CHAPTER XI

INDUSTRY

1. Main Development Trends[1]

Two major changes marked Israel's industrial development in 1961: first, a conspicuous change in the destinations of gross output and product to the detriment of export and the benefit of consumption and investment in housing; and second, a sharp rise in prices. The real increase in product, which has been fairly rapid in the past few years, even accelerated in 1961, but unlike the two preceding years, export contributed a smaller share to the expansion of gross product, its proportion of the increment falling off steeply from 55 per cent in 1960 to 30 per cent the following year. In contrast, the share of private consumption in the additional product rose from a third in 1960 to half in the year under review. There was also a substantial growth in the relative share of public consumption, while that of housing investment likewise advanced.

The second striking change, as compared with the two preceding years, was the marked rise in the prices of industrial products marketed locally, which amounted to as much as 7 per cent.

These two developments were doubtless interrelated, and the underlying factor common to both was the demand inflation which prevailed in the economy. In branches where production is based on local demand and whose capacity enabled them to expand rapidly and satisfy the growing demand, output increased; while in others, where output could not be increased beyond a certain limit, prices climbed and a larger part of output was diverted to the home market.

The decline in the relative share of export in the output and product increment was not accompanied by a decrease in the import component of domestic uses which would indicate any real degree of import substitution and thereby an improvement in the trade balance. Insofar as there was a reduction, it was of negligible proportions and pointed to nothing more than a fairly slow process of import substitution. To all appearances, even that part of output that was diverted to export or replaced import cost the economy a high price. One outcome of the greater degree of cartelization, the object of which is to expand export, was a rise in the prices of commodities marketed locally, due to the

[1] All data cited in constant prices in this chapter relate to 1958 prices.

monopolistic position which the producers enjoyed. The monopolistic profits which they were permitted to earn in the home market were intended to encourage them to step up exports; such profits actually constituted an increase in the effective exchange rate granted in an indirect manner. This trend crystallized in 1961 in particular, after the Restrictive Trade Practices Law began to be implemented. The raising of the local prices of goods earmarked for export increased their effective exchange rate considerably beyond the official rate (plus the direct premiums), and in several branches even pushed up the average price level.

TABLE XI-1

Gross Industrial Output and Product, by Final Destinations,[a] 1958–61

(at 1958 prices)

	Year	*Private consumption*	*Public consumption*	*Export[b]*	*Investment and change in stocks[c]*	*Total*
Output	1958	1,258	79	293	382	2,012
(IL. million)	1959	1,432	83	440	436	2,391
	1960	1,555	89	579	446	2,669
	1961	1,728	107	691	501	3,027
Increase over	1959	174	4	147	54	379
previous year	1950	123	6	139	9	277
(IL. million)	1961	173	18	112	56	359
Per cent increase	1959	13.8	4.8	50.2	14.2	18.8
over previous	1960	8.6	7.4	31.6	2.2	11.6
year	1961	11.1	20.2	19.4	12.5	13.4
Gross product	1958	443	33	108	167	751
(IL. million)	1959	501	35	161	196	893
	1960	536	38	218	205	997
	1961	608	45	228	262	1,143
Increase over	1959	58	2	53	29	142
previous year	1960	35	3	57	9	104
(IL. million)	1961	72	8	44	22	146
Per cent increase	1959	13.0	6.4	48.9	17.5	18.9
over previous	1960	6.9	8.0	35.4	4.6	11.6
year	1961	13.5	20.7	4.8	27.5	14.7

[a] The value of output allocated to the various destinations was calculated on the basis of a uniform average price, weighted according to the relative proportion of output destined for the local market and for export in every branch.

[b] Including direct export and the output of intermediate products ultimately intended for export as inputs to the branches actually effecting the direct export.

[c] Change in stocks includes errors and omissions.

In contrast to the previous year, when the contribution of export to the additional gross product rose even though direct export grew at a lower rate than in 1959, during the year under review not only did the expansion of direct export further slow down, but the production increment diverted to export contracted even in absolute terms.

