economy, *Al majmua al ihsaia al ama* (Beirut); Syria, Ministry of National Economy, *Al majmua al ihsaia al Suria* (Damascus); *Statistical Abstract of Palestine*; Government of Palestine, Department of Statistics, *General Monthly Bulletin of Current Statistics* (Jerusalem); Central Bu-

reau of Statistics, *Statistical Bulletin of Israel*; Turkey: Central Statistical Office, *Istatistik Yilligi*.

^a Average of 1934-38.

^b Estimated.

^c Israel only; June to December 1948.

^d Israel only.

^e 1940.

^f 1944.

Table 22. Major Petroleum Concessions, 1950

Country and owner of concession	Date granted	Expiration date	Area (square miles)	Per cent of total area	Year of first production ^a
<i>Iran:</i>					
William Knox D'Arcy ^b	28 May 1901	1961	480,000	76.4	1913
Anglo-Iranian Oil Company, Limited (United Kingdom Government 52.5%; Burmah Oil Company, Limited 25%; individuals 22.5%)	29 April 1933	1993	100,000	15.9	
<i>Iraq:</i>					
Iraq Petroleum Company, Limited ^c (Anglo-Iranian Oil Company, Limited 23.75%; Shell group 23.75%; Compa- gnie française des pétroles 23.75%; Standard Oil Company of New Jersey 11.875%; Socony-Vacuum Oil Com- pany 11.875%; C. S. Gulbenkian 5%)	24 March 1925	2000	32,000 ^d	20.5	1927
Khanaqin Oil Company, Limited (Anglo-Iranian Oil Company)	30 August 1925	1995	684	0.4	
Mosul Petroleum Company, Limited (Iraq Petroleum Company)	25 May 1932	2007	46,000	29.5	1927
Basrah Petroleum Company, Limited (Iraq Petroleum Company)	13 November 1938	2013	Remaining portion of Iraq ^e	49.6	
<i>Bahrain Islands:</i>					
Bahrain Petroleum Company, Limited ^f (Standard Oil Company of California 100%)	1930	1989	100,000 acres	73.7	1933
(From 1936, Standard Oil Company of California 50%; Texas Oil Com- pany 50%)	19 June 1940	1995	g	100.0	
<i>Saudi Arabia:</i>					
Standard Oil Company of California ^h	29 May 1933	1993	360,000	60.6	1936
Arabian American Oil Company ⁱ (Standard Oil Company of California 30%; Standard Oil Company of New Jersey 30%; Texas Oil Company 30%; Socony-Vacuum Oil Company 10%)	21 July 1939	1999	440,000	74.1	
<i>Kuwait:</i>					
Kuwait Oil Company, Limited (Anglo-Iranian Oil Company, Limited 50%; Gulf Exploration Corporation 50%)	23 December 1934	2009	6,000	100.0	1946
<i>Qatar:</i>					
Petroleum Development (Qatar), Limited (Iraq Petroleum Company)	17 May 1935	2010	Entire penin- sula	100.0	1949
<i>Muscat and Oman:</i>					
Petroleum Development (Oman and Dho- far), Limited (Iraq Petroleum Company)	24 June 1937	2012	52,000	63.4	-
<i>Trucial Coast:</i>					
Petroleum Development (Trucial Coast), Limited ^j (Iraq Petroleum Company)	1937	2012	45,000	59.6	-
<i>Syria:</i>					
Syria Petroleum Company, Limited (Iraq Petroleum Company)	26 March 1940	2015	41,700	40.4	-
Syrian-American Oil and Gas Company (J. W. Menhall)	early 1949	2019	Remaining portion of Syria ^k		-
<i>Jordan:</i>					
Petroleum Development (Transjordan), Limited (Iraq Petroleum Company)	10 May 1947	2022	Entire terri- tory ^l	100.0	-

Table 22. Major Petroleum Concessions, 1950 (Continued)

Country and owner of concession	Date granted	Expiration date	Area (square miles)	Per cent of total area	Year of first production ^a
<i>Kuwait-Saudi Arabian Neutral Zone:</i>					
American Independent Oil Company (American interests ^m)	28 June 1948	2008	Undivided half of Kuwait	50.0	—
Pacific Western Oil Corporation (American interests ⁿ)	20 February 1949	..	Undivided half of Saudi Arabia	50.0	—

Source: Publications of the petroleum companies; Petroleum Press Bureau, *Petroleum Times*, "Review of Middle East Oil"; Gulf Publishing Company, *World Oil* (Houston, Texas, 1950); Petroleum Publishing Company, *Oil and Gas Journal* (Tulsa, Oklahoma); American Geographical Society, *World Geography of Petroleum* (Princeton University Press, 1950).

^a In commercial quantities.

^b The Anglo-Persian Oil Company was formed in April 1909 to take over the D'Arcy concession; the name was changed in 1935 to Anglo-Iranian Oil Company.

^c The previous name of the company was Turkish Petroleum Company; the new name was adopted in June 1929.

^d Originally the concession comprised the whole of Mosul and Baghdad provinces; in March 1931 certain provisions were modified, the area being reduced to that part of the provinces which is situated east of the Tigris River, covering an area of about 32,000 square miles.

^e Portion of Iraq lying west of the Tigris River, below the 33rd parallel.

^f The concession was originally granted by the Sheikh of Bahrein to the Eastern and General Syndicate, Limited, in December 1925 and was transferred on 30 November 1927 to the Eastern Gulf Oil Company. The latter turned its Bahrein rights over to the Standard Oil Company of California, which organized the Bahrein Petroleum Company, Limited, registered in Canada. In 1936 the Texas Oil Company acquired 50 per cent of the stock of the Bahrein Petroleum Company.

^g The concession covers the "present and future dominions of the Sheikh", including the territorial waters.

^h In 1936 the Texas Oil Company acquired a 50 per cent interest in Arabian operations and organized, together with its partner, Standard Oil Company of California, the California Arabian Standard Oil Company. On 31 January 1944, the name was changed to Arabian American Oil Company.

ⁱ In the revised agreement the supplemental area included the undivided half interest of Saudi Arabia in the Iraq and Kuwait Neutral Zones, and the area under preferential rights in Saudi Arabia, amounting to 177,000 square miles. In 1948 the concessionaire relinquished its rights over the Kuwait-Saudi Arabian Neutral Zone and that part of Saudi Arabia lying west of 46° east longitude. The lease of preferential rights is to expire on 21 July 2005.

^j In 1937, this company obtained six concessions and an exploration permit from the rulers of the Trucial Coast, covering a total area of 45,000 square miles.

^k The area of the concession includes territories south of the parallel through Damascus, plus one-third of the concession of the Syrian Petroleum Company, Limited, which is regarded as having been surrendered.

^l Covers territory of Transjordan at the time of the granting of the concession.

^m The stock ownership of the company is reported as follows: Phillips Petroleum Company 26.6 per cent; Ashland Oil Company 13.3 per cent; Hancock Oil Company 13.3 per cent; Signal Oil and Gas Company 13.3 per cent; Deep Rock Oil Company 6.7 per cent; Globe Oil and Refining Company 6.7 per cent; Sunray Oil Company 6.7 per cent; J. S. Abercrombie 6.7 per cent; R. K. Davies 6.7 per cent.

ⁿ In 1949, 84 per cent of the stock of the Pacific Western Oil Corporation was held by J. Paul Getty.

Table 23. Proved Oil Reserves and Production of Crude Petroleum, 1949
Compared to Production in Major Oil Producing Areas

Country	Oil reserves ^a (thousands of metric tons)	Production	Reserves as percentage of world total	Proportion of production to reserves (per cent)
Bahrein	23,300	1,508	0.22	6.5
Egypt	17,100	2,245	0.17	13.1
Iran	927,400	27,237	8.77	2.9
Iraq	668,500	4,326	6.32	0.6
Kuwait	1,487,000	12,378	14.05	0.8
Qatar	67,600	100 ^b	0.64	0.2
Saudi Arabia	1,213,400	23,461	11.47	1.9
Total, Middle East ^c	4,404,300	71,263	41.63	1.6
United States	3,722,900	252,096	35.19	6.8
Venezuela	1,287,700	69,008	12.17	5.4
Others	1,165,100	75,633 ^d	11.01	6.5
Total, world	10,580,000	468,000	100.00	4.4

Source: United Nations; figures for reserves are from DeGolyer and MacNaughton, *Twentieth Century Petroleum Statistics* (Dallas, Texas, 1949); converted from barrels into metric tons by conversion factors supplied by the Statistical Office of the United Nations.

^a On 1 January 1949.

^b Production started late in 1949.

^c Excluding Turkey.

^d Production figure of 34 million tons for the Union of Soviet Socialist Republics included in the total is from United Nations, *Economic Survey of Europe in 1949*.

Table 24. Production of Petroleum, 1928, 1933 and 1938 to 1950
(In thousands of metric tons)

Year	Bahrein	Egypt	Iran	Iraq	Kuwait	Saudi Arabia	Total Middle East ^a	World total ^b	Middle East as percentage of world total
1928	—	268	5,791	94	—	—	6,153	171,000	3.6
1933	4	238	7,200	115	—	—	7,557	175,000	4.3
1938	1,138	226	10,359	4,298	—	67	16,088	250,000	6.4
1939	1,041	666	9,737	3,963	—	539	15,946	254,000	6.3
1940	971	929	8,765	2,514	—	700	13,879	262,000	5.3
1941	932	1,221	6,711	1,566	—	590	11,020	270,000	4.1
1942	856	1,182	9,550	2,595	—	620	14,803	253,000	5.9
1943	902	1,285	9,861	3,572	—	650	16,270	279,000	5.8
1944	921	1,353	13,487	4,146	—	1,063	20,970	315,000	6.7
1945	1,003	1,350	17,108	4,607	—	2,872	26,940	332,000	8.1
1946	1,099	1,282	19,497	4,680	800	8,200	35,558	355,000	10.0
1947	1,291	1,334	20,519	4,702	2,200	12,300	42,346	389,000	10.9
1948	1,496	1,886	25,270	3,427	6,400	19,260	57,739	441,000	13.1
1949	1,508	2,245	27,237	4,326	12,378	23,461	71,155	434,000	16.4
1950	1,512	2,328 ^c	32,259	6,600	17,280	26,905	88,717	486,000	18.3

Source: United Nations, *Statistical Yearbook 1948 and Monthly Bulletin of Statistics*.

