

## UN WORLD ECONOMIC SURVEY\*

Postwar Production 66% Higher  
But Problems of Poorer Areas Remain

The economic record of the past decade is superior to that of the decade following the first world war, according to the *World Economic Survey 1955* published by the United Nations.

At the same time, the Survey states that the problem of mass poverty in a large part of the world remains as stubborn as ever, and that it may be questioned whether the scope and scale of present programs represent the world's optimum contribution towards the accepted objective of economic development.

In its history of the first postwar decade, the Survey further declares that

— the total volume of output of factories, farms and mines in the private enterprise economies rose by about two-thirds from the prewar period to 1954;

— the gap in production between the developed and underdeveloped areas has been growing;

— the expansion of world trade during the past 10 years has been much more rapid than during the corresponding years after the first world war;

— increases in industrial production in the centrally planned economies have been relatively large, but not directly comparable to the growth in private enterprise economies.

Turning to the current situation, the Survey states that expansion was the keynote of change during 1955 in the in-

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\* From the UN Information Office for the Philippines.

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dustrially developed, private enterprise economies, while developments in underdeveloped countries were uneven. The outlook for the developed countries in 1956, however, is for a slowing down in expansion, and as a result, some less developed countries foresee a setback in export markets.

As for the centrally planned economies in 1955, the Survey reports that industrial expansion and better harvests contributed to higher activity, and that plans underway continued to provide for rapid growth in heavy industry, with greater emphasis than before on agriculture.

### *THE POSTWAR DECADE*

The Survey states that though damage and destruction were greater in the second world war than in the first, recovery and growth of output after World War II were more rapid and more wide-spread. Nevertheless, the history of the period does not justify untempered optimism; on the contrary, it provides ground for serious concern. The Survey states that such growth as has taken place has been due only in part to favorable long-term forces; to a significant extent it has also been based on special and temporary supports. In only a few of the underdeveloped countries has per capita economic growth been consolidated to a point where it may be considered self-cumulating.

The earth has become capable of supporting a far larger population than ever before, according to the Survey. Industrial output has made great strides. In the underdeveloped countries perhaps the most significant advance to date lies not so much in the physical expansion of productive capacity as in the evolution of a social climate favorable to economic development. In the industrial countries full employment has been maintained, and the growth in productivity and employment has produced substantial increases in per capita incomes and brought some progress in international economic balance.

On the other hand, political tensions have led to a division of the world economy into two virtually isolated sectors, each devoting a considerable proportion of resources to military rather than civilian uses. The problem of international eco-

conomic balance remains far from solved, the Survey declares. Economic growth in underdeveloped countries has not kept pace with the rate in industrial countries. It would be imprudent, moreover, to project the record of the first postwar decade into the second, especially in so far as favorable developments in the past 10 years have been the result of purely short-term influences.

With respect to stability, the record of the postwar period is one of rapid growth accompanied by oscillation between inflationary and deflationary pressures in industrial countries. Fluctuations in the demand of the developed countries have had adverse effects on the economic development of underdeveloped countries, particularly through the extreme fluctuations in export prices for primary products.

The Survey states that "significant as the postwar decade of growth has been in other respects it cannot yet be said that the world has effectively come to grips with the problem of economic development." In this, as in other economic problems, the primary responsibility rests with the countries themselves. Cumulative economic growth cannot be imported from without, it must be nourished from within.

At the same time, the Survey declares, it is universally recognized that the responsibility is not confined to undeveloped countries, but is shared by the whole world. While international help has been forthcoming in many ways, private and public, bilaterally and multilaterally, it may be questioned whether the scope and scale of present programs represent the world's optimum contribution towards the accepted objective of economic development.

#### *CURRENT ECONOMIC DEVELOPMENTS*

Despite the appearance of slack in some countries towards the end of the year, the rate of expansion for western Europe as a whole in 1955 was higher than in the two preceding years. In North America, following the recession of 1953/54, the recovery in industrial production in 1955 raised output beyond the peak postwar level attained during the first half of 1953.

The expansion in western Europe was initially stimulated and sustained by a housing boom, declares the Survey. Later,

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the rise in consumer expenditure on durable goods and in industrial investment became the major factors. As the upswing gathered momentum, most of the industrially developed countries adopted measures to restrain domestic demand and there resulted a slowing down in some countries of the rate of increase in both investment and durable goods consumption.

The Survey points out that since in general it was the heavy industries and those producing durable goods that experienced the largest relative increase in industrial countries, the most marked rise in demand for raw materials imported from the primary producing countries was for metals and rubber. The only other category of materials in which demand increased and prices were firm throughout the period was that of petroleum and its products.

The markets for most of the foods and fibres remained weak, though beef and mutton prices were fairly firm and stocks of butter and certain other edible oils were drawn down during the year. On the whole, production was unresponsive to market changes, so that there were sizable movements in prices or stocks or both.

A significant force on the market for certain primary products, declares the Survey, was the demand of the Soviet Union and some of the eastern European countries which became important purchasers from several underdeveloped countries. The commodities chiefly affected—sugar, cotton, rice, grain—were among those in which prices were weak and stocks tended to accumulate in exporting countries.

In the first three quarters of 1955, the value of exports from the primary producing countries was 5 per cent above that of the corresponding period of 1954, whereas exports from the industrial countries increased by 12 per cent.

As far as the outlook for 1956 is concerned, the prospective slackening in the rate of expansion in the industrial countries may cause some fall in demand for several of the commodities that enjoyed particularly firm markets in 1955. Though in many cases an absolute decline in consumption does not seem to be envisaged, even small changes in current or expected demand may precipitate large changes in price.

In view of the strong forces tending to keep export prices of industrial countries from falling, says the Survey, no major improvement in the overall terms of trade for primary producing countries in 1956 is suggested by current trends; on the contrary, some deterioration is indicated for exporters of a number of important primary products.