The real gross product of industry advanced from approximately IL. 997 million in 1960 to IL. 1,143 million in the year reviewed—a gain of 14.7 per cent, as compared with 11.6 per cent in 1960 and 18.9 per cent in 1959.[1] Gross industrial output in 1961 is estimated at IL. 3,027 million as against IL. 2,669 million the year before, i.e. a growth of approximately 13.4 per cent, compared with nearly 11.6 per cent in 1960. Industry therefore continued to show the highest rate of expansion among the major sectors, the average real increase amounting to almost 15 per cent annually during the last three years.[2]

A breakdown of output and product and the annual increments by final destinations shows that the share of consumption, which had declined in the preceding three years, rose once again in 1961. The changes that have taken place from year to year have been mainly in the volume of export and investment. Thus, for instance, the share of investment in the additional output and product rose in 1961, primarily because of the appreciable expansion of activity in the building sector, especially in residential construction, while the share of export fell off, as already stated.[3] If dwellings are regarded as a durable consumer commodity, then there was actually a decline in the share of domestic product allocated to productive investment, while the share of consumption went up correspondingly.

The more rapid expansion of output as compared with the previous year was largely due to the growing demand for industrial intermediate products—a trend which has continued for the past several years. The level of activity in the build-

1 Revised estimate.

2 In all estimates of output and product cited in this chapter, it is assumed in nearly every case that the real output of crafts and other industrial enterprises which are not included in the industrial surveys of the Central Bureau of Statistics have not grown at all since 1958. In that year crafts accounted for an estimated 17.5 per cent of total industrial output, and the assumption of non-growth is therefore liable to result in a marked downward bias. This is particularly true of those branches where the weight of crafts in total output is big, such as clothing, footwear, and carpentry. The reasoning behind this asumption is that, if the output of an enterprise that does not employ workers increases, the producer-owner, who until then worked by himself, will generally begin to hire workers, and at least conceptually such growth will be reflected in a rise in output as measured in the industrial surveys. A more detailed explanation appears in the Statistical Appendix to this report (in Hebrew only).

3 Whenever export is referred to in this chapter as a final destination of output etc., its value is that based on the average price of output destined for the local market and export alike, rather than the f.o.b. price to the producer. This method evaluates output at a uniform price regardless of destination, and thus it more faithfully reflects the real changes that have occurred in the allocation of resources to the various destinations.

Table XI-2

Gross Industrial Output and Annual Output Increment, by Direct Destinations Including Intermediate Destinations, and by Main Sectors, 1958–61

(at 1958 prices)

Year	Agriculture	Industry	Building	Electricity and water	Transportation	Services and commerce	Total intermediate destinations	Private consumption	Public consumption	Investment and change in stocks	Export[a]	Total[b]
IL. million												
1958	99	492	193	6	53	87	930	768	50	95	169	2,012
1959	116	579	219	7	61	96	1,078	894	51	122	246	2,391
1960	117	637	214	8	66	106	1,148	994	55	151	320	2,668
1961	130	731	238	9	73	120	1,301	1,101	68	171	385	3,027
Per cent												
1958	4.9	24.4	9.6	0.3	2.6	4.3	46.3	38.2	2.5	4.8	8.4	100.0
1959	4.8	24.2	9.2	0.3	2.6	4.0	45.1	37.4	2.1	5.1	10.3	100.0
1960	4.4	23.9	8.0	0.3	2.5	4.0	43.0	37.2	2.1	5.6	12.0	100.0
1961	4.3	24.1	7.9	0.3	2.4	4.0	43.0	36.4	2.2	5.7	12.7	100.0
Increase or decrease (—) compared with previous year												
IL. million												
1959	17	87	26	1	8	9	148	125	1	27	77	379
1960	1	58	–5	1	5	10	70	101	4	29	74	278
1961	13	94	24	1	7	14	153	107	13	20	65	359
Per cent												
1959	4.5	23.0	6.9	0.3	2.1	2.4	39.2	33.0	0.3	7.1	20.3	100.0
1960	0.4	20.9	–1.8	0.4	1.8	3.6	25.3	36.4	1.4	10.4	26.6	100.0
1961	3.6	26.2	6.7	0.3	1.9	3.9	42.6	29.8	3.6	5.6	18.1	100.0

[a] For the sake of uniformity with the data presented in the more detailed input-output tables in this chapter, export has been valued here at f.o.b. prices to the producer. The relative weight of direct export within total destinations has therefore been underestimated.