^a Excluding Qatar and Turkey; production in Qatar during 1950 was 1,635,816 tons and production in

Turkey from January to November 1950 was 15,536 tons.

^b Excluding the Union of Soviet Socialist Republics.

^c Eleven months.

Table 25. Major Pipelines^a

Owner	Number of pipelines	Origin	Terminus	Length (miles)	Diameter (inches)	Capacity (barrels per day)	Year completed
<i>Iran:</i>							
Anglo-Iranian Oil Company, Limited	11	Oil-fields	Mainly Abadan and Mashur	1,022	Chiefly 8-12	764,000	1916 to 1948
Middle East Pipelines, Limited ^b	1	Oil-fields of Iran and Kuwait	Syrian coast	770	34-36	535,000	c
<i>Iraq:</i>							
Iraq Petroleum Company, Limited	1	Kirkuk	Haifa	620	12¾	43,750	1934
	1	Kirkuk	Tripoli	530	12¾	43,750	1934
	1	Kirkuk	Tripoli	530	16	87,500	1949
	1	Kirkuk	Haifa	620	16	87,500	d
Basrah Petroleum Company	1	Kirkuk	Baniyas	556	30	300,000	e
	1	Zubair	Fao	72	12¾	50,000	c
<i>Saudi Arabia:</i>							
Arabian American Oil Company ^f	6	Oil-fields	Ras Tanura	233	10-22	791,000	1939 to 1949
Trans-Arabian Pipeline Company	1	Oil-fields	Sidon	1,068	30-31	330,000	1950

Source: Gulf Publishing Company, *World Oil*; and publications of the petroleum companies.

^a In addition there are several short pipelines in Bahrein, Egypt, Iraq, Kuwait and Qatar.

^b Has not yet received right of way from the Iraqi Government.

^c Not yet determined.

^d A portion less than 50 miles in length, in Israel, remains incomplete owing to recent conflict in Palestine.

^e Being constructed.

^f Bahrein Petroleum Company owns 50 per cent of the pipeline between Dhahran and Bahrein (with a length of 34 miles, diameter of 12 inches and capacity of 125,000 barrels per day).

Table 26. Refinery Operations and Imports and Exports of Crude Petroleum, 1949

(In thousands of barrels)

Country	Number of operating plants	Supply of crude petroleum		Crude petroleum run to stills	Exports of crude petroleum
		Production	Imports		
Bahrein	1	10,985	45,331 ^a	56,060	—
Egypt	2	15,808	—	15,571	—
Iran	2	204,712	—	177,798 ^b	113,352
Kuwait	1	89,930	—		
Iraq	3	31,729	—	2,232 ^c	27,833 ^d
Israel	1	—	590	590	—
Lebanon	1	—	2,276 ^e	2,276	—
Qatar	1	750	—	—	115
Saudi Arabia	1	174,009	—	46,270	126,127 ^f
Total ^g	13	527,923	48,197	300,797	267,427
World total	677	3,367,720	762,722	3,345,825	767,952

Source: Production figures, except for Qatar, from Gulf Publishing Company, *World Oil*, 15 July 1950; other figures from United States Bureau of Mines, *World Petroleum Statistics*, 1949; also *Financial Times* (London, 3 July 1950).

^a Imported from Saudi Arabia.

^b Kuwait accounted for only a small part; its refinery started operations in November 1949 and processed about 900,000 barrels of crude petroleum by the end of 1949.

^c Estimated.

^d Of which 2,276,000 barrels were exported to Lebanon.

^e Imported from Iraq.

^f Of which 45,331,000 barrels were exported to Bahrein.

^g Excluding Turkey, which had two small topping plants with a combined crude charge of 550 barrels per day. Total refined output in 1950 was 340 million barrels.

Table 27. Relation of Oil Revenues to Total Government Revenue in Five Countries

<i>Country and year</i>	<i>Total revenue 1</i>	<i>Oil royalties and other payments to Governments 2</i>	<i>Column 2 as percentage of column 1 3</i>
Iran (in millions of Iranian rials):^a			
1943	3,463	526	15.2
1948	7,532	1,174	15.6
1949	8,646	1,284	14.9
Iraq (in millions of Iraqi dinars):^b			
1938	7.48	1.97	26.3
1943	18.81	1.88	10.0
1948	23.37	1.87	8.0
1949	27.16	3.12	11.5
Lebanon (in millions of Lebanese pounds):			
1949	75.0 ^c	3.8	5.1
Saudi Arabia (in millions of Saudi Arabian riyals):			
1948	215 ^c	106	49.3
Bahrein (in millions of rupees):			
1946	7.04	3.85	54.6

Source: See table 47. Also International Monetary Fund, *Balance of Payments Yearbook 1948* (Washington, D.C.); Iran, *Bank Mellî Bulletin*, No. 98; and 1949/50 yearly report; Overseas Consultants, Inc., *Report on Seven-Year Development Plan of Iran*. Petroleum Press Bureau, *Petroleum Press Service* (London); *Commerce du Levant* (Beirut), 29 July 1950; *Al Alam al Arabi* (Cairo), 10 June 1948; *Statesman's Yearbook*. Oil royalties for

Bahrein and Saudi Arabia are estimates based on rate of royalties and production of crude oil. Saudi Arabian royalties are calculated at official rate of exchange.

^a Revenue figures are for the Iranian calendar year ending 20 March of following year.

^b Revenue figures are for fiscal year ending June of year stated.

^c Budget estimate.

Table 28. Expenditure by Oil Companies and Balance of Trade of Five Countries

Country and year	Disbursement of foreign exchange by oil companies			Imports ^b	Deficit in balance of trade ^b
	Direct payments to Governments ^a	Other local expenditures	Total		
Iran (in millions of Iranian rials): ^c					
1940	243	42	285	612 ^d	154 ^d
1943	526	335	861	1,527	704
1948	1,174	2,068	3,242	4,219	2,417
1949	1,284	2,240	3,524	6,785	5,073
Iraq (in thousands of Iraqi dinars):					
1938	1,968	525	2,493	8,403	4,714
1943	1,884	..	..	15,383	5,903
1947	2,280	5,503	7,783	34,883	20,178
1948	1,872	6,941	8,813	35,969	27,306
Saudi Arabia (in millions of Saudi Arabian riyals):					
1946	45.0	..	..	113.3	102.3
1948	106.0	47.7	153.7	126.7	..
Kuwait (in millions of rupees):					
1946	2.6	..	..	16.9 ^e	16.5 ^e
1949	40.2	..	..	..	..
Bahrein (in millions of rupees):					
1946	3.8	..	..	41.7 ^e	20.8 ^e
1949	5.3	..	..	..	..

Source: Iran: Ministère des finances, *Annuaire du commerce extérieur de l'Iran*; Overseas Consultants, Inc., *Report on Seven-Year Development Plan*; Bank Melli bulletins; Iraq: *Statistical Abstract of Iraq*; International Monetary Fund, *Balance of Payments Yearbook*; Saudi Arabia: Reports of Arabian American Oil Company; Statistical Office of the United Nations (figures on direct payments and 1948 imports are estimates); Kuwait and Bahrein: United States International Refer-

ence Service, *Arabian Peninsula Areas*, (November 1948) (figures on direct payments are estimates).

^a Including royalties, share of profits, dead rents and taxes.

^b Excluding imports and exports by oil companies.

^c Import and deficit figures are for the Iranian year ending 20 March of the following year.

^d Year ending 20 March 1940.

^e Year ending 31 March 1946.

Table 29. Employees Engaged in Oil Industry in Relation to Total Population, Post-war

Country and date	Total number of employees 1	Number of local employees 2	Population ^a (thousands) 3	Column 2 as percentage of column 3 4	Column 2 as percentage of column 1 5
Bahrein:					
1948	6,078	4,650	110	4.23	76.5
Egypt:					
July 1947	3,113	..	20,045	..	..
Iran:					
January 1949	72,380	67,903	18,387	0.37	93.8
Iraq:					
December 1948	14,241	13,463	4,800	0.28	94.5
Kuwait:					
March 1950	10,050	4,500 ^b	170	2.65	44.8
Saudi Arabia:					
December 1949	16,084 ^c	10,026 ^c	6,000	0.17	62.3
Total ^d	118,833	100,542	29,467	0.34 ^e	84.6 ^e

Source: Petroleum Press Bureau, "Review of Middle East Oil", *Petroleum Times* (London), June 1948; International Labour Organisation, *Petroleum Committee, Second Session, Report II, 1948 and Labour Conditions in the Oil Industry in Iran* (Geneva, 1950); *Statistical Abstract of Iraq, 1948*; United States Department of Labor; Arabian American Oil Company, *Report of Operations to the Saudi Arabian Government, 1949*; J. E. Pogue, *Oil in Venezuela*, (Chase National Bank, June

1949); Statistical Office of the United Nations.

^a Latest data available.

^b Estimate.

^c Excluding the number of workers employed by contractors, amounting to 4,000 at the end of 1948.

^d Excluding Egypt.

^e For comparison, the percentages in Venezuela in 1948 were 1.23 and 93.0, respectively; the number of local employees was estimated at 53,940 of a total of 58,000 in the industry.

