

ECONOMIC SURVEYS BY THE OECD

# PORTUGAL

AUGUST 1964

ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT

PARIS

# PORTUGAL

## BASIC STATISTICS

### THE LAND

Area (1,000 sq. km) .....	91.971	Principal towns (1960):	
Cultivated area (1,000 sq. km) .....	49.400	Lisbon .....	802,230
Arable land (thousands of sq. km) .....	41.300	Porto .....	303,424

### POPULATION

Total population (1960 census) .....	8,889,392	Total labour force (1960 census) .....	3,424,000
Density per sq. km .....	97	Total employment (1960) .....	3,272,000
Net natural increase (1958-1962) .....	119,207	in agriculture .....	1,446,000
Annual net rate of increase per 1,000 inhabitants (average 1958-1962) ..	13.5	in industry .....	859,000
		in services .....	867,000
		Net average emigration (1958-1962) ..	31,051

### PRODUCTION

Gross national product in 1962 (millions of escudos) .....	78,897	Origin of the gross domestic product in 1963 (percentages)	
Gross national product per inhabitant (in U. S. dollars) .....	305	Agriculture, forestry and fishing .....	22.9
		Industry and construction .....	37.4
		Services .....	39.7

### GOVERNMENT

Public consumption in 1962 (as percentage of gross national product) .....	15	Current revenue of the Central Government as percentage of gross national product in 1962 .....	15
Gross fixed asset formation of general Government in 1962 (as percentage of total gross fixed asset formation) .....	13	Internal public debt as percentage of current Government revenue in 1962 .....	142

### STANDARDS OF LIVING

Calories per inhabitant, per day in 1962 ..	2,610	Number of radio sets per 1,000 inhabitants (1961) .....	101
Annual meat consumption, kg. per head in 1962 .....	20	Number of telephones per 1,000 inhabitants (1962) .....	50
Number of cars per 1,000 inhabitants (1962) .....	20	Illiteracy rate of the population aged 7 years and above in 1950 (per cent) ...	40.4

### FOREIGN TRADE

Exports of goods and services as percentage of gross national product in 1962 .....	19	Imports of goods and services as percentage of gross national product in 1962 ..	24
Principal products exported in 1963 (as percentage of total exports)		Principal products imported in 1963 (as percentage of total imports):	
Agricultural products .....	27	Agricultural products .....	16
of which: fish products .....	11	Textile materials and products .....	17
Raw materials .....	17	Mineral products .....	12
of which: cork and timber .....	11	Base metals and metal manufactures .....	11
Textile materials and products .....	27	Machinery, appliances and transport equipment .....	29
Manufactured articles of cork .....	7		

### CURRENCY

Monetary unit: escudo.	
	Number of monetary units equal to one United States dollar .....
	28.75

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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

*The Organisation for Economic Co-operation and Development was set up under a Convention signed in Paris on 14th December 1960 by the Member countries of the Organisation for European Economic Co-operation and by Canada and the United States. This Convention provides that the O.E.C.D. shall promote policies designed:*

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the world economy;*
- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development;*
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.*

*The legal personality possessed by the Organisation for European Economic Co-operation continues in the O.E.C.D. which came into being on 30th September 1961.*

*The members of O.E.C.D. are Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.*

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This document was approved  
by the Economic and Development Review Committee  
in August 1964.

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## PORTUGAL

1. Apart from variations in agricultural output, general economic developments in recent years have largely been determined by the changing impact of public economic policy after the sharp increase of defence expenditure. The major factor in 1963, when the growth of the national product was probably smaller than the year before, was a less favourable out-turn for most harvests. Since the autumn, industrial production has been recovering after a slow-down. Private investment, which had fallen in 1962, has recovered since, but probably continues to be rather weak. Price stability has been maintained. Despite an appreciable progress of exports, the trade deficit increased in 1963; but foreign reserves have risen again, thanks partly to the growth of tourism and of emigrants' remittances. A new "Investment Plan" for 1965-67 is being prepared. This should provide an opportunity for the adoption of new policies to ease the problems with which the economy is faced, and thus promote a high and sustainable growth of the national product.

### I. THE CURRENT ECONOMIC SITUATION

#### GENERAL TRENDS OF OUTPUT AND DEMAND

2. Although defence expenditure has been increasing sharply since the summer of 1961 as a result of events in the overseas provinces, the Portuguese economy has experienced certain deflationary tendencies. To meet the additional expenditure and to safeguard financial stability, the Government introduced tax increases, which led to a considerable rise in yields. The resulting restraint of private consumption has probably been one of the reasons for the slower growth of industrial output for about two years since the summer of 1961. Private investment—especially in machinery and equipment—declined in 1962 and does not seem to have increased at all substantially so far. However, public investment, under the Development Plan, has continued to grow over the last two years, and exports of goods and services have shown appreciable gains.

3. A quantitative description of recent general trends in output and demand is not possible: a number of the basic statistics for 1963 are not yet available; and the national accounts raise certain important

statistical problems<sup>1</sup>. Table 1 summarises the development of national output in recent years. In 1963, most harvests were lower than the year before and both meat production and fish landings were down; but there were increases in olive oil, fruit and vegetables and cork extraction, so that the total value of output in agriculture, forestry and fishing may have declined only slightly at constant prices. Industrial production probably increased moderately last year. Textiles were sustained by high export demand, and output in the chemical industry rose considerably, but several other industrial branches fared less well. The number of dwellings completed fell<sup>2</sup>, but other types of construction may have increased because production of cement rose and statistics of investment by sectors under the Development Plan suggest a higher volume of public works.

TABLE 1. THE GROWTH OF OUTPUT

*Annual percentage increases.*

	AVE- RAGE 1955-59	1960	1961	1962	1963 <sup>a</sup>
<i>GDP at constant 1958 prices :</i>					
1. Agriculture, forestry and fishing .....	-0.3	4.2	-1.4	11.4	-1.4
2. Industry and construction ...	5.2	13.8	8.0	3.2	4.8
3. Services .....	4.9	6.7	10.3 <sup>b</sup>	4.3	3.6
4. Gross domestic product at factor cost.....	3.4	8.8	6.4	5.5	3.7
5. Index of industrial production	6.9	9.4	9.5	5.5	n. a.
5a. Monthly index <sup>1</sup> .....	..	5.7	7.8	1.1	4.1

1. Considerably smaller coverage than the annual index.

2. *Of which:* public administration and defence + 26.7 per cent; all other + 6.9 per cent.

3. Provisional.

*Sources:* Portuguese submissions to the O.E.C.D. and Portuguese Industrial Association.

4. More recently, there have been indications of a quicker expansion of industrial and commercial activity. Since the autumn of 1963, the monthly index of industrial production has been increasing relatively fast: in the six months ending March 1964 it was about 9 per cent higher than in the corresponding period a year earlier. Other indicators of a rather more expansionary trend may lie in the fact that bank credit expanded significantly throughout 1963, while

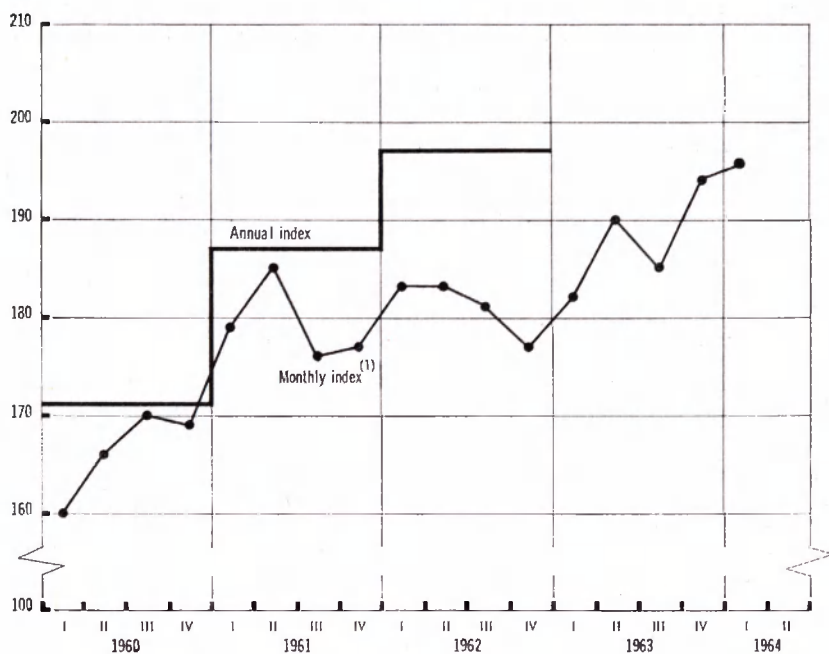
1. See Note to Tables I and II of the Statistical Annex.