[b] Discrepancies due to rounding.

ing sector has had a considerable effect on such demand, and it is the fluctuations in such activity that largely explain the changes in the share of intermediate products in total output and, accordingly, the general level of activity in the sectors connected with building. The direct demand of the building sector, which in the preceding years had declined in absolute terms, was responsible for 6.7 per cent of the total output increment in 1961, and thus it caused a greater demand for manufactured intermediate products on the part of industry itself, for the materials sold to the building sector are largely manufactured by local industry.

The growth of agricultural output, as compared with the low rate of increase in the previous year, also intensified the demand for industrial intermediate products. As a result of the expansion of the other sectors of the economy, the demand for manufactured intermediate products for use in industry itself rose from 21 per cent of the incremental output in the previous year to 26 per cent in 1961. Thus local demand accounted for 82 per cent of industrial output in 1961 as against 74 per cent the year before.

The import component in industry as a whole remained stable. In export production, where the import component is higher than that for local use, there was some decline, primarily because of an increase in the weight of branches with a relatively low import component. In contrast, there was a slight rise in the import component of the domestic destinations of industrial output. The replacement of imports by commodities the manufacture of which was expressly introduced for this purpose proceeded, at best, at a very slow pace and did not contribute to an improvement in the trade balance. The relative stability of the import component has continued for a number of years. If the import component of export and local uses of industrial output had remained unaltered since 1958, there would have been an improvement in the trade balance—stemming from changes in the composition of the uses, in the relative weight of the sectors, and in the direct import components themselves—to the amount of approximately IL. 65 million; of this sum, some IL. 40 million would have been realized in 1959 and nearly all the rest in 1960.

This constancy of the average import component in industry—which changes practically only as a result of changes in the relative weight of the sub-branches—gives reason to believe that within the limits of the protection afforded local production up to 1961, most of the real possibilities for the further replacement of import by locally produced industrial materials have been exploited, from both the technological and economic aspects. Insofar as there has been a decrease in the import component in certain branches, it has been mainly due to the replacement of imports by products from other sectors, primarily agriculture.

The growth of industrial production in 1961 was made possible by the fact that there were no real limitations as regards the availability of the production factors: The existing capital stock enabled most of the branches to expand considerably, while the large-scale investments made in recent years started to

TABLE XI-3

Composition of Industrial Inputs, 1958–61

Year	Raw material from local production	Import[a] (c.i.f.)	Labor[b]	Indirect taxes[c]	Total purchased inputs	Gross profit[d]	Total inputs
1. *As a percentage of total output*							
1958	43.2	19.5	17.8	3.8	84.3	15.7	100.0
1959	43.7	19.0	16.4	3.4	82.5	17.5	100.0
1960	43.9	18.8	15.9	2.9	81.5	18.5	100.0
1961	43.5	18.8	15.8	2.8	80.9	19.1	100.0
2. *As a percentage of total purchased inputs*							
1958	51.2	23.1	21.1	4.5	100.0		
1959	53.0	23.0	19.9	4.1	100.0		
1960	53.9	23.1	19.5	3.6	100.0		
1961	53.8	23.2	19.5	3.5	100.0		

[a] At the rate of IL. 1.80 per dollar.
[b] Measured in monetary terms on the basis of 1958 wages.
[c] All net indirect taxes, including those on imports and local output, less subsidies.
[d] Gross profit, depreciation, and interest.

become active. The investments have been enlarging the production system parallel to the growth of output, and in 1961 at an even more rapid pace. There were also no limitations as regards imported raw materials; owing to the policy of liberalizing imports, most of the restrictive controls had already been lifted, and the favorable situation which prevailed—i.e. the foreign currency reserves at the country's disposal on the one hand, and the stability of the international market on the other—in effect permitted the free expansion of imported inputs.

In contrast to the last few years, in 1961 the labor input began to prove an exception in this respect, and the economy started experiencing a shortage of workers. Whereas in previous years employment had always grown at a much lower rate than output, in 1961 the gap between the two rates of growth was narrowed. In many cases surplus production capacity was presumably accompanied by the incomplete or inefficient utilization of labor. With the increased utilization of plant, there was consequently a rise in the rate of utilization of labor as well, but in spite of the continued growth of output per worker, due to a further increase in efficiency, this rate was slower than in the past. In many branches and in most sections of the country except the North, there began to be felt not only a shortage of skilled workers, which had existed in some degree or other throughout the years, but also a shortage of unskilled labor. The larger stream of immigrants in 1961 did not alleviate this situation, and there are grounds for believing that the contrary was true: Immigration under conditions of full employment and an absorption policy aiming at the provision of housing to newcomers shortly after their arrival, creates a further demand for workers, which exceeds, at least in the short run, the supply of labor originating in such immigration. Because of the rapid increase in employment,[1] which almost paralleled that of output, the expansion of output per worker slowed down somewhat in the year under review.