Table 30. Length of Railways in Certain Countries, Pre-war and Post-war
(In route kilometres)

Country	Pre-war length of line ^a (kilometres)	Post-war length of line ^b (kilometres)	Railway route kilometres		
			Per 100 square kilometres of total area	Per 100 square kilometres not including deserts ^c	Per 10,000 inhabitants
Anglo-Egyptian Sudan . . .	3,206 ^d	3,242	0.12	0.15	4.05
Cyprus	114	114	1.27	1.27	2.28
Egypt	5,606	6,092 ^e	0.61	12.20	3.21
Iran ^f	1,700 ^d	3,180	0.19	0.27	1.93
Iraq	1,304 ^d	1,555	0.34	0.52	3.24
Israel		416 ^g	2.08	3.47	3.33
Jordan	332	332	0.37	1.84	8.30
Lebanon	232	423	4.50	4.50	3.53
Palestine	1,188	1,225 ^h	4.71	7.21	6.45
Syria	854	867	0.67	0.86	2.54
Turkey	7,324	7,634	1.00	1.00	4.03

Source: Anglo-Egyptian Sudan: *Annual Report of Department of Economics*, 1948; report by the Governor-General for 1946; Cyprus: *Colonial Annual Reports, Cyprus*, 1947; Egypt: Ministry of Finance, *Annuaire statistique de poche*; Iran: *Ettelaat* (Tehran); Iraq: *Statistical Abstract*; Lebanon: Ministry of National Economy, *Recueil des statistiques* (Beirut); Israel: *Israel Economist* (September 1950); Palestine: *Statistical Abstract*; Syria: Ministry of National Economy, *Al majmua al ihsaia* (Damascus); Turkey: Central Statistical Office, *Istatistik Yilligi*, 1949.

^a 1939 except where otherwise indicated.

^b 1948 except where otherwise indicated.

^c Owing to the high proportion of desert

land in many Middle Eastern countries, figures showing railway length in terms of total area are misleading, and figures are therefore given for railway and road density of inhabited areas—calculated on the assumption that desert comprises 95 per cent of area of Egypt, 80 per cent of Jordan, 40 per cent of Israel (35 per cent of Palestine), 33 per cent of Iraq, 25 per cent of Iran and Syria and 20 per cent of the Anglo-Egyptian Sudan; figures are approximate.

^d 1938.

^e 1946.

^f Includes sidings.

^g Lines in use, 1950.

^h 1947.

Table 31. Passenger and Goods Traffic in Certain Countries, Pre-war and Post-war
(In millions of given unit)

Country and category	1939	1943	1945	1946	1947	1948	1949
<i>Anglo-Egyptian Sudan:</i>							
Passengers	1.2 ^a	..	1.7	1.8	1.6	1.4	1.6
Freight (tons)	0.7 ^a	1.1	0.9	0.9	1.0	0.8	1.0
Freight (ton-kilometres) ...	526 ^a	..	576	531	617	591	706
<i>Cyprus:</i>							
Passengers .....	..	..	..	..	0.22	0.19	..
Freight (tons) .....	..	..	..	..	0.08	0.08	..
<i>Egypt:^b</i>							
Passengers	35.3	57.1	59.7	60.6	47.5	51.1	..
Passenger-kilometres	1,356	1,916	2,260	2,224	..	..	..
Freight (tons)	7.5	9.0	8.6	6.7	7.8	8.3	..
<i>Iran:</i>							
Passengers	0.4	0.6	0.9	1.4	1.6	..	..
Freight (tons)	0.7	3.2	1.3	1.0	1.1	1.0	..
<i>Iraq:^c</i>							
Passenger-kilometres	258	662	775	631	529	..	..
Freight (ton-kilometres) ...	255	912	521	606	574	515	..
<i>Israel/Palestine:</i>							
Passengers	0.6	2.1	2.4	1.7	0.9	0.1 ^d	0.8
Freight (ton-kilometres) ...	118	474	347	252	224	2.8 ^d	23.7 ^e
<i>Lebanon and Syria:</i>							
Passenger-kilometres	120	92	75	67	58	51	36 ^f
Freight (ton-kilometres) ...	137	173	181	157	114	118	115
<i>Turkey:^g</i>							
Passenger-kilometres	1,285	2,378	2,146	2,420	2,409	2,310	2,176
Freight (ton-kilometres) ...	1,384	2,216	2,111	2,165	2,410	2,294	2,368

Source: Statistical Office of the United Nations; Egypt: Ministry of Finance, *Ihsa al Gaib* (Annuaire statistique de poche); National Bank of Egypt, *Economic Bulletin*; Iran: Overseas Consultants, Inc., *Report on Seven-Year Development Plan*.

^a 1938.

^b State railways only; 1939 to 1945, fiscal

years ending 30 April; for 1947 and 1948, calendar year.

^c For 1939-1946, fiscal year beginning 1 April; for 1947, calendar year.

^d 15 May to 31 December.

^e 1950; 70.9 million.

^f Partly estimated.

^g Fiscal year beginning 1 June.

Table 32. Extent of Road Systems in Certain Countries, Post-war

Country	Year	Total length (kilometres)	Length of asphalted roads (kilometres)	Kilometres of road		
				Per 100 square kilometres	Per 100 square kilometres not including deserts ^a	Per 10,000 inhabitants
Cyprus	1947	4,160	1,150	45.2	45.2	83.2
Egypt	1945	12,444 ^b	..	1.2	24.8	6.6
Iran	1945	23,000	1,680	1.4	1.8	13.3
Iraq	1945	6,400	2,400	1.4	2.1	13.3
Israel	1950	1,975	..	9.5	13.0	16.0
Jordan	1947	600 ^c	..	0.6	3.6	15.0
Lebanon	1948	4,046	1,917	43.0	43.0	33.7
Palestine	1945	2,660 ^c	..	10.2	15.6	14.0
Syria	1948	7,837	2,431	6.1	7.8	23.1
Turkey	1948	20,993 ^d	..	2.8	2.8	11.1

Source: Cyprus: *Colonial Annual Reports, Cyprus, 1947*; Egypt: Ministry of Finance, *Annuaire statistique de poche*; Iran: Ministry of Communications, *Five-Year Programme* (in Persian); Iraq: *Statesman's Yearbook*; Israel: *Israel: Documents, Facts and Figures* (Diplomatic Press, London, 1950); Jordan: United States Department of Commerce, International Reference Service, *Transjordan*; Lebanon and Syria: Ministry of National Economy, *Recueil de statistiques* (Beirut); Palestine: Government

of Palestine, *A Survey of Palestine* (Jerusalem, 1946); Turkey: Central Statistical Office, *İstatistik Yilligi*.

^a See table 30, footnote c.

^b "Farm roads" only; excluding several hundred kilometres of good roads built in desert areas; including 2,314 kilometres of "first-class roads".

^c All-weather roads only.

^d Including 11,869 kilometres of roads "in good condition".

Table 33. Registration of Motor Vehicles in Certain Countries, Pre-war and Post-war

Country	1939 registration		Post-war registration		Vehicles per 10,000 of population	
	Trucks and buses	Passenger cars	Trucks and buses	Passenger cars	Trucks and buses	Passenger cars
Afghanistan	..	..	3,300 ^a	1,500 ^a	3	1
Anglo-Egyptian Sudan	..	..	4,000 ^a	3,000 ^a	5	4
Cyprus	..	..	2,000 ^b	2,600 ^b	40	52
Egypt	4,200	29,500	12,800 ^a	42,400 ^a	7	22
Iran	..	..	11,500 ^c	8,200 ^b	7	5
Iraq	1,900	5,200	5,100 ^b	7,400 ^b	11	15
Israel/Palestine	3,500	5,500	11,000 ^d	7,900 ^d	92	66
Jordan	250	350	800 ^b	500 ^b	20	12
Lebanon	1,000	5,300	3,600 ^d	9,200 ^d	30	77
Syria	1,300	2,800	10,200 ^a	4,700 ^a	27	12
Turkey	5,600	5,700	9,900 ^b	4,700 ^b	5	2

Source: Statistical Office of the United Nations.
^a 1948.

^b 1947.

^c 1946.

^d 1949.

Table 34. Tonnage of Ships in External Trade Entering Harbours of Certain Countries, 1939, 1943 and 1945 to 1949

(In millions of tons)

Country	1939	1943	1945	1946	1947	1948	1949
Egypt ^a	30.1	12.6	18.3	37.0	..	..	..
Iran ^b	7.1	3.4	7.5	8.6	15.0	..	..
Iraq ^c	0.7	0.4	0.4	0.5	0.7	1.0	..
Israel/Palestine	4.4	2.2	3.3	4.5	5.4	0.8 ^d	2.1 ^e
Lebanon ^f	2.6	0.6	0.3	1.0	1.6	1.9	2.3 ^g
Turkey ^h	5.9	0.2	2.0	2.9	4.2	..	..

Source: Statistical Office of the United Nations; figures refer to net registered tonnage.

^a Including ships passing through Suez Canal; including entrances into all Egyptian ports, even when more than one port is entered during one voyage.

^b Including ships in ballast; figures refer to year beginning 21 March.

^c Port of Basra only.

^d June to December, Israel only.

^e 1950: 2.4 million tons.

^f Port of Beirut only; including ships in ballast and coastwise shipping.

^g 1950: 2.6 million tons.

^h Foreign ships only.

Table 35. Distances Flown by Air Lines, 1948 and 1950

Country and air line	Type of ownership	Total unduplicated route miles		Miles scheduled per week	
		1948	1950	1948	1950
Anglo-Egyptian Sudan:					
Sudan Airways	Government	1,910	3,089	6,142	7,625
Cyprus:					
Cyprus Airways	Private	1,706	4,039	6,874	14,206
Egypt:					
Misr Airlines	Private	2,643	6,710	37,360	35,366
Services aériens internationaux d'Égypte	Private	1,345	3,121	7,986	11,580
Iran:					
Iranian Airways	Private	4,830	5,077	17,692	20,908
Iraq:					
Iraqi Airways	Government	3,045	4,809	13,946	17,216
Israel:					
Avia-El-Al	Government	-	7,990	-	29,662
Jordan:					
Arab Airways Association	Private	439	439	3,450	5,268
Lebanon:					
Compagnie générale de transports	Private	5,320	1,491	9,752	5,878
Middle East Airlines	Private	1,722	1,016	7,892	4,928
Saudi Arabia:					
Saudi Arabian Airlines	Government	2,391	2,391	10,364	11,980
Syria:					
Syrian Airways	Private	2,207	..	6,578	..
Turkey:					
Turkiye Devlet Hava Yollari	Government	4,063	4,110	35,720	39,854
Total		31,621	44,282	163,756	204,471

Source: Civil Aeronautics Board, *World Directory of Scheduled Common Carrier Airlines* (Washington, D.C.); Israel: Israeli Information Office.