2. The drop may especially have affected the more expensive types of house-building, following certain fiscal measures taken to this end; in fact, special credit for low-cost housing increased in 1963.



imports of non-food products were increasing appreciably in the more recent period; during the first four months of 1964 they were 12 per cent higher than a year earlier. On the other hand, so far as can be judged from imports of machinery and equipment up to April 1964, total productive investment is unlikely to have grown much. Preliminary estimates of the 1964 crops indicate certain declines (in cereals, wine and olive oil) which may not be offset by the increases foreseen for other agricultural products.

Diagram 1. INDICES OF INDUSTRIAL PRODUCTION  
1953 = 100



1. Quarterly averages, seasonally adjusted; the monthly indices cover only about 40 per cent of industrial production.

Source: Portuguese Industrial Association.

#### PRICES AND WAGES

5. As shown by the statistics in the Annex, prices remained generally stable until the early months of 1964, though consumers' food prices tended to edge upwards. Wage rates in agriculture rose by some 6 per cent in 1963, after the sharp rise of the previous year, which was probably the result of a high demand for hired labour linked

to the very good harvests. The index of industrial wages in Lisbon rose by about 5 per cent last year and by some 4 per cent in the twelve months to March 1964. This is a revised wage index (with 1961=100) covering the more important manufacturing industries as well as construction and transport. Over the last two years, minimum wages have been fixed for several categories of wage-earners, either through collective agreements or by means of statutory decrees.

## MONEY AND CREDIT

6. In 1963 the balance of payments surplus was smaller than the year before, but remained an important factor in the expansion of liquidity. Total credit by the banking system (commercial banks, savings banks and Bank of Portugal) increased by 13.2 per cent compared to 5.6 per cent in 1962. Money supply rose by 11.4 per

TABLE 2. MONEY AND CREDIT

*Annual changes in million escudos.*

	1960	1961	1962	1963 <sup>1</sup>	PERCENTAGE INCREASE IN 1963
<i>Liquid assets:</i>					
1. Money supply .....	+3,135	— 229	+3,962	+7,010	11.4
a) Currency .....	+ 633	+2,099	+ 832	+ 903	5.6
b) Sight deposits .....	+2,502	—2,328	+3,130	+6,107	16.9
2. Quasi-money (time deposits) ..	+1,608	+ 870	+2,218	+2,224	24.2
3. Total liquid assets (1 + 2) ...	+4,743	+ 641	+6,180	+9,234	15.1
<i>Counterparts:</i>					
1. External assets .....	— 155	—2,766	+3,059	+1,051 <sup>2</sup>	4.7
2. I.M.F. account .....	—	+ 431	+ 29	— 11	—
3. "Promissorias" .....	+ 500	+ 480	+ 241	+ 417	24.6
4. Credit .....	+3,486	+2,785	+2,049	+5,127	13.2
5. Overseas provinces - compensation accounts <sup>3</sup> .....	—	—	—	+ 437	...
6. Miscellaneous <sup>4</sup> .....	+ 912	— 289	+ 802	...	...

1. Provisional.

2. Increase in the gold and foreign exchange reserves of the Bank of Portugal; changes in commercial banks' foreign position are not included.

3. The new system of payments for the Escudo Area went into effect in March, 1963.

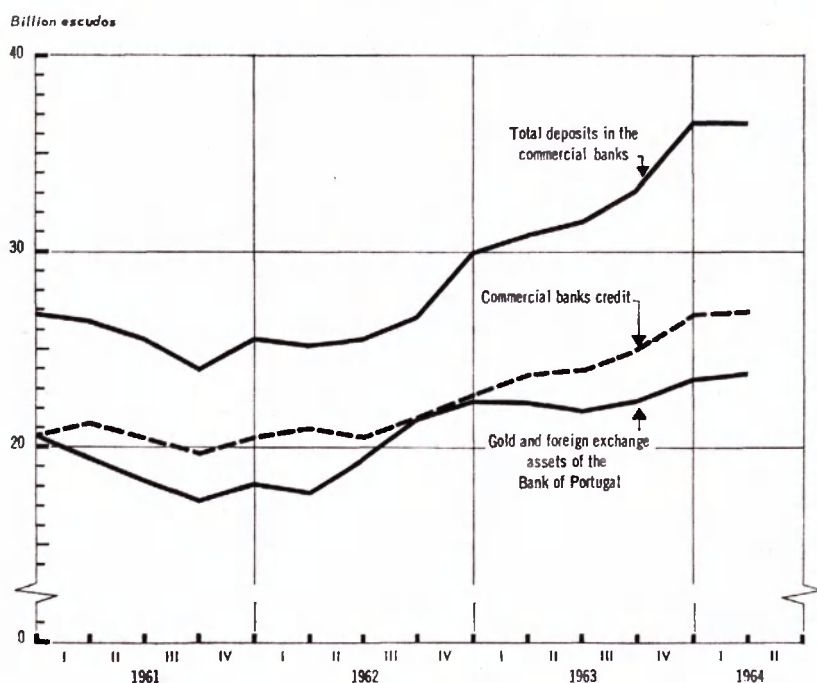
4. Residual item.

Source: Bank of Portugal.

cent; as time deposits again increased substantially (24.2 per cent) the total of money and near-money rose by 15.1 per cent, as against 11.3 per cent in 1962. These rates reflect, in part, a reversal of the exceptional developments of 1961—e.g. a return to the banks of the deposits withdrawn at that time. Credit extended by the commercial

banks only (discounts and advances) increased considerably after the middle of 1962; in the course of last year the increase was 18.8 per cent. Its approximate stagnation in the first three months of 1964 may have been merely seasonal or temporary. But since the banks' liquidity is probably at about the level of the minimum legal requirements, any further growth of credit this year will depend largely on the existence of a new balance of payments surplus—unless the public sector's operations were to have an important expansionary effect on liquidity<sup>1</sup>.

*Diagram 2. DEPOSITS, BANK CREDIT AND EXTERNAL ASSETS*  
FIGURES END OF PERIOD



Sources: Bank of Portugal and National Institute of Statistics.

7. Commercial bank credit serves partly to provide medium- and long-term finance. Such medium- and long-term credit granted to the private sector by the National Development Bank in metropolitan Portugal increased slightly in the last two years to about 710 million escudos (this amount corresponds to about 6 per cent of total private fixed investment, as given in the national accounts).