The level of industrial commodity prices in the local market rose by 7.1 per cent, thus constituting a marked deviation from the pattern of the previous year, when prices remained stable after having risen in 1959 by only 1.5 per cent.

TABLE XI-4

Increase in Gross Industrial Output and Product, 1958–61

(at current prices)

	Gross output	*Gross product*	*Increase in output*	*Increase in product*
		IL. million		
1958	2,012	751		
1959	2,421	951	409	200
1960	2,688	1,037	267	86
1961	3,262	1,316	841	279
	Per cent increase or decrease (–) as compared with previous year			
1959	20.3	26.6		
1960	11.0	9.0	–34.7	–57.0
1961	21.4	26.9	215.0	224.4

Export prices continued to decline slightly; the average price level of total industrial output, including export, therefore went up by 6.3 per cent. The nominal value of output grew by 20.3 per cent, reaching an estimated IL. 3,262 million, compared with IL. 2,688 million the previous year. The nominal value of purchased inputs rose by 18.5 per cent, to IL. 2,689 million. The higher prices in 1961 therefore produced a IL. 40 million gain in industrial profits. Of the major industrial inputs, the cost went up particularly for those supplied by the services and commerce sector, for materials supplied by several industrial branches specializing in intermediate products, and, above all, of the labor input. The last item rose by approximately 22 per cent, of which 12 per cent was due to

[1] This refers to the employment of wage-earners only, in conformity with the assumption that no growth took place in crafts. The data for 1959 and 1960 were based on the industrial surveys conducted by the Central Bureau of Statistics, and those for 1961 on employment indices of the CBS.

an increase in the number of workers, and 9 per cent to a rise in wages per worker, stemming chiefly from the above-average increases in branches suffering from a shortage of workers and the relative weights of which were considerable.

Gross industrial investment expanded at the substantial rate of 19 per cent during the year under review, thus increasing the active capital stock by nearly 12 per cent, i.e. a little slower than the increase in output. The composition of industrial investments has not changed to a large extent in recent years, most of them being channelled to the traditional productive branches. Although at the time of the preparation of this report no detailed information was available as to the composition of investments in 1961, partial data indicate that in 1961 as well no marked change took place in this respect. Even if a fairly drastic change had occurred in the composition of investments in a certain year, this would not alter the existing capital structure to any great extent, and the more the existing stock of capital has grown, the more drastic the change in the

TABLE XI-5

Output and Purchased Inputs of Industry, 1958–61

(at current prices)

	1958	*1959*	*1960*	*1961*
1. *Output and inputs*				
Gross output	2,012	2,422	2,688	3,262
Total purchased inputs	1,677	1,987	2,269	2,689
Input-output ratio	83.3	82.0	84.4	82.4
Import (c.i.f.)	392	432	484	532
Indirect taxes (net)[a]	77	92	131	150
Wages	358	424	487	594
Import component (%)	19.5	17.8	18.0	16.3
Net tax component (%)	3.8	3.8	5.8	4.6
Wage components	19.5	17.5	18.1	18.2
Gross profit[b]	335	434	419	572
2. *Increase or decrease (–) as compared with previous year*				
Gross output		410	–226	574
Purchased inputs		310	282	420
Input increment as percentage of output increment		75.6	106.0	73.2
Import		40	52	48
Indirect taxes (net)		15	39	19
Wages		66	63	107
Gross profit		99	–15	153

[a] Including taxes on imports and indirect taxes on local output, less subsidies.
[b] Including depreciation and interest.

composition of investments would have to be in order to effect a marked change in the structure of the production system. The prevailing investment policy, which permits approved enterprises to deduct depreciation at an accelerated rate, tends to expand the share of investment financed out of profit and depreciation funds, and therefore encourages reinvestment in existing branches.

The number of industrial wage-earners grew, as stated, by 12 per cent, while the growth of capital stock stemming from the gross investment during the year was only slightly higher. Since the employment of non-wage-earners rose by a smaller percentage than that of hired workers, there was no real growth in the capital stock per gainfully employed person.