Table 36. Value of Imports and Exports of Certain Countries, Pre-war and Post-war

(In millions of United States dollars; imports c.i.f. and exports f.o.b.^a)

Country	1937		1938		1943		1946		1947		1948		1949		1950	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
Aden Colony ^b	30	17	29	15	46	28	66	29	102	51	111	52	122	54	..	..
Afghanistan ^{b c} . . . . .	..	..	24 ^d	30 ^d	23 ^d	35 ^d	53	60	50	54	53 ^e	55 ^e	..	..	..	..
Anglo-Egyptian Sudan	31	44	32	30	38	27	47	41	67	64	92	99	90	108	76 ^f	101 ^f
Cyprus ^b	11	11	11	12	11	9	21	17	55	21	63	23	41	31	42 ^g	36 ^g
Egypt ^h	193	200	184	147	161	110	330	285	411	370	663	591	631	515	528 ^f	472 ^f
Iran ⁱ	60	42	55	52	47	22	99	73	114	66	131	56	211	56	196 ^f	99 ^f
Iraq ^j	45	28	41	18	62	38	103	54	136	59	141	33	148	42	108 ^k	55 ^k
Israel/Palestine ^l	79	32	56	28	110	53	284	111	366	134	94 ^m	5 ^m	320	40	287	35
Jordan ⁿ	5	3	6	3	9	9	33	11	39	4	47	10	49	13	..	..
Lebanon and Syria	40	20	37	17	50	15	97 ^o	39	142 ^o	38	214 ^o	36	217	51	..	..
Saudi Arabia ^p . . . . .	..	..	..	..	..	..	34	3	..	..	..	..	..	..	..	..
Turkey	91	109	119	115	155	197	113	209	242	223	275	197	290	248	286	263
Total ^q	609	536	594	467	712	543	1,246	929	1,724	1,084	1,899	1,152	2,270	1,210	..	..

Source: United Nations, *Statistical Papers*, Series D, "Summary of World Trade Statistics" and *Statistical Yearbook*, 1948; International Monetary Fund, *International Financial Statistics*.

^a Special trade unless otherwise indicated.

^b General trade.

^c Figures for twelve months beginning 21-22 March of the year stated.

^d Excluding silver.

^e Official estimate.

^f Total estimated from data for 11 months.

^g Total estimated from data for 6 months, July to December.

^h Excluding trade with Anglo-Egyptian Sudan.

ⁱ Figures for Iran exclude imports and exports of the petroleum company and other concessionaires; 1937, 22 June 1937 to 21 June 1938; 1938, adjusted to annual rates on the basis of nine months; figures for subsequent years refer to the Iranian year beginning 21-22 March; for 1943, 1948 and 1949, the official rate is used for conversion.

^j Data prior to 1949 exclude silver, petroleum exports, and imports of petroleum companies.

^k Total estimated from data for 10 months.

^l Data prior to 1948 refer to the whole of Palestine.

^m July to December only.

ⁿ Import figures exclude gold and silver, but include customs duties for 1937 and 1938 and imports of concessionaires; exports include re-exports and exclude gold and silver; figures for 1949 are unweighted.

^o Excluding oil for refining in Tripoli.

^p Excluding imports by oil companies and petroleum exports.

^q Totals computed as follows: Excluding Saudi Arabia for all years; 1938 figure for Afghanistan used for 1937; for 1948, excluding Israel; 1948 figure for Afghanistan used for 1949.

Table 37. Quantity and Relative Value of Major Exports^a of Certain Countries, Pre-war and Post-war

Commodity and year	Pre-war		Post-war		
	Quantity (tons) ^b	Value as percentage of total value of exports	Commodity and year	Quantity (tons) ^b	Value as percentage of total value of exports
<i>Afghanistan</i>					
1938:			1947-48: ^c		
			Persian lamb skins	2,396,000	54.6
			Fruits and nuts	(pieces) 31,600	35.5
			Total		90.1
<i>Anglo-Egyptian Sudan</i>					
1938:			1949:		
Raw cotton	62,310	62.4	Raw cotton	65,030	69.3
Gum arabic	23,980	12.1	Cotton-seed	102,930	7.6
Total		74.5	Total		76.9
<i>Cyprus</i>					
1938:			1949:		
Copper concentrates and pyrites	662,000	50.7	Copper concentrates and pyrites	191,000	25.7
Carobs	60,000	11.5	Iron pyrites	402,000	10.3
Total		62.2	Total		36.0
<i>Egypt</i>					
1938:			1949:		
Raw cotton	400,000	75.5	Raw cotton	359,000	78.1
Cotton-seed	328,000	4.8	Rice	339,700	10.6
Total		80.3	Total		88.7
<i>Iran</i>					
1937-38: ^d			1948-49: ^e		
Carpets	2,690	15.6	Carpets	3,540	31.0
Fruits and nuts	52,410	13.3	Fruits and nuts	48,030	24.1
Total		28.9	Total		55.1
<i>Iraq</i>					
1938:			1947:		
Grains, pulses and flour ...	259,000	33.4	Grains, pulses and flour ...	299,000	49.7
Dates	186,000	25.5	Dates	226,000	34.1
Total		58.9	Total		83.8
<i>Israel/Palestine</i>					
1938:			1949:		
Citrus fruits	11,700,000 ^e	74.9	Citrus fruits		60.8
Potash	(cases) 47,500	5.7	Polished diamonds		17.5
Total		80.6	Total		78.3
<i>Lebanon and Syria</i>					
1938:			1949:		
Vegetables	67,300	13.3	Cereals and milled products	191,000	36.3
Fruits	44,350	13.1	Rayon textiles	920	9.3
Total		26.4	Total		45.6
<i>Turkey</i>					
1938:			1949:		
Tobacco	43,500	27.1	Tobacco	79,900	37.4
Fruits and nuts	172,600	25.8	Fruits and nuts	128,000	16.5
Total		52.9	Total		53.9

Source: Compiled from official foreign trade statistics of the individual countries.

^a Only the two major exports, by value, given for each country; figures are exclusive of petroleum exports of major oil-producing countries.

^b Unless otherwise specified.

^c Year beginning 21 March.

^d 22 June 1937 to 21 June 1938.

^e Partly estimated.

Table 38. Quantity and Relative Value of Major Imports of Certain Countries, by Groups of Commodities, 1938, 1948 and 1949
(Quantities in thousands of metric tons)

Groups of commodities	Egypt		Iran ^a		Iraq		Israel		Lebanon and Syria		Turkey	
	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value
Cereals and milled products:												
1938	29.4	0.7	1.0	—	..	..	..	..	44.2	4.1	1.0	0.1
1948	732.0	14.8	4.8	0.3	49.9	4.8	..	..	176.8	17.1	10.0	0.5
1949	601.6	10.2	25.0	2.4	..	..	242.1	8.5	88.5	5.8	171.9	5.0
Sugar and confectionery:												
1938	113.9	1.9	94.2	14.9	43.9 ^b	5.4 ^b	..	..	40.5	3.3	62.1	2.8
1948	23.1	0.5	94.8	11.9	85.8 ^b	8.0 ^b	..	..	42.9	3.4	32.1	1.7
1949	42.0	1.0	87.6	7.7	..	..	32.0	1.5	36.9	2.4	20.2	1.0
Tea, coffee and cocoa:												
1938	18.1	3.2	9.0	13.3	3.2 ^c	3.6 ^c	..	..	2.1	1.1	6.4	1.6
1948	25.9	3.7	7.7	7.9	6.1 ^c	4.7 ^c	..	..	3.8	1.0	8.6	1.8
1949	27.5	4.6	7.5	8.9	..	..	3.1	0.7	4.4	1.1	9.0	1.8
Wood, cork and articles thereof:												
1938	312.1 ^d	4.7 ^d	3.0	0.8	..	..	..	..	49.6	3.3	36.5	1.5
1948	161.1	3.1	1.7	0.1	..	..	..	..	44.2	2.8	104.2	2.8
1949	347.0	5.2	2.5	0.3	..	..	..	2.6	46.7	2.3	182.5	4.5
Cotton, silk, rayon and woollen yarns:												
1938	3.6 ^d	2.2	0.3	1.0	..	..	..	..	5.0	6.5	7.7	5.8
1948	4.8	2.9	0.9	2.3	..	..	..	..	4.1	4.7	8.4	8.4
1949	5.0	2.0	1.0	2.2	..	..	2.0	2.1	4.2	3.9	4.8	5.7
Cotton piece-goods:												
1938	17.0	7.7	7.5	16.5	50.4 ^e	8.9	..	..	7.9	11.1	12.2	11.4
1948	3.5	2.4	4.6	10.2	56.0 ^e	16.0	..	..	4.1	4.3	7.3	10.4
1949	3.7	2.1	7.1	19.8	..	..	2.4 ^d	2.7	4.4	3.6	5.8	7.6
Silk, rayon and woollen cloth:												
1938	2.2	3.5	..	..	20.2 ^e	7.4	..	..	0.3	1.5	0.7	2.2
1948	3.5	4.8	2.3	13.0	3.5 ^e	3.7	..	..	1.9	4.6	0.3	1.2
1949	3.0	4.0	0.9	5.4	..	..	1.0 ^d	1.9	1.7	4.1	0.2	0.7
Petroleum and petroleum products:												
1938	699.0	6.5	20.1	0.3	..	..	..	..	94.3	5.1	165.4	3.8
1948	1,346.8	4.7	34.5	0.9	..	3.2	..	..	113.6	2.7	330.6	5.7
1949	1,263.0	5.7	14.0	0.8	..	..	605.8 ^d	6.0	364.3	5.9	478.8	7.7
Chemical and pharmaceutical products: ^f												
1938	587.6 ^d	13.1	..	..	..	3.2	..	..	13.6	5.0	33.6	5.4
1948	585.2	9.8	7.7	5.0	..	4.1	..	..	30.1	4.4	32.9	6.8
1949	681.0	11.0	10.3	7.3	..	..	48.0 ^d	2.7	30.1	4.3	33.1	5.7

Table 38. Quantity and Relative Value of Major Imports of Certain Countries, by Groups of Commodities, 1938, 1948 and 1949 (Cont.)