1. Accurate information on this point for 1963 is not yet available.

Similar credit by the "Caixa Geral de Depositos" remained, last year, at about 650 million. There is some evidence of a drop in 1963 of the amount of capital raised by private firms, though statistics of funds raised in the capital market are not available. Public sales of bonds and shares do not, as yet, play an important role in the finance of the private sector and high-income groups have a long-standing preference for very liquid assets, for purchases of land and buildings and for mortgage loans. The fact that private loans obtained from abroad increased in 1963 and that higher interest rates and more favourable conditions were applied to foreign loans than to domestic issues may call for an explanation: first, allowance should be made for foreign loans tied to specific imports; second, existing institutional arrangements and public policies probably contribute in maintaining a level and structure of security yields, which—in present circumstances—can hardly promote the channelling of funds to the capital market. Issues of bonds by the public sector, which also declined in 1963, were almost entirely absorbed by the banking system, insurance companies and the social security institutions. Again, public borrowing from abroad was considerable, though less than in 1962.

TABLE 3. SAVING AND INVESTMENT OF THE PUBLIC SECTOR

Million escudos.

	1958	1959	1960	1961	1962	1963 <sup>1</sup>
<b>A. Central Government:</b>						
1. Current revenue.....	8,692	8,915	9,413	10,881	11,712	12,295
2. Current expenditure ...	7,546	8,218	8,721	11,660	12,852	13,709
3. Gross saving .....	1,146	697	692	— 779	—1,140	—1,414
4. Fixed investment .....	907	853	911	889	1,024	1,274
5. Saving minus investment .....	239	— 156	— 219	—1,668	—2,164	—2,688
<b>B. General Government: (Central and local administration, autonomous institutions and social security organisation):</b>						
1. Current revenue.....	12,165	12,663	13,578	15,429	16,592	17,532
2. Current expenditure ...	9,616	10,603	11,331	14,470	15,896	16,988
3. Gross saving .....	2,549	2,060	2,247	959	696	544
4. Fixed investment .....	1,363	1,350	1,508	1,627	1,815	2,123
5. Saving minus investment .....	1,186	710	739	— 668	—1,119	—1,579

1. Provisional.

Source: Portuguese submission to the O.E.C.D.

## PUBLIC FINANCE

8. Savings of the public sector (including the important surpluses of the Social Security Funds) were considerable up to 1960, exceeding

direct public investment. But the subsequent sharp increase of defence expenditure led to a complete reversal of this situation, despite additional revenue accruing from the tax increases of 1961. A deficit on current and public investment account emerged, which was covered by borrowing in both the domestic market and abroad.

9. Such a development in the budget situation might have been thought to have exerted a distinct expansionary influence on the economy. In fact, however, it was accompanied by a rather pronounced deceleration in the growth of non-agricultural output, at least up to 1962 and probably until the autumn of 1963. One of the reasons for this, no doubt, lay in the fact that much of the additional military expenditure was incurred—for a certain period, at least—outside metropolitan Portugal. But it was partly financed by higher taxes, and these must have restricted the volume of private consumption of certain categories of manufactured goods. The fall of private investment in industry—a tendency exacerbated by strains in the credit market during 1961-62 and by non-economic factors—was not offset by the increase of public investment; moreover, at the same time, house-building activity was declining.

10. Some of these deflationary factors are no longer present. For instance, higher defence expenditure in the overseas provinces may now be giving rise—after a time-lag—to increased demand for imports of goods and services from the metropolitan area. Similar effects may be expected from the fact that the rate of utilisation of public loans to the provinces had dropped in recent years, but seems to have increased recently. As for the more general demand factors, private consumption in Portugal may be assumed to be rising somewhat faster, if account is taken of wage trends and of the substantial increase in emigrants' remittances. Moreover, the appreciable rise of exports to foreign countries has already contributed in pushing up production in some industries. If the high level of current expenditure, and the budget deficit<sup>1</sup> continue, their impact should be far more expansionary than in the last few years.

11. According to provisional information on the budget out-turn for 1963, revenues from direct and indirect taxes were, respectively, 7.5 per cent and 7.2 per cent higher than in 1962. "Ordinary expenditure" rose by 7.1 per cent. According to the same provisional data, "extraordinary expenditure" rose by only 4.3 per cent, as against an increase of 20.1 per cent in 1962 (this category includes both defence and investment appropriations).

12. The budget for 1964 is not easy to interpret, since—like previous budgets—it seems greatly to under-estimate the ordinary revenue: indirect taxes are forecast as yielding less than they did in 1960 and

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1. Total expenditure less revenue other than Government borrowing.

TABLE 4. CENTRAL GOVERNMENT BUDGET

Million escudos.

	ACTUAL					FORECASTS			
	1959	1960	1961	1962	1963 <sup>1</sup>	1961	1962	1963	1964
1. Ordinary revenue .....	8,835	9,591	10,812	11,355	12,002	8,238	9,481	9,758	10,305
<i>of which:</i>									
2. Direct taxes .....	2,870	3,060	3,295	3,419	3,676	2,674	2,839	2,999	3,154
3. Indirect taxes .....	3,266	3,670	4,272	4,385	4,700	2,686	3,309	3,283	3,476
4. Extraordinary revenue other than borrowing..	244	335	278	1,274	1,050	893	1,259	1,248	1,055
5. Total revenue (1+4) .....	9,079	9,926	11,090	12,629	13,052	9,131	10,740	11,006	11,360
6. Current civilian expenditure .....	3,923	4,177	4,374	4,527	4,882	4,406	4,508	5,140	5,442
7. Defence and internal security expenditure....	2,890	3,258	5,221	6,117	6,274	3,925	4,504	4,992	5,151
8. Investment expenditure .....	2,938	3,905	3,852	4,189	4,549	3,450	3,449	4,018	4,190
9. Total expenditure (6+7+8) .....	9,751	11,340	13,447	14,833	15,705	11,781	12,461	14,150	14,783
10. Current balance (5-6-7) .....	+2,266	+2,491	+1,495	+1,985	+1,896	+ 800	+1,728	+ 874	+ 766
11. Overall balance (5-9) .....	- 672	-1,414	-2,357	-2,204	-2,653	-2,650	-1,721	-3,144	-3,423
Financed by:									
12. Internal borrowing .....	699	1,479	2,852	1,267	1,774	2,657	797	2,076	1,698
13. Foreign credits .....	—	—	—	1,287	1,026	—	926	1,070	1,727

1. Provisional figures.

Source: Finance Bills, Official Journal and information supplied by the Portuguese authorities.

nearly 26 per cent less than their actual yield in 1963; the forecasts for direct tax revenues also appear very low. The estimates of total expenditure are lower than the out-turn of 1962; but whereas current civilian expenditure has kept rather close to the forecasts in recent years, other expenditure has often exceeded them considerably. Compared to the initial forecasts for last year, the 1964 estimates show a 4.5 per cent rise in total expenditure and a 3.2 per cent increase of receipts other than through Government borrowing; the latter is expected to increase and foreign borrowing to represent a bigger proportion of the total.

13. New measures of fiscal reform have been adopted during the last two years. One of the important changes is that direct taxes will henceforth mainly be levied on actual incomes; in the past they were assessed on "normal" incomes, i.e. on estimated average incomes by categories of taxpayers. Following this considerable modification in the methods of assessment, direct tax yields may be expected to be more responsive in the future to variations in the national income. The revised income tax law on wages and salaries raises appreciably the exemption limits in most cases. Finally, several amendments in tax legislation are aimed at promoting re-investment of profits and encouraging investment in depressed areas and in sectors judged to be of special importance—e.g. projects included in the Development Plan. There are no estimates of the probable effects of these various reforms on total tax yields.