The rising demand in the local market increased industry's demand for all inputs and, at the same time, the demand for credit to finance current operations; the large growth of investment no doubt also contributed to this indirectly. Bank credit to industry rose by 20.5 per cent during the year under review. The expansion of credit was more rapid in the first half of the year, but even the increase in the balance at the end of the year was somewhat larger than the nominal rate of increase in total purchased inputs; if it were not for the curtailment of credit in the second half of the year, it probably would have been larger still. The credit restrictions imposed in the latter half of 1961 by the Bank of Israel did not brake the expansion of industry; in fact the rate of real growth even accelerated during this period. Hence it can be concluded that the liquidity position of industry, improved as it was by higher profits, was sufficiently favorable to finance the intensified activity in spite of the restrictions imposed on the expansion of credit.

2. Input and Output[1]

Tables XI–6 and XI–7 (at the end of the Report) describe the system of mutual relations between the various branches of the economy, at 1958 prices, and the distribution of output by the main using sectors and by final destinations.

[1] The analysis presented in this section is based on the comprehensive study of input-output in 1958 which was conducted by the Bank of Israel and completed in 1961 (Michael Bruno, "Interdependence, Resource Use, and Structural Changes in Israel," which is scheduled to be published shortly). The basic table for 1958 set out here has been taken from this work.

The tables appearing here cover, for the sake of completeness, all sectors of the economy, even though the analysis itself is limited to industry alone. The definitions of output and final demand (private and public consumption, investment, and export) in input-output analysis are not always identical with those employed elsewhere in this report in connection with the various branches and in the national accounts. Consequently, it is not always possible to make a direct comparison. A more detailed explanation of the conceptual differences will be found in the aforementioned research, while in respect of the years 1959 to 1961 further explanations are presented in the Statistical Appendix to this report (in Hebrew only).

The basic estimates for 1958 were derived, as stated, from the above-mentioned

As already pointed out at the beginning of this chapter, a conspicuous change took place in the destinations of output, whether considered from the viewpoint of the final destinations or of the direct uses. But whereas in respect of industry as a whole the outstanding changes were the reduced share of export and the increased share of investments (largely in residential construction, which actually comes under the category of durable consumer goods), in certain branches the changes occurred in different directions, and this explains the divergent rates of growth.

Table XI–8 shows the annual rates of real growth in the output of the industrial branches from 1958 to 1961, and the average annual rate during the past three years.

The largest average increases in the last three years were registered in mining and quarrying, diamonds, basic metals, and rubber goods and plastics. These were followed by the chemical, machinery and equipment, and textile and clothing branches.

In mining and quarrying and basic metals, the fast rate of growth in recent years was due to the coming into production of several large enterprises, primarily the copper works at Timna and Koor's Steel Town at Acre. The high rate of growth in the basic metal branch has been influenced especially by the activity of the Housing Division, the chief customer for its products. Export is a major factor in the output of the mining and quarrying branch; here the annual rate of growth is largely determined by the production capacity of the existing enterprises. In the diamond industry, the total output of which is destined for export, the rate of expansion slowed down in the last two years, after having advanced by 37 per cent in 1959 alone. The rubber and plastic branch is

study. Output estimates for the following two years yere based on the estimates of final demand on the one hand, and estimates of output according to the industrial surveys of the Central Bureau of Statistics, on the other. For the years 1959 and 1960 estimates were first prepared in 77-branch detail and subsequently aggregated to 25 main branches. The estimate for 1961 was prepared by the same method, but in 25 branches only. The estimates of output have been based on the industrial production indices of the Central Bureau of Statistics and estimates of the output increment in other branches which were prepared by the Bank of Israel for purposes of this report. The discrepancies between the rates of growth in the various branches other than industry as presented in this chapter and those appearing elsewhere in this report, stem partly from the difference in definitions, and partly from a different weighting of the sub-branches. These differences do not affect the analysis, but the reader must be cautioned against making direct comparisons.

As already mentioned, in the estimates of output it has been assumed that no growth took place in crafts, and to the extent that some growth did occur, it was reflected in the fact that the enterprises began to employ hired workers and therefore were included in the industrial surveys.

The estimates for 1961 are provisional only, and revisions will be made after the estimates of industrial output in the 1961 Survey of Industry and Crafts are received.