(Quantities in thousands of metric tons)

Groups of commodities	Egypt		Iran ^a		Iraq		Israel		Lebanon and Syria		Turkey	
	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value	Quantity	Per cent of total value
Rubber and rubber products:												
1938	2.2	0.8	2.1	4.8	..	1.1	..	..	1.2	1.2	1.9	1.4
1948	3.6	0.7	6.7	4.3	..	1.0	..	..	3.8	1.4	6.5	2.4
1949	3.1	0.6	3.7	3.3	..	..	1.6 ^d	0.6	3.4	1.3	7.5	2.4
Paper and paper products:												
1938	73.5 ^d	2.8 ^d	5.6	3.8	..	1.6	..	..	9.2	2.3	28.9	3.1
1948	65.4	3.0	8.2	2.6	5.0	1.3	..	..	8.4	1.4	22.8	2.9
1949	42.2	1.7	9.1	2.5	..	..	13.0 ^d	1.6	11.2	1.6	27.0	2.7
Metals and metal manufactures:												
1938	236.6 ^d	10.4	41.5	15.0	51.6 ^g	11.3 ^g	..	..	42.0	9.2	220.6	22.0
1948	210.4	7.1	35.3	8.6	91.7 ^g	11.0 ^g	..	..	110.8	12.1	108.6	12.5
1949	271.4	8.2	30.9	9.6	..	..	88.0 ^h	8.0 ^h	128.7	12.2	122.1	13.1
Machinery and appliances:												
1938	31.3 ^d	7.3	2.6	5.9	..	13.2	..	..	4.7	5.6	31.0	15.4
1948	63.3	9.8	4.9	6.1	..	13.2	..	..	19.8	10.5	43.5	17.7
1949	74.7	11.7	5.9	7.6	..	..	39.1 ^d	11.0	26.3	15.3	58.2	21.4
Transport equipment:												
1938	..	5.5	9.1	4.8	..	4.3	..	..	2.3	3.9	37.4	7.7
1948	57.5	4.9	11.9	7.9	..	4.8	..	..	12.8	6.6	66.5	6.6
1949	36.3	5.0	7.3	7.0	..	..	..	7.6	13.5	7.6	81.1	6.6
Other imports:												
1938	..	29.7	..	..	..	40.0	..	..	244.1	36.8	..	15.8
1948	670.2	27.8	39.2	18.9	..	24.2	..	..	181.2	23.0	..	18.5
1949	669.9	27.0	34.4	15.2	..	..	..	42.5	193.0	28.6	..	14.0

Source: Compiled from official trade statistics of the individual countries.

^a Imports by concessionaires have been excluded. The figures for 1948 and 1949 are for years ending 20 March of the given year. The pre-war figure is for the year ending 20 March 1940 as 1938-39 covered only nine months. The Customs classification was changed during the period covered by the

table and it has not been possible to give comparable figures for certain articles.

^b Sugar only.

^c Tea only.

^d Partly estimated.

^e In millions of square metres.

^f Partial figures, including chemicals, pharma-

ceutical products, fertilizers, soap, matches and explosives.

^g Iron, cast iron and steel.

^h Excluding hardware and cutlery amounting to £1 2,003,000 (2.3 per cent of total value of imports).

ⁱ Excluding electrical goods and equipment amounting to £1 3,057,000 (3.5 per cent of total value of imports).

Table 39. Net Trade of Certain Countries in Cereals, 1934-38, 1947 and 1948^a

(In thousands of metric tons)

Country	Bread grains ^b			Coarse grains ^c			Rice		
	1934-38	1947	1948	1934-38	1947	1948	1934-38	1947	1948
Aden	-9	-19	..	-	6	..	..	..	..
Anglo-Egyptian Sudan	-24	-9	-10	4	22	16	-3	-3	-4
Cyprus	-22	-41	-44	5	-9	-15	..	..	-3 ^d
Egypt	-7	-39	-453	7	-65	-345	98	167	353
Iran	23	-4	41	13	20	-	29	12	15
Iraq	53	-1	..	205	240	160	1	-1	..
Jordan	23	-	-25	5	-	-5	-3	-2	..
Lebanon and Syria	-2	-	{ -127 } { -39 ^d }	26	2	{ -27 } { -28 ^d }	-19	-4	{ 15 ^d }
Palestine	-75	-164	..	-19	-82	..	-16	-8	..
Saudi Arabia .....	..	..	-50	..	..	..	..	..	48
Turkey	101	234	-	109	55	12 ^d	-	-	-

Source: Food and Agriculture Organization of the United Nations, *Trade Yearbook*, 1948, and report of the Near East Pre-Conference Regional Meeting, Beirut, 1949.

^a A minus sign (—) designates net imports.

^b Wheat and rye.

^c Barley, oats and maize; for 1948, these grains plus millet and sorghum.

^d January to June.

Table 40. Relative Importance of Certain Countries in the Foreign Trade^a of the Region

(In percentage of total value)

Country	1937		1938		1943		1946		1947		1949	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
Aden Colony	4.9	3.2	4.9	3.2	6.5	5.2	5.3	3.1	5.9	4.7	5.3	4.5
Afghanistan .....	..	..	4.0	6.4	3.2	6.5	4.3	6.5	2.9	5.0	..	..
Anglo-Egyptian Sudan	5.1	8.2	5.4	6.4	5.3	5.0	3.8	4.4	3.9	5.9	4.2	8.9
Cyprus	1.8	2.1	1.9	2.6	1.5	1.7	1.7	1.8	3.2	1.9	1.9	2.6
Egypt	31.7	37.3	31.0	31.5	22.6	20.3	26.5	30.7	23.8	34.1	29.4	42.6
Iran	9.8	7.8	9.3	11.1	6.6	4.1	7.9	7.9	6.6	6.1	9.8	4.4
Iraq	7.4	5.2	6.9	3.9	8.7	7.0	8.3	5.8	7.9	5.4	6.9	3.5
Israel/Palestine	13.0	6.0	9.4	6.0	15.5	9.8	22.8	11.9	21.2	12.4	14.9	3.3
Jordan	0.8	0.6	1.0	0.6	1.3	1.7	2.6	1.2	2.3	0.4	2.3	1.1
Lebanon and Syria	6.6	3.7	6.2	3.6	7.0	2.8	7.8	4.2	8.2	3.5	10.1	4.2
Turkey	14.9	20.3	20.0	24.6	21.7	36.3	9.1	22.5	14.0	20.6	13.5	20.5

Source: Compiled from official trade statistics of the individual countries; 1948 percentages not given because data are not available for Israel for the whole of 1948. Percentages for 1937 and 1949 calculated on the assump-

tion that value of Afghanistan's trade was the same as in 1938 and 1947, respectively.

^a Excluding petroleum exports and imports of oil companies in major oil exporting countries.

Table 41. Direction of Trade, Pre-war and Post-war
(In percentage of total value)

Trade with	Egypt		Iran ^a		Iraq ^b		Israel/ Palestine ^c		Lebanon and Syria		Turkey	
	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports
Belgium, France, Luxem- bourg and Netherlands:												
1938	12.8	10.7	1.3	7.9	5.5	2.1	6.9	14.2	19.0	20.0	4.1	6.6
1943	42.9	41.1	4.9	5.9	—	—	—	—	—	—	0.8	1.1
1946	7.1	9.9	1.9	7.8	1.3	14.0	3.0	3.6	7.9	20.7	2.8	8.3
1948	13.5	13.1	8.3	7.6	6.7	3.6	6.7	5.4	17.4	12.1	8.5	8.5
1949	12.9	11.1	4.9	5.9	..	..	6.6	7.6	17.1	8.4	9.7	9.8
United Kingdom:												
1938	22.5	31.8	8.1	6.3	30.1	24.4	13.2	49.2	13.4	6.1	11.2	3.4
1943	17.3	29.8	5.4	6.0	10.9	3.8	6.7	8.0	8.1	19.6	15.9	10.8
1946	29.2	15.7	17.9	12.5	44.1	9.6	20.2	17.9	17.6	2.7	19.3	17.5
1948	20.7	28.5	27.4	21.8	43.5	16.6	19.7	31.9	19.6	1.8	24.3	14.7
1949	21.1	16.8	24.4	24.8	..	..	9.3	53.8	20.9	8.7	17.2	12.3
Rest of Europe:												
1938	35.2	33.3	64.1	67.9	16.9	6.5	43.3	19.4	25.0	15.7	68.3	72.6
1943	1.6	0.6	23.4	17.1	1.8	—	0.5	1.6	1.0	6.8	61.5	51.1
1946	12.5	25.0	30.5	24.1	2.7	0.2	9.3	9.9	5.5	3.1	26.3	31.7
1948	25.4	23.0	17.0	15.1	11.7	6.0	16.7	20.0	10.7	4.0	28.8	38.2
1949	20.3	31.3	11.0	24.7	..	..	24.9	19.7	10.6	13.9	32.9	47.2
United States:												
1938	6.5	2.3	8.6	8.2	9.1	15.2	8.5	2.2	7.1	6.0	10.5	12.3
1943	10.5	8.6	7.7	22.3	6.2	1.6	6.9	18.3	5.7	2.4	2.4	20.5
1946	10.7	7.9	23.2	18.5	7.9	9.1	8.2	20.8	17.9	17.5	31.3	20.3
1948	7.0	3.1	30.0	15.2	7.9	12.1	8.8	2.6	18.9	4.4	23.3	21.7
1949	8.2	2.7	42.1	8.5	..	..	31.3	15.6	23.1	3.4	20.2	14.3
Middle East countries:												
1938	7.1	7.3	0.3	4.4	8.4	23.0	16.6	11.8	15.8	44.8	1.5	1.9
1943	42.8	21.7	21.8	21.7	21.8	49.5	61.0	67.8	51.3	71.0	5.3	16.2
1946	20.7	13.8	2.0	22.7	20.2	33.6	39.6	40.4	18.7	48.0	8.2	19.1
1948	11.7	5.3	3.9	21.5	9.4	39.5	32.4	31.8	12.8	74.6	4.9	14.6
1949	10.1	5.9	4.0	23.7	..	..	4.8	0.3	13.3	56.6	6.5	9.8
India, Pakistan and Ceylon:												
1938	3.1	5.1	8.4	4.9	6.9	8.2	2.4	0.6	3.4	—	1.6	0.1
1943	10.2	31.5	38.3	15.3	55.9	2.1	6.1	1.7	20.4	—	10.0	—
1946	3.9	19.3	15.2	10.3	15.7	22.0	2.6	3.4	3.4	—	4.4	0.2
1948	6.4	17.7	9.7	17.7	7.9	18.2	1.4	2.5	0.9	—	2.5	0.1
1949	5.7	22.5	9.0	10.6	..	..	0.5	0.3	2.2	0.1	1.6	0.4
Other countries:												
1938	12.8	9.5	5.0	6.2	21.3	14.8	9.1	2.6	16.3	7.4	2.8	3.1
1943	17.6	7.8	3.3	17.6	3.4	43.0 ^d	18.8	2.6	13.5	0.2	4.1	0.3
1946	15.9	8.4	9.3	4.1	8.1	11.5	17.1	4.0	29.0	8.0	7.7	2.9
1948	15.3	9.3	3.7	1.1	12.9	4.0	14.3	5.8	19.7	3.1	7.7	3.2
1949	21.7	9.7	4.5	1.8	..	..	22.6	2.7	12.8	8.9	11.9	6.2