#### BALANCE OF PAYMENTS

14. The unusual external deficit of the Escudo Area in 1961 was largely due to certain exceptional factors. Their disappearance the following year, together with public borrowing from abroad, made good the previous fall in official reserves. The reserves increased by a further \$35 million in 1963 and by another small amount up to June 1964, when they stood at the very comfortable level of about \$836 million. An important feature of the balance of payments in 1963 was the considerable growth of receipts from tourism and from workers' remittances, which have roughly offset the increase of the trade deficit. Such receipts may be expected to continue growing in the future, and become an important element in Portugal's external accounts. The overseas provinces' trade surplus<sup>1</sup> with foreign countries, after falling sharply in 1962, increased somewhat last year but remained much lower than the 1957-61 average. This surplus depends, naturally, on availabilities and world prices for certain primary products. But, given the policy of promoting economic

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1. As shown in Table 5, the overseas provinces have an appreciable surplus on invisibles with foreign countries. The figures given in this Table reflect improved coverage and classification and, for several items, are not exactly comparable to the figures for previous years.

development in the overseas provinces, the trend of their imports from foreign countries should be distinctly upward over the next few years; thus, a smaller trade surplus on the average would seem rather likely. As regards capital movements, there was again an appreciable surplus in 1963, though much smaller than the exceptionally high figure of the previous year. The net inflow of private long-term capital continued to increase, but both the inflow of public capital and the balance of short-term movements declined.

TABLE 5. BALANCE OF PAYMENTS OF THE ESCUDO AREA

*In million dollars.*

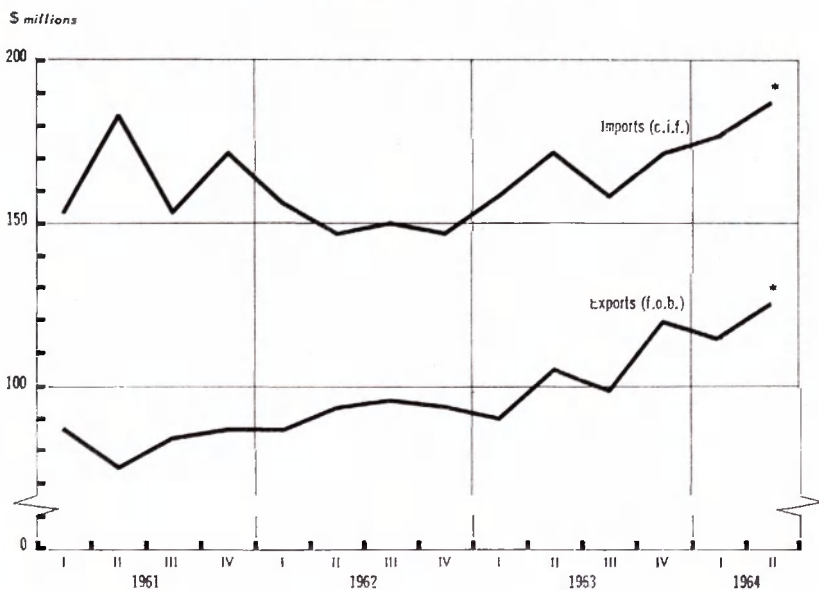
	1961		1962		1963	
	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF
<b>I. CURRENT ITEMS</b>						
<b>A. Metropolitan area</b>						
1. Imports (f.o.b.)	247.1	278.5	211.7	244.8	229.9	279.3
2. Exports (f.o.b.)	111.2	146.7	130.3	163.8	136.5	189.2
3. Trade balance	-135.9	-131.8	-81.4	-81.0	-93.4	-90.1
4. Transport	-13.5	-18.9	-16.6	-11.4	-14.7	-16.9
5. Foreign travel	2.3	11.0	9.4	16.0	14.7	26.5
6. Other services	-13.4	-0.3	-4.1	13.9	-3.0	0.8
7. Unilateral private transfers	17.4	23.8	23.2	27.3	30.7	37.8
8. Current account balance	-143.1	-116.2	-69.5	-35.2	-65.7	-41.9
<b>B. Overseas provinces</b>						
9. Imports	40.1	61.2	72.5	76.5	70.1	78.9
10. Exports	89.2	96.3	79.3	83.9	78.0	94.8
11. Trade balance	+49.1	+35.1	+6.8	+7.4	+7.9	+15.9
12. Transfers and services (net)	5.2	25.4	26.3	29.3	27.1	35.5
13. Current account balance	+54.3	+60.5	+33.1	+36.7	+35.0	+51.4
(A + B) CURRENT ACCOUNT BALANCE OF THE ESCUDO AREA	-88.8	-55.7	-36.4	+1.5	-30.7	+9.5
<b>II. CAPITAL MOVEMENTS, NON- MONETARY SECTORS</b>						
14. Private capital, long-term	+0.4	35.4	15.9	30.3	25.0	29.4
15. Private capital, short-term	-0.8	20.9	12.7	14.4	-12.7	19.4
16. Public capital	-8.2	8.8	58.2	+4.2	5.5	15.1
17. Total (14 to 16)	-8.6	65.1	86.8	48.9	17.8	63.9
<b>III. MONETARY SECTORS: TOTAL</b>						
18. Private institutions	18.1	-14.1	-9.2	2.7	-2.8	-25.9
19. Central institutions	88.8	2.9	-42.0	-51.7	15.5	-49.2
20. <i>of which:</i> Changes in official reserves (in- crease = -)	97.2	4.8	-45.6	-65.1	31.5	-64.2
<b>IV. ERRORS AND OMISSIONS</b>	-9.5	1.8	0.8	-1.4	0.2	1.7

Source: Bank of Portugal.



15. The steady upward trend of Portugal's imports was resumed in 1963, after the previous year's interruption. By value they rose by 11 per cent—and in the first five months of 1964 they were some 15 per cent higher than a year earlier. Food imports increased substantially; though still less than 10 per cent of the total, their share has shown signs of rising in the last few years. Imports of textile raw materials also increased considerably, parallel with the growth of the corresponding exports of finished and semi-finished products. Other raw materials have shown, in general, small increases. The same is true for imports of machinery and equipment, which expanded by only 5.5 per cent in 1963 and by 6.5 per cent in the first four months of 1964.

Diagram 3. FOREIGN TRADE  
QUARTERLY RATES (Seasonally adjusted)



\* April-May

Source: O.E.C.D. Economic Indicators.

16. Exports had for several years shown an uncertain trend. But more recently they have been growing substantially—by 11 per cent in 1962, 14 per cent in 1963 and by 26 per cent between the first five months of 1963 and 1964. Export availabilities and prices of the few primary products which still account for a large share of the total explain, in part, this expansion; this, of course, is a development that may easily be reversed; but some progress towards exporting such products in a more highly processed state should be noted. About

45 per cent of the total increase of exports last year was due to textiles, which continue to gain ground in several important markets. This encouraging development, however, may now begin to come up against certain obstacles. For example, Portugal has recently concluded agreements regulating cotton textile exports to the United Kingdom and the United States. Hence, the added importance of further diversification of Portuguese exports.

## II. SOME PROBLEMS OF ECONOMIC DEVELOPMENT

### MANPOWER

17. At its present stage of development, the Portuguese economy cannot provide sufficient employment opportunities to the population of working age. Emigration has, thus, for long been relatively high, and recently it has increased appreciably, particularly to France and, to a lesser degree, other Member countries in Europe. Only a small part of this new trend is reflected in Table 6 because, to a very large extent, it has been illegal<sup>1</sup>; but it may be expected to flow increasingly through official channels in the future since certain bilateral agreements have recently been signed. Emigration to Western European countries seems likely to remain high for some time, with obvious advantages for Portugal's invisible earnings. It should provide additional relief to the pressure of under-employment, especially in agriculture. On the other hand, the rising trend of emigration underlines the basic need for a rapid increase of Portugal's production potential in industry and agriculture.