The calculations required for this chapter were made by the electronic computing unit of the Ministry of Defense.

TABLE XI–6

Distribution of Gross Output, by Direct Destinations, as a Percentage of Total Output

(at constant prices)

Branch	*Year*	*Agriculture*	*Industry*	*Building*	*Water and electricity*	*Transportation*	*Commerce and services*	*Total intermediate products*	*Private consumption*	*Public consumption*	*Investment*	*Change in stocks*[a]	*Export*	*Total output*
Field crops	1958	62.0	24.6					86.6	5.6			3.6	4.2	100.0
	1959	46.3	29.5					75.8	10.4			8.3	5.5	100.0
	1960	40.1	39.3					79.4	9.4			5.4	5.8	100.0
	1961	47.9	36.2					84.1	7.2			–2.2	10.9	100.0
Livestock	1958	8.1	29.8					37.9	49.4		7.9	—	4.8	100.0
	1959	8.4	33.1					41.5	47.5		4.8	0.8	5.4	100.0
	1960	8.9	35.6					44.5	44.7		2.0	0.5	8.3	100.0
	1961	7.6	31.9					39.5	48.9		2.7		8.9	100.0
Citrus	1958		2.1					2.1	9.9		14.3		73.7	100.0
	1959		2.4					2.4	9.1		11.5	1.5	75.5	100.0
	1960		2.3					2.3	9.1		10.2		78.4	100.0
	1961		2.9					2.9	9.1		12.5	1.1	74.4	100.0
Other agricultural branches	1958	2.4	8.3		×			10.7	57.5		29.4	1.4	1.0	100.0
	1959	2.0	7.8	0.1				9.9	59.8		27.6	1.5	1.2	100.0
	1960	2.5	9.9					12.4	61.8		21.6	2.0	2.2	100.0
	1961	2.4	10.1					12.5	65.9		16.0	1.9	3.7	100.0
Mining and quarrying	1958	1.0	39.1	41.7	0.3			82.1	1.8	1.3	7.4	–14.4	21.8	100.0
	1959	0.6	29.8	29.6	0.2			60.2	1.4	1.0	7.2	4.2	26.0	100.0
	1960	0.5	27.1	25.2	0.2			53.0	1.2	0.9	6.6	7.0	31.3	100.0
	1961	0.5	28.9	25.3				54.7	1.1	2.0	12.2	6.7	23.3	100.0
Food, beverages, tobacco	1958	4.2	16.2				0.6	21.0	71.5	0.1		3.4	4.0	100.0
	1959	4.2	16.6				0.5	21.3	72.7	0.1	0.1	1.7	4.1	100.0
	1960	4.1	15.9				0.5	20.5	74.2			0.7	4.6	100.0
	1961	4.2	17.0				0.6	21.8	72.4	0.1	0.2	0.7	4.8	100.0
Textile and clothing	1958	0.5	41.9		×	0.4	0.4	43.2	48.6	0.7		2.7	4.8	100.0
	1959	0.5	42.0			0.4	0.3	43.2	48.7	0.5	0.1	1.7	5.8	100.0
	1960	0.4	41.9			0.3	0.3	42.9	47.5	0.4		0.4	8.8	100.0
	1961	0.4	41.7			0.3	0.3	42.7	46.0	0.4	0.3	0.5	10.1	100.0
Wood and carpentry	1958	5.1	18.3	26.5		0.1	2.4	52.4	35.5	0.6	6.1	–0.4	5.8	100.0
	1959	4.9	18.3	26.1			2.3	51.6	33.6	0.8	6.2	2.3	5.5	100.0
	1960	4.7	18.3	22.8			2.3	48.1	37.9	0.8	5.6	2.1	5.5	100.0
	1961	3.9	18.5	22.3		×	2.3	47.0	40.3	0.8	5.8	1.4	4.7	100.0
Paper and printing	1958	1.2	38.1	0.2	×	0.2	29.6	69.3	21.0	5.1	1.0	–0.2	3.8	100.0