Source: Compiled from official foreign trade statistics of the individual countries.

^a Data are for twelve months beginning 21 March of the year indicated; 1938 figures are for the period between 22 June 1937 and 21 June 1938; imports and exports by concessionaires are excluded.

^b Including imports by petroleum companies and excluding exports of petroleum products.

^c Figures for 1947 have been used instead of 1948 figures.

^d Exports by the British Army accounted for practically the whole of this percentage.

Table 42. Balance of Payments in Current Transactions of Five Countries, 1946 to 1948

(In millions of local currency)

Item	Egypt (Egyptian pounds)			Iran (Iranian rials)			Iraq (Iraqi dinars)			Israel (Israeli pounds)	Turkey (Turkish pounds)		
	1946	1947	1948	1946-47	1947-48	1948-49	1946	1947	1948	1949 ^a	1946	1947	1948
Merchandise:													
Credit	52.8	68.5	132.6	10,294	11,595	19,007	26.2	31.4	21.2	7.7	439.0	656.7	551.0
Debit	85.6	100.4	150.4	4,954	5,778	5,477	27.6	40.1	45.6	47.2	207.1	637.1	880.5
Balance	-32.8	-31.9	-17.8	5,340	5,817	13,530	-1.4	-8.7	-24.4	-39.5	231.9	19.6	-329.5
Non-monetary gold movement (net):													
Credit	-	-	-	-	-	-	-	-	-	-	-	-	0.7
Debit	3.0	5.7	12.6	42	62	3	1.6	0.4	-	-	23.8	3.1	-
Balance	-3.0	-5.7	-12.6	-42	-62	-3	-1.6	-0.4	-	-	-23.8	-3.1	0.7
Foreign travel:													
Credit	-	-	-	-	-	35	5.0	3.0	2.8	5.7	0.1	1.1	6.4
Debit	4.7	2.5	7.3	512	264	333	3.5	3.0	2.6	-	7.3	11.6	9.0
Balance	-4.7	-2.5	-7.3	-512	-264	-298	1.5	-	0.2	5.7	-7.2	-10.5	-2.6
Transportation and insurance:													
Credit	14.0	14.6	19.8	..	..	8 ^b	1.1 ^c	1.1 ^c	1.1 ^c	..	8.8	13.2	9.8
Debit	3.3	4.3	4.8	..	..	27 ^b	0.1 ^c	0.4 ^c	0.4 ^c	..	22.4	68.5	98.4
Balance	10.7	10.3	15.0	..	..	-19 ^b	1.0 ^c	0.7 ^c	0.7 ^c	..	-13.6	-55.3	-88.6
Investment income:													
Credit	2.9	3.8	3.7	7	8	27	1.5	1.4	1.0	..	..	..	..
Debit	12.1	8.7	6.8	4,723	6,369	12,716	7.8	7.1	3.6	0.5	0.4	1.8	19.9
Balance	-9.2	-4.9	-3.1	-4,716	-6,361	-12,689	-6.3	-5.7	-2.6	-0.5	-0.4	-1.8	-19.9
Government transactions, not elsewhere included:													
Credit	18.7	10.2	23.1	433	301	33	3.5	3.1	3.5	..	1.2	3.7	..
Debit	4.7	2.3	6.5	126	72	84	1.9	3.2	0.9	..	6.5	12.0	..
Balance	14.0	7.9	16.6	307	229	-51	1.6	-0.1	2.5	..	-5.3	-8.3	..
Miscellaneous:													
Credit	12.6	11.8	15.5	..	..	208	0.2	0.2	0.5	..	0.5	3.4	33.6
Debit	4.7	5.2	9.6	..	..	..	0.3	0.8	0.7	7.7	2.2	5.6	29.7
Balance	7.9	6.6	5.9	..	..	208	-0.1	-0.5	-0.2	-7.7	-1.7	-2.2	3.9
Donations:													
Credit .....	..	1.0	..	..	..	15	0.3	0.3	0.3	31.4	7.9	7.4	224.7
Debit .....	..	0.3	..	..	..	20	0.5	1.1	1.3	-	-	-	1.4
Balance .....	..	0.7	..	..	..	-5	-0.2	-0.8	-1.0	31.4	7.9	7.4	223.3
Total current transactions:													
Credit	101.0	109.9	194.7	10,734	11,904	19,333	37.8	40.5	30.4	44.8	457.5	685.5	826.2
Debit	118.1	129.4	198.0	10,357	12,545	18,660	43.3	56.1	55.1	55.4	269.7	739.7	1,038.9
Balance	-17.1	-19.5	-3.3	377	-641	673	-5.5	-15.6	-24.8	-10.6	187.8	-54.2	-212.7
Errors and omissions	7.9	-1.5	0.4	-486	205	103	0.3	2.2	1.5	-	-134.8	27.0	50.8

Source: International Monetary Fund, *Balance of Payments Yearbook*, 1948.^a January to September.^b Insurance figures only.^c Transportation figures only.

**Table 43. Value of Foreign Trade with Selected Hard Currency Countries,^a
1946 to 1949**

(In millions of United States dollars)

Country	1946	1947	1948	1949
Egypt:				
Imports	63.4	81.7	111.8	107.9
Exports and re-exports	37.6	43.8	33.5	33.8
Balance	-25.8	-37.9	-78.3	-74.1
Iran:^b				
Imports	34.9	43.1	48.1	97.3
Exports	16.4	16.2	11.0	6.8
Balance	-18.5	-29.9	-37.1	-90.5
Iraq:				
Imports	11.1	20.9	21.0	..
Exports	7.1	4.6	4.5	..
Balance	-4.0	-16.3	-16.5	..
Israel/Palestine:				
Imports	48.2	65.2	..	123.8
Exports	23.4	8.0	..	7.4
Balance	-24.8	-57.2	..	-116.4
Lebanon and Syria:				
Imports	24.7	52.2	53.6	63.6
Exports	7.5	3.3	1.8	3.0
Balance	-17.2	-48.9	-51.8	-60.6
Turkey:				
Imports ^c	46.5	98.6	81.2	85.0
Exports	66.2	72.5	52.9	53.1
Balance	19.7	-26.1	-28.3	-31.9

Source: Compiled from official trade statistics. The figures refer to movements of merchandise, which do not coincide in a limited period of time with actual receipts and disbursements of foreign exchange. Rates of conversion were supplied by the Statistical Office of the United Nations.

^a Belgium, Canada, Portugal, Switzerland and the United States, except for Lebanon and

Syria, for which data include only trade with Belgium, Switzerland and the United States.

^b Data are for the period beginning 21 March of the year stated and ending 20 March of the following year.

^c Do not include imports under the United States Turkish aid programme, which amounted to \$65.2 million in 1948 and \$50.4 million in 1949.

Table 44. United States Government Loans and Grants,^a 1 July 1945 to 30 June 1950

(In millions of United States dollars)

Country	United States Government credits ^b				United States Government grants ^c
	Authorized ^c	Disbursed	Repaid ^d	Out-standing 30 June 1950	
Afghanistan	21.0	-	-	-	†
Bahrein	17.0	17.0	17.0	-	-
Egypt	17.9	17.6	10.7	6.9	2.0
Iran	37.9	37.7	10.3	27.4	8.9
Iraq	0.9	0.9	0.9	-	-
Israel	100.0	32.1	-	32.1	-
Lebanon	1.6	1.6	1.0	0.6	†
Saudi Arabia	31.1	27.1	3.9	23.2	7.1
Turkey	85.9	74.1	10.5	63.6	258.0 [§]
Total	312.3	208.1	54.3	153.8	276.0

Source: United States Department of Commerce. Loans and grants to other countries of the region were negligible.

^a Movement of private United States capital to the area was \$373 million in the period 1945 to 1949 distributed by years as follows (in millions of dollars): 32, 21, 91, 123 and 106; data by country not available.

^b Including Export-Import Bank loans and credits for purchase of war surplus property.

^c Less cancellations.

^d Principal only.

^e During war and post-war period, to 30 June 1950.

^f Under \$20,000.

[§] Less \$6.9 million reverse grants.