TABLE 6. POPULATION TRENDS

*In thousands.*

	AVE- RAGE 1951- 55	AVE- RAGE 1956- 60	1960	1961	1962	1963
1. Natural increase of population	106.1	112.0	118.9	118.0	123.3	114.1
2. Net emigration . . . . .	49.0	43.0	40.9	24.8	49.2	45.7
3. To foreign countries . . . . .	36.9	30.7	30.5	31.7	31.9	37.3
4. To overseas provinces . . . . .	12.1	12.3	10.4	-6.9 <sup>1</sup>	17.3	8.4
5. Increase of resident population	57.1	69.0	78.0	93.2	74.1	68.4

1. Excess of returns over departures.

Sources: Portuguese Memorandum to the O.E.C.D. and National Institute of Statistics.

1. According to official statistics, some 6,400 workers went to France in 1962. But permanent work permits granted by the French authorities to Portuguese nationals were 12,900; they rose to 24,800 in 1963 and amounted to about 6,800 in the first quarter of 1964. Cf. «Statistiques du Travail et de la Sécurité Sociale» by the French Ministry of Labour.

## THE DEVELOPMENT PLAN

18. Such an increase in productive capacity was, in fact, the objective of the Second Development Plan for 1959-64. Expenditure under the Plan in the metropolitan area, after declining in 1962, increased slightly last year without reaching, however, the level of 1960-61. Nearly one quarter of the expenditure continued to be financed from the budget; the other more important sources were social security funds, credit institutions and private funds; the share of foreign credit rose considerably and was 20 per cent in 1963. The summary figures in Table 7 show that electricity and transport and communications have accounted regularly for more than half of total expenditure, except in 1960 and 1961 when the establishment of iron and steel works boosted the investment figures for manufacturing; the latter have declined since to a level which appears rather low. Not all important new projects in industry are necessarily covered by the Plan; but as suggested earlier, the trend of total industrial investment seems to have been rather weak. The establishment of a number of factories for the local assembly of various types of cars, lorries and tractors is estimated to have involved an investment of 500 to 600 million escudos, which is a rather high proportion of total investment in industry. (These projects are not included in the Plan.)

TABLE 7. IMPLEMENTATION OF THE DEVELOPMENT PLAN 1959-64

*Million escudos.*

	1959 <sup>1</sup>	1960 <sup>1</sup>	1961 <sup>1</sup>	1962		1963		1964
	ACTUAL EXPENDITURE			FORECASTS	ACTUAL	FORECASTS	ACTUAL <sup>2</sup>	FORECASTS
1. Agriculture and forestry . . . .	420	423	470	720	501	752	657	783
2. Fishing . . . . .	77	117	127	125	153	122	93	117
3. Mining and manufacturing . .	846	1,753	1,714	1,084	1,051	1,099	880	1,247
4. Electricity . . . . .	927	1,043	1,155	1,081	1,307	445	1,233	1,339
5. Transport and communications . . . . .	838	1,082	994	1,646	1,268	1,710	1,500	2,015
6. Research and technical education . . . . .	82	131	131	119	104	96	92	40
7. Total . . . . .	3,190	4,549	4,591	4,775	4,384	4,224	4,455	5,541

1. Revised figures.

2. Provisional.

Source: Portuguese Memorandum to the O.E.C.D.

19. The forecasts for investment to be carried out in 1964—the last year of the Second Development Plan—imply a substantial increase over the actual expenditure of 1963 (+ 24 per cent). It is important that these forecasts should be realised as nearly as possible;

and, in view of present trends in the economy, it would be extremely desirable that a general stimulus to economic activity should be provided by an acceleration of investment outlays. This year foreign credits are expected to finance more than 30 per cent of programmed expenditure under the Plan. The increased estimates for investment in transport and communications include sizeable amounts for the construction of the Tagus bridge. Those for mining and manufacturing represent a considerable increase over the low level of 1963. Finally, it should be noted that for some types of investment financed from public funds (inter alia, research and technical education) the estimates for 1964 are merely the difference between the total estimates for the plan period and actual cumulative expenditure up to 1963; revisions of these figures would, therefore, seem probable.

20. A positive development last year was the increase in agricultural investment, although the Plan's forecasts have not been attained. Held up for a considerable time because of legal problems connected with amendments to property rights, a first part of the important irrigation plans for the Alentejo area is now being carried out, partly financed through official German credits. This region is in the southern part of Portugal where extensive methods of cultivation and very large holdings are predominant. It is the big estates in the central and southern provinces which account for the fact that 1 per cent of agricultural holdings cover about 50 per cent of Portugal's total arable land<sup>1</sup>. On the contrary, in the northern provinces (and in some regions of the South) family farms are prevalent, and their average size is extremely small. It is thought that the South has the most important potential for the development of agricultural output and employment. The irrigation works now under way are only a beginning compared to the investments needed to exploit this potential; such investments need to be complemented by other measures of co-ordinated agricultural policy and reform<sup>2</sup>. For other regions it is considered that the main possibilities of agricultural development are fruit and vegetable growing, animal husbandry, and forestry. Certain projects on these lines are in preparation, or being already carried out—e.g. the promotion of fruit-growing in some western provinces.

#### THE INVESTMENT PLAN FOR 1965-67

21. To follow the present Six-year Development Plan, the Government decided to establish an investment plan of shorter duration and of a somewhat interim nature. This decision was based on the jud-

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1. These estimates take account only of land under field crops.

2. These problems are discussed in the report «Low Incomes in Agriculture» published by the O.E.C.D. in 1964; the report includes individual chapters for all Member countries.

gement that certain trends of particular importance to Portugal's long-term economic development are very difficult to foresee over a longer period—e.g. economic integration in Europe, the problems of economic integration inside the Escudo Area, and future developments in defence expenditure. However, the general projections prepared by the Portuguese experts cover the entire period up to 1973, i.e. both the interim plan for 1965-67 and the "Third Development Plan" which, in principle, will follow. Besides the work of a general economic nature, studies of particular sectors have been undertaken in close co-operation between official and private circles. No general decisions have yet been announced by the authorities either as to the total volume and the pattern of investment intended or the main lines of public development policies to be followed during the next three years. The few indications given below are based on the preparatory work at expert level.

22. The general forecast for the period 1965-67 is a volume increase of the gross domestic product by 6.5 per cent per annum. The growth rates postulated are: 10.4 per cent for industry, 4.7 per cent for services and only 1.2 per cent for the primary sector. Correspondingly, total employment is assumed to increase by 16,000 a year, but large shifts of manpower are foreseen from agriculture to non-farm employment (28,000 per annum). By 1967, the primary sector would account for 38 per cent of the labour force and for 19 per cent of the domestic product. Industry and services would each employ 31 per cent of the labour force and would produce, respectively, 44 per cent and 37 per cent of the G.D.P.

23. These projections contain a significant recovery element; it is considered, in fact, that the overall rate of growth, and notably the growth of secondary output, should regain by 1967 the trend apparent before the relative slowdown since 1961. After this has been achieved, a choice will be required among alternative hypotheses of rates of growth elaborated for the period up to 1973. It is foreseen that, throughout the nine years covered by the projections, manufacturing, construction and tourism will be the main dynamic sectors of the economy.

24. The output projections for 1965-67 are estimated to require an annual increase of fixed investment by 8.5 per cent, which would thus rise to 19 per cent of national expenditure in 1967. Private consumption is assumed to rise somewhat less than total national expenditure—by 6 per cent per annum—and public consumption by 4.75 per cent. No considerable change in the current external balance is foreseen for this period. Both imports and exports of goods and services are estimated to increase by 8.3 per cent a year, with a resulting slight deterioration of the balance on goods and services account.