	1959	1.1	37.9	0.2		0.2	28.6	68.0	22.2	4.7	1.2		3.9	100.0
	1960	1.0	37.8	0.1		0.1	27.4	66.4	21.3	4.1	1.2	1.0	6.0	100.0
	1961	0.8	37.9	0.1		0.2	27.0	66.0	21.1	3.5	1.6	1.8	6.0	100.0
Leather and footwear	1958		22.9	×		0.1		23.0	73.9			1.5	1.6	100.0
	1959		23.1			0.1		23.2	75.4			0.5	0.9	100.0
	1960		23.2			0.2		23.2	74.8			0.4	1.4	100.0
	1961		21.6			0.2		21.8	76.6			0.2	1.4	100.0
Rubber and plastics	1958		15.2	0.2		15.7	11.7	42.8	16.7	1.8	3.5	4.3	30.9	100.0
	1959		16.6	0.2		16.3	11.9	45.0	16.0	1.7	4.0	8.9	24.4	100.0
	1960		15.6			14.9	11.0	41.5	13.9	1.6	3.7	9.6	29.7	100.0
	1961		17.0			15.3	11.5	43.8	12.7	2.2	4.8	9.8	26.7	100.0
Chemicals and paints	1958	33.7	27.7	5.4	0.2	0.5	2.0	69.5	23.2	1.1	0.2	0.2	5.8	100.0
	1959	31.8	27.3	5.0	0.2	0.1	1.9	66.3	19.5	0.8	0.3	2.4	10.7	100.0
	1960	30.5	27.5	4.6	0.2	0.1	2.0	64.9	20.8	0.8	0.3	1.8	11.4	100.0
	1961	28.8	26.8	4.3	0.2	×	1.9	62.0	19.4	0.8	0.7	0.8	16.3	100.0
Oil refining	1958	6.4	22.6	3.2	6.1	23.6	9.7	71.6	18.3	7.8		2.3		100.0
	1959	6.2	24.7	3.2	6.2	24.0	9.6	73.9	18.7	7.3			0.1	100.0
	1960	5.5	24.3	3.0	6.5	23.8	9.6	72.7	17.8	7.1			2.4	100.0
	1961	5.5	24.4	2.8	6.6	23.2	9.5	72.0	18.1	7.3			2.6	100.0
Non-metallic minerals	1958		13.7	72.1	×	×	3.3	89.1	3.5	2.2		0.8	4.4	100.0
	1959		13.9	70.6			3.2	87.7	3.2	2.5	0.1	0.2	6.3	100.0
	1960		13.5	65.0			3.3	81.8	3.7	2.5	0.2	5.2	6.6	100.0
	1961		14.0	65.2			3.3	82.5	3.4	3.9	0.3	3.5	6.4	100.0
Diamonds	1958		0.3					0.3				1.3	98.4	100.0
	1959		0.3					0.3					99.7	100.0
	1960		0.2					0.2					99.8	100.0
	1961		0.3					0.3				0.6	99.1	100.0
Basic metals	1958	13.2	36.7	48.5	0.3	×	1.8	100.5			1.5	–4.1	2.1	100.0
	1959	11.9	38.3	46.6	0.2		1.7	98.7			0.8	–2.1	2.6	100.0
	1960	10.5	36.4	40.0	0.2		1.6	88.7			0.7	7.0	3.6	100.0
	1961	9.9	35.5	38.3	0.1		1.6	85.4		1.4	0.3	7.6	5.3	100.0
Metal products	1958	2.4	25.7	19.0	0.6	0.1	4.2	52.0	16.7	15.0	13.4	0.7	2.2	100.0
	1959	2.2	25.5	17.9	0.5	0.2	3.8	50.1	15.4	11.3	13.7	1.0	8.5	100.0
	1960	2.1	25.8	16.4	0.5	0.2	3.9	48.9	15.7	11.3	14.6	0.6	8.9	100.0
	1961	2.0	25.5	15.8	0.5	0.2	3.9	47.9	14.4	12.0	15.4	–0.1	10.4	100.0
Machinery and electrical equipment	1958	4.3	17.2	4.5	0.4	11.8	9.4	47.6	27.8	3.6	15.7	–0.2	5.5	100.0
	1959	4.2	17.5	4.3	0.4	11.4	8.9	46.7	25.0	3.9	16.4	0.6	7.4	100.0
	1960	3.5	17.0	3.7	0.4	10.8	8.5	43.9	24.9	4.1	20.6	1.1	5.4	100.0