Table 45. Gold and Foreign Assets Held by Official Institutions in Certain Countries, 1938, 1943 and 1946 to 1950 (June)

(In millions of United States dollars)

Country and item	1938	1943	1946	1947	1948	1949	1950 (June)
Egypt (National Bank):							
Gold	55	52	53	53	53	53	53
Foreign exchange	40	734	1,060	1,022	1,014	694	620
Foreign investment ^a	80	215	314	334	339	236	248
Total	174	1,002	1,427	1,409	1,407	984	921
Iran (Bank Melli and Treasury): ^b							
Gold	26	111	149	142	140	140	140
Foreign exchange	12	110	90	104	134	103	100
Total	37	221	239	246	273	243	239
Iraq: ^c							
Gold	-	-	-	-	-	-	-
Foreign exchange	-	16	8	4	4	8	16
Foreign investment	22	130	171	154	135	91	99
Total	22	145	180	158	139	98	114
Lebanon (Bank of Lebanon and Government):							
Gold	2 ^d	2	2	2	2	13	20
French francs .....	..	..	..	..	70	..	17
Foreign exchange .....	..	..	4	1	2	..	2
Total	..	..	..	..	74	..	39
Turkey (Central Bank):							
Gold	29	161	237	170	162	154	149
Foreign exchange	5	73	70	99	30	49	38
Total	34	214	307	269	192	203	187

Source: International Monetary Fund, *International Financial Statistics*. Figures represent end of period except as otherwise indicated.

^a Including long-term United Kingdom Government securities.

^b Data for year ending 20 March of the following year.

^c Holdings of the Currency Board to 30 June 1949 and of the issue department of the National Bank thereafter.

^d 1939 figure.

Table 46. Allied Military Expenditures^a in Certain Countries, 1939 to 1944
(In millions of pounds sterling)

<i>Country</i>	<i>1939</i>	<i>1940</i>	<i>1941</i>	<i>1942</i>	<i>1943</i>	<i>1944</i>
Anglo-Egyptian Sudan	0.3	1.1	4.6	3.4	3.2	1.0
Egypt	5.0	15.2	47.7	75.2	76.8	56.7
Iraq .....	..	..	8.0	15.4	30.1	10.4
Lebanon and Syria.....	..	7.1	6.8	20.4	23.2	18.9
Palestine	2.6 ^b	8.5	20.7	25.4	31.5	25.0 ^c

Source: A. R. Prest, War Economics of Primary Producing Countries (Cambridge, 1948); Palestine: P. J. Loftus, National Income of Palestine (Jerusalem, 1948).

^a Estimated.

^b The 1939 figure is for the period September to December only.

^c Approximately 25 million in 1945.

Table 47. Government Receipts and Expenditures in Certain Countries, 1937 to 1950
(In millions of local currency)

Country	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
Egypt (millions of Egyptian pounds): ^a														
Expenditures	36.33	40.39	41.17	42.56	46.06	56.55	71.94	82.10	95.30	102.49	94.55	157.7	187.6 ^b	196.0 ^b
Receipts	37.16	37.62	39.40	43.68	56.33	67.14	77.77	87.73	103.50	109.96	98.93	142.5	157.8 ^b	171.5 ^b
Surplus; or deficit (—)	0.83	-2.77	-1.77	1.12	10.27	10.59	5.83	5.63	8.20	7.47	4.38	-15.2	-29.8	-24.5
Iran (millions of Iranian rials): ^c														
Expenditures	..	1,375	2,411	2,832	3,910	2,744	4,093	4,569	4,412	6,095	8,121	7,154	11,117	10,060
Receipts	..	1,376	1,728	2,716	3,200	2,744	1,891	4,575	4,412	5,464	5,559	7,154	7,785	10,060
Surplus; or deficit (—)	..	1	-683	-116	-710	-	-2,202	6	-	-631	-2,562	-	-3,332	-
Iraq (millions of Iraqi dinars):														
Expenditures	..	9.04	9.04	9.55	8.66	11.60	15.40	19.00	21.33	25.52	27.61	29.62	31.55	28.0 ^b
Receipts	..	7.48	8.17	8.15	10.08	16.13	18.81	20.70	20.79	25.52	23.51	23.37	27.16	27.4 ^b
Surplus; or deficit (—)	..	-1.56	-0.87	-1.40	1.42	4.53	3.41	1.70	-0.54	-	-4.10	-6.25	-4.39	-0.6
Jordan (millions of Palestinian pounds): ^d														
Expenditures	0.46	0.78	0.87	1.23	1.35	1.74	2.06	2.85	3.28	..	..	..	3.4	3.8
Receipts	0.36	0.34	0.38	0.39	1.43	1.45	0.75	0.93	1.50	..	..	..	3.4	..
Grants	0.10	0.40	0.47	0.81	0.85	0.25	1.48	1.64	1.79	..	..	..	..	..
Surplus; or deficit (—)	-0.003	-0.04	-0.02	-0.03	0.93	-0.04	0.17	-0.28	0.01	..	0.50	..	..	-0.50
Lebanon (millions of Lebanese pounds): ^e														
Expenditures	..	5.7	6.4	6.1	7.4	12.1	21.7	27.7	35.9	52.0	60.7	67.0 ^b	75.0 ^b	85.3 ^b
Receipts	..	5.7	7.2	7.9	8.7	15.5	26.8	37.9	54.2	74.0	85.9	66.7 ^b	75.0 ^b	85.3 ^b
Surplus; or deficit (—)	..	-	0.8	1.8	1.3	3.4	5.1	10.2	18.3	22.0	25.2	-0.3	-	-
Syria (millions of Syrian pounds): ^f														
Expenditures	..	9.5	10.8	13.5	12.2	22.4	32.7	57.8	99.1	129.7 ^b	125.8 ^b	127.9 ^b	130.7 ^b	142.8 ^b
Receipts	..	9.8	11.9	16.9	14.5	26.5	48.4	69.5	119.4	129.7 ^b	125.8 ^b	127.9 ^b	130.7 ^b	142.8 ^b
Surplus; or deficit (—)	..	0.3	1.1	3.4	2.3	4.1	15.7	11.7	20.3	-	-	-	-	-
Turkey (millions of Turkish pounds): ^{g h}														
Expenditures	..	303.5	311.9	398.7	546.6	581.9	913.8	1,031.11	1,077.5	601.7	1,018.9	1,314.2	1,368.0 ^b	1,372.0 ^b
Receipts	..	275.8	266.9	273.3	306.2	389.7	895.9	886.11	996.1	614.9	977.8	1,258.8	1,291.0 ^b	1,252.0 ^b
Surplus; or deficit (—)	..	-27.7	-45.0	-125.4	-240.4	-192.2	-17.9	-145.0	-81.4	13.2	-41.1	-55.4	-77.0	-120.0

Source: Compiled from official sources by the Fiscal Division of the United Nations Department of Economic Affairs. Egypt: information from the Ministry of Finance, *Annuaire statistique*, 1943-44; *Annuaire de poche*, 1942, 1946, 1947; *Journal officiel du Gouvernement Egyptien*, 1949, 1950. Iran: data from the annual budgets, bulletins of Bank Melli, 1938-1950, and *Official Gazette of Iran*, 1942-1949. Iraq: 1949 data supplied by the Government; *Statistical Abstract of Iraq*, 1942-1948, and Ministry of Justice, *Compilation of Laws and Regulations*, 1936-1945. Jordan: budget for fiscal 1950 and report by the Financial Adviser on financial transactions of the Government. Lebanon: annual budgets; *Recueil des statistiques générales de Syrie et du Liban*, 1941-1945; *Recueil des statistiques générales du Liban*, 1947. Syria: *General Statistics of Syria*, 1948; *Recueil des statistiques générales de Syrie et du Liban*, 1941-1947. Turkey: information from the Ministry of Finance and *Bulletin of the Central Bank of Turkey* (No. 70-71, 1949).

General note: Figures refer to central government operations only and include current and capital transactions. Receipts exclude proceeds from loans, but expenditures include debt redemption which is not segregated from debt service. The fiscal years covered are as follows: Egypt: year beginning 1 May of year indicated until 1946-47; year beginning 1 March since 1947-48; consequently fiscal 1947-48 covers 10 months; Iran: year beginning 21 March; Iraq: year beginning 1 April; Jordan: year beginning 1 April; Lebanon: year beginning 1 January; Syria: year beginning 1 January; Turkey: year beginning 1 July until 1944-45; year beginning 1 January since then; consequently 1945 covers six months only.

Israel has been omitted from the table, as its security budget is not published; the ordinary and development budgets since the establishment of the State have been as follows:

Item	1948/49 (9½ months)	1949/50	1950/51 Budget estimates
	(Millions of Israeli pounds)		
Ordinary:			
Expenditures	24.95	38.41	45.92
Receipts	17.21	38.26	47.06
Surplus or deficit (—)	—7.74	—15	1.14
Development:			
Expenditures	..	41.09	65.0
Total deficit	—7.74	—41.24	—63.86
Loans	6.32	46.19	65.0
Receipts from funds	3.03	1.24	—
Total	9.35	47.43	65.0

^a General budget; excluding the largely self-balancing budgets of the Ministry of Waqfs and Mohammedan establishments for religious instruction; the transactions of the Government in connexion with the cotton-purchasing programme, which are reflected through transactions of the general reserve fund. The appropriation to the Egyptian University is on a net basis. Since 1940-41, inclusive of gross receipts and expenditures of all public undertakings and the public domain. Before fiscal 1940 the State railways and telegraph budgets were not included in the general budget; their deficits were covered directly from the general reserve fund.

^b Budget estimates.

^c Figures given are budget estimates and include the net results of government industrial enterprises and the gross receipts and expenditures of the Post and Telegraph and Tobacco Monopoly, except in fiscal 1944, when the tobacco monopoly was not included. In the bulletins of the Bank Melli the following data are published, regarding actual government expenditure and receipts, but their accuracy is not guaranteed by the bank:

Fiscal year	Expenditures	Receipts	Surplus or deficit
1941-42	4,323	2,626	—1,697
1942-43	3,138	2,629	—509
1943-44	4,436	3,463	—973
1944-45	4,656	4,116	—540

Fiscal year	Expenditures	Receipts	Surplus or deficit
1945-46	4,412	4,854	442
1946-47	6,094	5,706	—388
1947-48	6,774	6,717	—57
1948-49	7,741	7,532	—209
1949-50	8,571	7,795	—776

^d State budget, excluding transactions from reserve fund. Figures for fiscal 1949 and 1950 exclude expenditures for the Arab Legion, and the corresponding United Kingdom grants-in-aid. Until Jordan's independence in 1946, the receipts included grants from the United Kingdom amounting to £P 0.10 million in 1937-38, £P 0.40 millions in 1938-39, £P 0.47 million in 1939-40, £P 0.81 million in 1940-41, £P 0.85 million in 1941-42, £P 1.25 million in 1942-43, £P 1.48 million in 1943-44, £P 1.64 million in 1944-45, £P 1.79 million in 1945-46. The grants-in-aid for 1949-50 and 1950-51 were estimated at 2.5 million to 3.0 million Jordan dinars per year. Since 1946 the currency in Jordan has been changed from the Palestine pound to the Jordan dinar. Both units of currency are equal to the pound sterling.