### III. CONCLUSIONS

25. The growth of non-agricultural output has been distinctly slower in the last two years, partly because of the measures taken to avoid inflationary developments resulting from the considerable increase of military expenditure. The situation has changed since the autumn of 1963, with industrial production rising at a relatively high rate. Export demand for goods and services is increasing; the volume of public works seems to be rising; and it may be assumed that private consumption is gradually becoming more buoyant, sustained by higher employment, wage increases and unilateral transfers from abroad. Productive investment in industry seems to be recovering from its depressed state in recent years, though still, probably, not at a sufficiently high rate.

26. Short-term economic policy is, thus, faced with the problem of maintaining financial stability at a time when continued high defence spending may coincide with a faster growth of other demand factors, but also of promoting a sufficient utilisation of productive capacity and the highest sustainable rate of investment. At the present levels of output and consumption per head of population, and with Portugal's vast needs for economic development and employment creation, it is essential that the authorities should take all possible steps to prevent any reappearance of deflationary tendencies. Over the next few months, it will be particularly important in this respect to ensure the effective implementation of the Development Plan forecasts for 1964.

27. These difficult problems of economic policy are rendered more manageable by the recent rather large increases in exports, in receipts from tourism and in workers' remittances. Moreover, foreign reserves remain at a comparatively very high level. Thus, the balance of payments situation provides a substantial margin for a policy aimed at speeding-up industrial production and investment.

28. Such a policy is essential for long-term economic development. In preparing the new investment plan for 1965-67, the Portuguese authorities will certainly benefit from the experience gained in implementing the Development Plan for 1959-64. This suggests that the investment targets should be set rather high; that every possible effort should be made to avoid serious delays in implementation; and that the public authorities should play an even more active role than in the past for promoting economic development. Public initiative is clearly needed for carrying out the important investment and reform measures in agriculture, without which this preponderant sector of the economy will continue to hold back general economic progress. But it is also required in industry, where enterprise and productive innovation are still rather insufficient.

29. The scope and nature of public measures favouring industrial

development should be the object of careful examination. There is, first, the question of the optimum distribution of public or state-sponsored investment as between public works in a broad sense and more immediately productive projects. Great concentration of effort on electricity, transport, etc. was probably necessary under the first and second Development Plans; at present more emphasis on investment in manufacturing (and in tourism) might well be justified. Second, the methods of choosing the more important projects may be capable of improvement. And, it is, of course, essential that public measures to sponsor industrial progress should not result in an excessive degree of protection, but rather that they should aim at promoting a sufficient degree of domestic and foreign competition.

30. The Portuguese authorities are at present considering the adoption of various measures to improve existing arrangements in the field of money and credit. These measures will embrace the terms on which short-, medium- and long-term credit is granted, a revision and the regulation of stock exchange services and dealings, a revision of the provisions regulating investments of foreign capital, the drawing up of arrangements for export credit operations, regulation of lending by the quasi-banking institutions and also, with a view to counter-cyclical policy, the centralisation of banking risks and the promotion of a policy for granting bank credit of a kind more suited to the needs of development. The experience of recent years has proved the need for such reforms, which should facilitate short-term management of the economy and at the same time help to ensure the most suitable possible use of their resources available for financing economic development.

31. Such an orientation of policy may be expected to improve the efficiency of national production and investment. But in the long run the rate of growth of the national product will naturally depend on the share that can at present be devoted to productive investment. It has been argued in this Survey that current economic circumstances, and in particular the state of the balance of payments, seem to allow a certain increase of investment, despite the continuing heavy calls of defence expenditure on national resources. If, however, military needs were to continue for long to absorb a high proportion of resources, the feasible rates of investment, and the growth of the national product, would be correspondingly lower.

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*STATISTICAL ANNEX*

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TABLE I. NATIONAL PRODUCT AND EXPENDITURE *In million escudos.*

	AT CURRENT PRICES				AT 1958 PRICES			
	1960	1961	1962	1963 <sup>1</sup>	1960	1961	1962	1963 <sup>1</sup>
1. Private consumption .....	52,764	56,598	55,959	...	51,368	55,027	53,540	...
2. Public consumption .....	8,250	10,924	12,049	12,889	8,002	10,534	11,410	11,591
3. Gross fixed investment .....	12,535	13,512	13,654	14,563	12,285	13,136	13,039	13,787
4. Change in stocks .....	-243	+1,995	+1,550	...	-301	+1,138	+1,544	...
5. Exports of goods and services ..	12,282	12,386	14,991	...	12,024	12,076	15,275	...
6. Minus imports of goods and services ..	16,724	21,217	19,306	...	16,208	20,305	19,110	...
7. GROSS NATIONAL PRODUCT AT MARKET PRICES .....	68,864	74,198	78,897	...	67,170	71,606	75,698	...
8. GROSS DOMESTIC PRODUCT AT FACTOR COST .....	63,608	68,434	72,551	75,818	62,072	66,047	69,689	71,654
9. Agriculture, forestry and fishing .....	16,178	16,261	17,530	17,379	15,781	15,560	17,333	17,097
10. Industry and construction .....	24,246	25,984	27,173	28,351	23,789	25,643	26,425	27,465
11. Services .....	23,184	26,189	27,848	30,088	22,502	24,844	25,931	27,092

1. Provisional.

Source: Portuguese submission to the O.E.C.D.

TABLE II. CONSUMPTION AND INVESTMENT *In million escudos.*

	AT CURRENT PRICES				AT 1958 PRICES			
	1960	1961	1962	1963 <sup>1</sup>	1960	1961	1962	1963 <sup>1</sup>
A. CONSUMERS' EXPENDITURE ON GOODS AND SERVICES .....	52,764	56,598	55,959	...	51,368	55,027	53,540	...
1. Food .....	24,584	25,135	26,895	...	23,829	25,105	26,147	...
2. Rent .....	2,380	2,597	2,790	...	2,239	2,335	2,439	...
3. Other goods and services .....	25,800	28,866	26,274	...	25,300	27,587	24,954	...
B. GENERAL GOVERNMENT - CURRENT EXPENDITURE ON GOODS AND SERVICES .....	8,250	10,924	12,049	12,889	8,002	10,534	11,410	11,591
1. Defence .....	2,684	4,710	5,550	6,200	2,603	4,542	5,256	5,576
2. Civil .....	5,566	6,214	6,499	6,689	5,399	5,992	6,154	6,015
C. GROSS FIXED ASSET FORMATION .....	12,535	13,512	13,654	14,563	12,285	13,136	13,039	13,787
i) <i>Institutional classification:</i>								
1. Private enterprises .....	10,319	11,062	10,947	11,583	10,085	10,734	10,415	10,900
2. Public enterprises .....	708	823	892	857	707	810	872	834
3. General Government .....	1,508	1,627	1,815	2,123	1,493	1,583	1,752	2,053
ii) <i>Product classification:</i>								
1. Dwellings .....	2,097	2,400	2,488	2,653	2,012	2,212	2,200	2,247
2. Other construction .....	4,459	4,920	5,224	5,693	4,392	4,805	5,060	5,524
3. Transport equipment .....	1,681	1,562	1,641	1,479	1,654	1,544	1,597	1,431
4. Other equipment .....	4,298	4,630	4,301	4,738	4,227	4,575	4,182	4,585

1. Provisional.

Source: Portuguese submission to the O.E.C.D.

## NOTE TO TABLES I AND II

1. The national accounts data for Portugal are in principle established according to the concepts and definitions of the "Standardised System of National Accounts" (O.E.E.C., 1958), and the National Institute of Statistics has made considerable efforts for their improvement. However, a number of gaps and weaknesses remain in the underlying statistical material which impair the accuracy of the national accounts series. These statistical problems are explained in detail in "O Rendimento Nacional Português, Estudos No. 34", National Institute of Statistics, Lisbon, 1960. The price and volume development of some of the national accounts series shown in Tables I and II would appear to be strongly influenced by these problems of statistical compilation.

