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## Tell Tale Figures

WITH the publication of the White Paper on United Kingdom's Balance of Payments (cmd 8505), the stage seems to be set for a game of "find the nigger" in the sterling area parlour. So far, the fact of the alarming drain on sterling area reserves of gold and dollars was known widely enough; but who was mainly responsible for it was not clear. One had to go by broad judgments about the role of each member of the Commonwealth; for each of them, the enormity of the others' extravagance must have appeared as shocking as the reasonableness of its own demands appeared undeniable. Neither the Commonwealth Finance Ministers who met in January nor Mr Butler in his "save the pound" budget made the position any clearer. Mr Butler was vehement about going all out to stop the drain, and was confident that the Finance Ministers who had conferred with him would do their bit conscientiously and speedily. He committed the UK to striving her utmost for saving the pound; but his proposals directed towards that end left one a little vague about his estimate of Britain's contribution to the easing of the strain. As a corollary, his estimate of Britain's contribution to the drain itself in the preceding months remained unclear. One was left with a lingering suspicion—a suspicion that according to the information at Mr Butler's disposal, it was not so much Britain as the other members of the sterling area who had behaved badly since mid-1951.

It is unlikely that the White Paper will clear all doubts about the matter. For, argument will inevitably shift from the question of figures to that of the rightness of policies which are evidenced by these figures. The facts of the situation in 1951 are easily recounted; as against a net balance of payments surplus of \$414 million and addition to gold and dollar reserves of \$567 million in the first half of 1951, the sterling area had, in the second half of 1951, a net deficit on current account of \$1,578 million, with a consequent depletion of \$1,532 million in its reserves. For the year as a whole, therefore, the sterling area had a net deficit of \$1,164 million, which had to be met by drawing on reserves to the extent of \$965 million. The balance of payments deficit in the period July-December 1951 was more than the deficit for the whole of 1949, the year of the devaluation crisis. In consequence, the reserves which by the end of June 1951 had risen spectacularly to \$3,867 million, fell sharply to \$2,335 million by end of 1951, and to about \$1,700 million by end of March 1952—a level perilously low by all accounts.

Who then, was the squanderer? One inevitably takes a partisan attitude, intentionally or unintentionally, in fixing the blame. Table I on page 394 shows that the UK's balance of payments deficit increased from £93 million in the first half of 1951 to £428 million in the second half. It will also be noticed that the UK had in the period July-December 1951 a balance of payments surplus with the overseas sterling area much larger than in the first half of 1951, so that UK's deficit