^e Budget receipts include all customs revenues received from the Syrian-Lebanese customs union.

^f Receipts include withdrawals from reserve funds and loans. From 1945 the budget of Jebel Druze is included. From 1946 the budget of Alouin is included. There is a special budget for the Syrian-Lebanese customs union, and the government receipts include only part of customs revenues.

^g General budget only; including the net results of railway, post and telegraph operations and the public domain. Exclusive of results of operations of other government enterprises and their investments financed from loans.

^h The budget estimates for fiscal 1952 are as follows: expenditures £T 1,467 million; receipts £T 1,312 million, leaving an estimated deficit of £T 155 million.

Table 48. Major Components of Government Expenditure in Certain Countries, Pre-war and Post-war
(In percentage of total expenditure)

<i>Country and fiscal year</i>	<i>Defence</i>	<i>Social services</i>	<i>Public works</i>	<i>Public debt service</i>	<i>Civil administration and others</i>
Egypt:					
1939	12	17	20	10	41
1940	19	17	13	10	41
1941	15	18	10	10	47
1942	13	17	9	9	52
1943	11	16	9	11	53
1944	10	17	11	8	54
1945	9	17	11	6	57
1946	8	20	10	5	57
1947 ^a	8	22	15	5	50
1948 ^a	9	21	19	3	48
1949 ^a	27	15	12	3	43
1950 ^a	27	17	15	3	38
Iran:					
1939 ^a	26	9	21	1	43
1943 ^a	26	8	18	6	42
1946 ^a	25	12	7	4	52
1947 ^a	25	12	6	4	53
1948 ^a	18	10	12	2	58
1949 ^a	23	15	17	4	41
1950 ^a	22	11	14	4	49
Iraq:					
1939	18	12	30	—	40
1943	27	16	9	—	48
1946	26	12	7	—	55
1947	21	12	12	—	55
1949 ^a	22	15	11	—	52
1950 ^a	22	13	9	—	56
Jordan:					
1939	21	6	37	4	32
1941	25	4	43	2	26
1942	61	4	13	2	20
1944	67	3	2	2	26
1945	69	2	1	1	27
1946	69	2	1	—	28
1949	33	4	11	—	52
1950 ^a	32	4	11	—	53
Lebanon:					
1938	—	11	24	—	65
1942	—	13	20	—	67
1945	9	14	23	—	54
1946	21	13	22	—	44
1947	16	13	28	—	43
1948 ^a	16	16	23	—	45
1949 ^a	18	16	24	—	42
1950 ^a	18	15	25	—	42
Syria:					
1938	—	19	8	—	73
1942	—	20	12	—	68
1945	16	14	17	—	53
1946 ^a	25	13	17	—	45
1947 ^a	19	16	25	—	40

Table 48. Major Components of Government Expenditure in Certain Countries, Pre-war and Post-war (*Continued*)

(In percentage of total expenditure)

Country and fiscal year	Defence	Social services	Public works	Public debt service	Civil administration and others
Turkey:					
1939	30	9	30	13	18
1942	56	6	11	6	21
1943	54	5	5	1	35
1945	41	11	8	15	25
1946	36	13	8	15	28
1947	36	11	7	19	27
1948 ^a	34	14	7	15	30

Source: Compiled from official sources by the Fiscal Division of the United Nations (see source and footnotes to table 47).

General note: Data refer to the expenditure of the central governments, including the net results (loss) of public undertakings. The distribution of expenditure among the different categories is somewhat arbitrary because of the nature of the available data; defence includes capital outlays for military purposes as well as current expenditure; social services include education, public health and social welfare; under public works are included all

ascertainable expenditures of capital nature; public debt service includes interest and redemption payments. The column "civil administration and others" includes the outlays of various ministries, departments and also transfer payments. In the case of Syria and Lebanon the administrative expenditures of the Syrian-Lebanese customs union are prorated between the two countries on the basis of 56 per cent for Syria and 44 per cent for Lebanon. Since the security budget is not published, Israel has been omitted from this table.

^a Budget estimate.

Table 49. Major Components of Government Tax Revenue in Certain Countries,
Pre-war and Post-war

(In percentage of total for fiscal years)

Country and year	Taxes on income	Property taxes	Excise, turn- over taxes and monopolies	Customs receipts	Others
Egypt:					
1939	2	24	21	52	1
1942	11	20	41	24	4
1943	27	16	38	15	4
1946	21	8	36	22	13
1947	12	7	39	30	12
1948	16	8	38	32	6
1949 ^a	22	5	29	40	4
1950 ^a	15	7	24	34	20
Iran:					
1939 ^a	14	—	42	38	6
1943 ^a	10	—	68	16	6
1946 ^a	23	—	60	16	1
1947 ^a	14	—	50	33	3
1948 ^a	13	1	46	34	6
1949 ^a	12	1	46	37	4
1950 ^a	17	—	47	31	5
Iraq:					
1939	7	3	31	56	3
1943	11	3	51	32	3
1946	16	3	58	21	2
1947	10	3	58	27	2
1949 ^a	10	3	51	34	2
1950 ^a	10	3	51	34	2
Israel:					
1949	29	5	45	19	2
1950	31	6	32	28	3
1951 ^a	32	7	22	35	4
Jordan:					
1939	—	49	—	51	—
1946	17	7	7	44	25
1949	9	4	9	70	8
1950	16	4	11	56	13
Lebanon:					
1938 ^a	2	6	19	54	19
1942 ^a	9	6	25	37	23
1946	8	5	38	31	18
1947	12	3	32	39	14
1948 ^a	8	4	32	43	13
Syria:					
1938	3	8	30	48	11
1942	3	6	47	34	10
1945	13	3	56	15	13
1946 ^a	11	2	51	25	11
1947 ^a	10	2	47	33	8

Table 49. Major Components of Government Tax Revenue in Certain Countries, Pre-war and Post-war (Continued)

(In percentage of total for fiscal years)

Country and year	Taxes on income	Property taxes	Excise, turn-over taxes and monopolies	Customs receipts	Others
Turkey:					
1939	25	6	38	20	11
1942	31	6	37	9	17
1943	50	4	25	6	15
1944	27	5	47	5	16
1945	35	3	32	4	26
1946	33	3	35	10	19
1947	34	2			19

Source: Compiled from official sources by the Fiscal Division of the United Nations Department of Economic Affairs (see source and footnotes to table 47).

General note: The item "taxes on income" includes taxes levied on businesses and persons; for Egypt it includes the excess profits tax since fiscal 1943; for Iraq it includes the excess profits tax from 1940 to 1943, since replaced by a surtax; for Turkey it includes a capital levy in force during fiscal 1943 and 1944. "Property taxes" include for Egypt taxes on land and buildings and Ghaffirs tax; for Iran and Iraq, they include the land tax only; for Israel, urban

and rural property taxes; for Jordan, land tax only; for Syria and Lebanon, land and property taxes; for Turkey, taxes on animals and mines. "Customs receipts" for Syria and Lebanon include the gross receipts of the Syrian-Lebanese customs union prorated between the two countries (56 per cent for Syria and 44 per cent for Lebanon). "Others" include registration and stamp duties and some vocational licence fees which have the character of taxes. Oil royalties and profits of public enterprises are not included in this classification.

^a Budget estimate.

Table 50. Indices of Cost of Living and Wholesale Prices in Certain Countries, 1939 to 1950
(1939 = 100)

Year	Egypt		Iran ^a		Iraq ^b		Israel/Palestine ^c		Lebanon ^d		Turkey ^e	
	Cost of living ^f	Wholesale prices	Cost of living	Wholesale prices	Cost of living	Wholesale prices	Cost of living	Wholesale prices	Cost of living	Wholesale prices	Cost of living	Wholesale prices
1940	113	124	110	113	..	138	118	124	110	156	111	125
1941	138	156	152	143	..	179	141	170	..	309	136	173
1942	184	200	269	251	..	383	194	248	287	626	229	335
1943	242	254	649	460	..	590	232	302	441	835	343	583
1944	279	300	756	499	..	534	237	319	560	953	334	453
1945	293	318	643	468	584	503	253	319	607	1,038	350	439
1946	287	308	576	451	567	482	267	332	553	889	338	422
1947	279	292	583	483	601	527	271	342	500	797	340	427
1948	281	316	639	525	673	558	338	453	492	777	341	460
1949	278	298	697	490	540	463	347	438	461	641	374	497
First half	278	302	709	521	573	481	364	479	492	722	371	509
Second half	277	294	684	459	506	445	329	396	430	561	376	485
1950	293	..	570	414	491	475	321	375	426	108 ^g	356	446
First half	287	316	596	402	487	462	319	376	419	99 ^g	370	456
Second half	300	334 ^h	545	425	495	488	322	373	433	118 ^g	344	437

Source: United Nations, *Monthly Bulletin of Statistics*.

^a Wholesale prices in Tehran.

^b Baghdad; wholesale prices, December 1938 to August 1939 = 100.

^c Cost of living, August 1939 = 100. Wholesale prices, Tel Aviv, Haifa, Jaffa and Jerusalem, 1939 to January 1948; Tel Aviv, February 1948 to June 1949; Tel Aviv, Haifa and Jerusalem, beginning July 1949.

^d Cost of living, Beirut; June to August 1939 = 100. Wholesale prices, June 1939 = 100.

^e Istanbul.

^f Cairo; June to August 1939 = 100.

^g New index; base, January 1950 = 100.

^h July to October.

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