2. The figures for private consumption are based on separate estimates only for expenditure on food and rent. Expenditure on other goods and services is calculated as a residual; but this method is rendered particularly unreliable by the gaps in the balance of payments statistics mentioned below. According to the tables, private consumption—excluding food and rent—increased in volume by 9 per cent in both 1960 and 1961 and declined by nearly 10 per cent in 1962. All these rates are open to doubt. In particular, there is sufficient evidence that the taxes introduced in July 1961 have affected consumers' purchases of certain categories of manufactures. But the apparent fall in 1962 (by 9 per cent at current prices) seems too big to be accepted as a reasonable approximation without better statistical evidence.

3. This decline might conceivably reflect an over-estimation of exports of goods and services, which are shown to increase in 1962 by 21 per cent at current prices and by about 26 per cent at constant prices. It should be noted that the national accounts refer to continental Portugal—an area for which there are no adequate estimates of external transactions. The existing balance of payments statistics include data for transactions of the metropolitan area (continental Portugal and neighbouring islands) with foreign countries. Adjustments are made for commodity trade between Portugal and both the neighbouring islands and the overseas provinces. But statistical information on other current transactions between the various parts of the Escudo area is lacking. The resulting open-ended nature of the national accounts is evident.

TABLE III. AGRICULTURAL PRODUCTION

	Unit or base	Average 1953-57	1958	1959	1960	1961	1962	1963 <sup>1</sup>
1. Wheat .....	' 000 metric tons	667	809	623	492	430	645	505
2. Rye, barley and oats .....	»	386	454	330	250	236	347	316
3. Maize .....	»	432	425	487	466	632	591	517
4. Rice .....	»	160	149	163	151	177	173	164
5. Potatoes .....	»	1,119	1,087	866	1,041	1,056	894	1,076
6. Wine .....	' 000 hectolitres	11,160	8,585	8,924	11,458	7,420	15,268	12,015
7. Olive oil .....	»	883 <sup>2</sup>	673	1,000	942	1,257	580	926
8. Cattle slaughtered .....	' 000 metric tons	82	92	92	88	95	108	101
9. Cattle .....	»	36	37	41	39	43	49	46
10. Sheep and goats .....	»	11	11	11	12	12	13	13
11. Pigs .....	»	35	44	40	37	40	46	42
12. Fish landings .....	»	299	326	308	340	360	361	281 <sup>3</sup>

1. Provisional.

2. Average 1952-57.

3. Excluding cod.

Source: National Institute of Statistics.

TABLE IV. DISTRIBUTION OF AGRICULTURAL HOLDINGS BY SIZE<sup>1</sup>

	NORTH	CENTRE	SOUTH (EXCLUDING FARO)	FARO	ALL PORTUGAL
NUMBER OF HOLDINGS					
Total (' 000) .....	562.4	146.8	55.8	36.1	801.0
In per cent :					
- 1 ha .....	51.9	57.4	22.6	33.1	50.0
1 - 5 ha .....	39.8	34.4	32.8	40.3	38.3
5 - 10 ha .....	6.0	4.4	13.5	14.4	6.6
10 - 50 ha .....	2.3	3.2	21.8	11.8	4.2
50 - 200 ha .....	—	0.5	6.1	0.5	0.6
200 ha. or more .....	—	0.1	3.2	—	0.3
AREA <sup>1</sup>					
Total (' 000 ha.) .....	1,189.7	516.4	2,217.7	191.1	4,114.9
In per cent :					
- 1 ha .....	10.9	7.1	0.3	2.9	4.3
1 - 5 ha .....	45.9	23.3	2.2	20.1	18.3
5 - 10 ha .....	21.3	9.4	2.6	20.4	9.6
10 - 50 ha .....	19.9	19.7	13.4	45.7	17.7
50 - 200 ha .....	1.7	13.5	15.8	8.1	11.1
200 ha. or more .....	0.3	27.0	65.7	2.8	39.0

1. Area of arable land.

Source: O.E.C.D. "Low Incomes in Agriculture", 1964, Chapter on Portugal.

TABLE V. INDICES OF INDUSTRIAL PRODUCTION<sup>1</sup>

	ANNUAL INDICES (1958=100)					MONTHLY INDICES (1953=100)						
	1959	1960	1961	1962	1963	1962	1963	1963				1964
								1ST	2ND	3RD	4TH	1ST
								QTR.	QTR.	QTR.	QTR.	QTR.
SEASONALLY ADJUSTED												
1. General Index (mining, manufacturing and electricity) .....	106	116	127	134		181	188	182	190	185	194	196
2. Mining and quarrying .....	106	95	106	105		66	59	60	57	60	57	63
3. Manufacturing .....	105	116	128	134		180	185	177	188	183	192	191
4. Food and drink .....	104	115	120	117		143	144	139	143	141	153	151
5. Textiles, clothing and footwear ...	100	108	115	121		158	168	159	165	172	177	171
6. Cork, wood and furniture .....	108	119	123	124		154	151	156	149	135	163	157
7. Chemical and oil products .....	108	121	123	135		179	191	216	199	177	171	203
8. Non metallic minerals .....	105	114	130	140		192	195	180	202	202	196	222
9. Metal industries, machinery and electrical equipment .....	106	113	140	153		214	218	185	226	229	231	209
10. Other manufacturing industries.	113	135	146	153		231	242	223	239	235	271	254
11. Electricity .....	112	122	135	145		277	308	306	310	312	304	346

1. The annual indices (revised) have a considerably wider coverage than the monthly indices.

Source: Portuguese Industrial Association.

TABLE VI. OTHER INDICATORS OF ECONOMIC ACTIVITY

	1959	1960	1961	1962	1963	1963				1964
						1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.	1ST QTR.
<i>TOURISM (thousands) .....</i>										
1. Nights spent by foreign tourists <sup>1</sup> .....	1,110	1,246	1,334	1,358	1,845	278	480	786	301	292
2. Number of foreign tourists .....	296	353	380	463	516	...	...	...	...	...
<i>CONSTRUCTION (Continent) .....</i>										
3. Number of dwellings completed (thousands) .....	24	25	28	28	27	6	7	7	7	7

1. In hotels and boarding houses only.

Source: National Institute of Statistics.

TABLE VII. PRICES AND WAGES

	BASE	1959	1960	1961	1962	1963	1963				1964
							1ST	2ND	3RD	4TH	1ST
							QTR.	QTR.	QTR.	QTR.	QTR.
1. WHOLESALE PRICE INDEX <sup>1</sup> .....	1953=100	99	102	102	103	103	103	104	102	103	104
<i>of which:</i>											
2. Manufactured products .....	»	93	94	96	99	96	96	96	96	96	96
3. Food products .....	»	105	109	106	107	111	111	113	108	111	112
4. CONSUMER PRICE INDEX <sup>1</sup> .....	»	107	109	111	115	117	117	116	115	119	119
<i>of which:</i>											
5. Food products .....	»	108	111	110	113	115	117	115	112	117	121
6. INDEX OF INDUSTRIAL WAGES <sup>1</sup> .....	1961=100	...	...	...	107	112	111	112	113	114	115
7. AGRICULTURAL WAGE INDEX:											
Men .....	1953=100	105	114	119	140	148	141	157	150	145	154
Women .....	»	106	113	119	137	142	134	148	145	141	144

1. Lisbon.

Source: National Institute of Statistics, Bank of Portugal and O.E.C.D. General Statistics.



TABLE VIII. MONETARY AND BANKING STATISTICS

Billion escudos; end of period.

	1959	1960	1961	1962				1963				1964
				1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.	1ST QTR.
<b>BANK OF PORTUGAL:</b>												
1. Credits and advances .....	2.5	3.4	5.5	4.7	4.8	4.9	4.8	4.4	4.7	5.0	5.2	4.5
2. Gold and foreign exchange assets .....	20.7	20.6	18.1	17.7	19.1	21.6	22.4	22.4	21.9	22.4	23.5	23.9
3. Note circulation .....	13.9	14.8	17.1	16.6	16.7	16.9	17.9	17.4	17.7	18.3	19.3	19.1
4. Other sight liabilities in national currency .....	10.0	9.9	7.3	6.5	7.9	9.9	8.4	8.4	9.4	8.8	9.0	9.1
<b>COMMERCIAL BANKS:</b>												
5. Portfolio of securities .....	2.7	3.4	3.4	3.4	3.4	3.8	3.3	3.3	3.4	3.8	4.1	3.9
6. Credits and advances .....	18.7	20.9	20.5	21.0	20.5	21.5	22.7	23.8	24.0	25.1	26.9	27.1
7. Deposits (8+9) .....	23.4	26.9	25.5	25.2	25.6	26.8	29.8	30.8	31.5	33.2	36.7	36.7
8. Sight deposits .....	19.1	20.9	19.2	18.6	18.6	19.3	21.4	21.6	21.6	22.6	26.2	25.5
9. Time deposits .....	4.3	6.0	6.3	6.6	7.0	7.5	8.4	9.2	9.9	10.6	10.5	11.2
<b>NATIONAL DEVELOPMENT BANK :</b>												
10. Portfolio of securities .....	—	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8
11. Advances .....	—	2.3	3.0	3.0	3.0	3.3	3.3	3.3	3.3	3.3	3.2	3.4
<b>SAVINGS BANKS:</b>												
12. Credits and advances .....	9.1	9.6	10.7	10.9	10.7	10.7	11.2	11.2	11.3	11.6	11.8	11.7
13. Deposits (total) .....	13.0	13.5	13.3	13.6	13.8	13.9	14.3	14.7	15.0	15.0	15.3	15.7
<b>MONEY SUPPLY:</b>												
14. Total (15+16) .....	45.1	48.2	48.0	47.5	48.7	51.5	51.9	52.7	54.8	55.3	59.1	58.9
15. Currency .....	12.5	13.1	15.2	15.5	15.4	15.9	16.0	16.1	16.4	16.8	17.0	17.5
16. Deposits <sup>1</sup> .....	32.6	35.1	32.8	32.0	33.3	35.6	35.9	36.6	38.4	38.5	42.1	41.4
<b>CAPITAL MARKET:</b>												
17. Yield on Government securities (per cent) <sup>2</sup> .....	3.45	3.46	3.81	3.82	...	...	4.10	4.14	4.18	4.22	4.20	4.04
18. Industrial shares index (4th qtr. 1952 = 100) <sup>3</sup> .....	166	172	154	150	141	136	135	139	138	149	151	156

1. Including Government deposits.

2. I.M.F. monthly averages.

3. Metropolitan firms.

Source: Bank of Portugal.

TABLE IX. FOREIGN TRADE BY COMMODITY GROUPS

Million escudos.

	1960	1961	1962	1963	1962	1963	1964
					1st QUARTER		
<b>A. IMPORTS</b>							
1. Live animals, meat and fish .....	349	441	369	451	46	38	54
2. Vegetable products .....	1,208	1,579	1,326	1,823	264	315	384
of which: — cereals .....	280	669	624	636	149	79	134
— oil seeds .....	362	343	299	527	30	72	78
3. Processed food, beverages and tobacco .....	742	818	831	829	143	155	197
4. Fuel, coal and other mineral products	1,784	1,985	2,022	2,064	413	379	460
5. Chemicals, plastics and rubber .....	1,854	2,000	1,879	2,153	376	430	532
6. Textile materials and products .....	2,121	2,600	2,616	3,109	668	865	969
of which: — raw wool .....	200	180	165	198	36	31	70
— raw cotton .....	1,041	1,251	1,226	1,328	373	519	471
— raw jute and sisal ..	168	337	321	478	73	103	150
— artificial fibres .....	301	376	451	567	89	104	138
7. Metals and metal products .....	2,146	2,642	1,912	2,012	391	389	457
of which: — iron and steel .....	1,603	1,956	1,228	1,293	247	259	307
8. Machinery and appliances .....	2,733	3,004	3,115	3,331	765	716	750
of which: — radio and T.V. sets..	186	186	108	166	20	34	37
9. Transport equipment .....	1,450	2,495	1,668	1,715	253	210	170
of which: — ships .....	222	1,106	—	277	—	—	—
— motor vehicles and spares .....	985	1,116	1,125	1,002	210	157	107
10. Other .....	1,340	1,240	1,125	1,228	223	231	322
11. TOTAL IMPORTS .....	15,636	18,791	16,863	18,715	3,542	3,728	4,295
<b>B. EXPORTS</b>							
1. Olive oil .....	82	86	279	104	85	24	31
2. Tinned fish .....	1,048	1,190	1,199	1,105	222	244	263
3. Wine .....	723	772	784	877	129	159	202
4. Mineral products .....	719	553	508	552	119	93	144
5. Chemicals .....	754	614	503	936	118	157	184
of which:							
6. Colophony and rosin .....	505	302	353	422	60	93	79
7. Tyres and tubes .....	132	124	114	120	25	26	29
8. Wood and wood products .....	568	551	510	562	113	121	115
9. Raw cork .....	694	610	658	719	168	175	165
10. Cork products .....	762	766	773	853	169	192	232
11. Pulp and paper .....	145	112	193	333	46	54	93
12. Textile materials and products .....	1,979	2,010	2,645	3,253	543	490	806
of which:							
13. Cotton yarn .....	308	369	463	510	123	45	110
14. Cotton fabrics .....	911	788	985	1,056	199	153	237
15. Cotton clothing etc. ....	179	165	233	422	37	49	105
16. Sisal and jute products .....	173	243	337	481	74	124	137
17. Machinery and appliances .....	241	220	288	313	56	60	68
18. Other .....	1,561	1,765	2,178	2,250	348	391	516
19. TOTAL EXPORTS .....	9,408	9,373	10,632	11,986	2,141	2,186	2,848

Source: National Institute of Statistics.

TABLE X. FOREIGN TRADE AND RESERVES

	UNIT OR BASE	1959	1960	1961	1962	1963	1963				1964	
							1ST	2ND	3RD	4TH	1ST	2ND
							QTR.	QTR.	QTR.	QTR.	QTR.	QTR.
FOREIGN TRADE: (monthly averages)												
1. Imports c.i.f. ....	Millions of U.S. \$	40	45	54	49	54	43	57	50	67	50	61
<i>of which:</i>												
From overseas provinces ...	"	6	7	7	5	8	7	8	6	9	8	9
2. Exports f.o.b. ....	"	24	27	28	31	35	25	34	32	48	33	41
<i>of which:</i>												
To overseas provinces .....	"	7	7	6	7	8	6	9	8	11	8	
3. Trade balance (1-2) .....	"	-16	-18	-27	-18	-20	-18	-23	-18	-19	-17	-11
4. Volume of imports .....	Index <sup>1</sup>	—	100	125	113	130	127	136	132	126	147	...
5. Volume of exports .....	"	—	100	105	122	132	122	143	119	144	149	...
6. OFFICIAL GOLD AND FOREIGN EXCHANGE RESERVES (end of period) <sup>2</sup> .....	Millions of U.S. \$	808	794	692	792	827	782	768	782	827	830	836

1. Base: corresponding quarter of 1960=100.

2. Excluding the IMF gold tranche position of \$ 15 million.

Source: National Institute of Statistics and O.E.C.D. General Statistics.

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