	1961	3.4	16.6	3.5	0.3	10.1	8.1	42.0	25.3	4.3	19.6	0.4	8.4	100.0
Building	1958						0.8	0.8	5.0	2.1	92.1			100.0
	1959						0.9	0.9	5.1	2.3	91.7			100.0
	1960						0.9	0.9	5.6	4.8	88.7			100.0
	1961						0.9	0.9	5.8	3.2	90.1			100.0
Electricity	1958	0.2	34.2		33.5	1.1	6.3	75.3	24.9	2.2		–2.4		100.0
	1959	0.1	35.7		29.4	1.1	5.9	72.2	24.7	2.0	1.1			100.0
	1960	0.1	41.4		26.9	0.8	5.6	74.8	23.2	1.8	0.2			100.0
	1961	0.1	45.3		22.3	0.9	5.4	74.0	23.6	1.9	0.5			100.0
Water	1958	78.4	3.4	0.2		0.2	2.6	84.8	14.8	0.4				100.0
	1959	77.6	3.7	0.2		0.2	2.3	84.0	15.0	0.4	0.6			100.0
	1960	77.6	4.0	0.2		0.2	2.6	84.6	14.3	0.4	0.7			100.0
	1961	76.2	4.0				2.6	82.8	15.3	0.4	1.5			100.0
Transportation	1958	6.8	7.1	11.0	1.0	3.5	30.2	59.6	34.5	2.2	1.4		2.3	100.0
	1959	7.2	7.7	11.2	1.0	3.5	29.9	60.5	33.3	2.1	1.4		2.7	100.0
	1960	6.8	7.8	10.3	1.1	3.6	31.0	60.6	32.5	2.1	1.5		3.3	100.0
	1961	6.8	8.0	10.4	1.1	3.6	31.5	61.4	32.0	2.2	1.4		3.0	100.0
Shipping and aviation	1958						10.1	10.1	9.9	3.8			76.2	100.0
	1959						9.5	9.5	11.3	3.2			76.0	100.0
	1960						15.6	15.6	10.5	3.1			70.8	100.0
	1961						14.6	14.6	11.1	3.3			71.0	100.0
Other transportation branches	1958	2.9	24.2	1.0		1.2	35.6	64.9	10.3	6.8	5.7	1.5	10.8	100.0
	1959	3.2	26.5	1.0		1.3	35.9	67.9	9.7	6.7	5.5	10.2		100.0
	1960	3.1	27.1	0.9		1.4	36.8	69.3	9.5	6.6	5.6		9.0	100.0
	1961	3.0	27.9	0.9		1.3	37.1	70.2	9.5	6.5	5.9		7.9	100.0
Services and commerce	1958	1.2	12.0	3.4	1.1	3.7	18.1	39.5	48.0	4.5	1.8	–0.1	6.3	100.0
	1959	1.3	12.9	3.5	1.1	3.9	18.2	40.9	46.3	4.7	1.1		7.0	100.0
	1960	1.2	12.8	3.1	1.1	3.8	18.0	40.0	44.9	4.5	1.2		9.4	100.0
	1961	1.1	12.8	3.0	1.1	3.6	17.4	39.0	44.4	4.8	1.3		10.5	100.0
Total intermediate products	1958	5.3	16.3	5.2	0.8	2.2	9.0	38.8	35.6	2.7	13.5	0.6	8.8	100.0
	1959	5.0	17.0	5.1	0.8	2.2	8.7	38.8	34.8	2.6	12.9	0.9	10.0	100.0
	1960	4.5	17.6	4.6	0.7	2.2	9.0	38.6	34.7	2.7	11.6	0.7	11.7	100.0
	1961	4.6	17.7	4.5	0.7	2.1	8.8	38.4	34.6	2.7	11.6	0.6	12.1	100.0
Import (c.i.f.)	1958	5.3	38.2	1.4	1.3	7.6	9.0	62.8	6.7	12.0	16.4	2.1		100.0
	1959	5.6	43.2	1.4	1.5	8.0	5.8	65.5	6.8	12.1	14.7	0.9		100.0
	1960	5.1	39.9	1.4	1.1	8.3	9.7	65.5	6.8	10.9	16.0	0.8		100.0
	1961	4.2	37.7	1.1	1.0	8.4	11.0	63.4	6.4	10.6	18.2	1.4		100.0
Net indirect taxes	1958	2.8	17.8	8.5	–1.1	12.9	15.9	56.8	45.6	5.3	4.0	1.2	–12.9	100.0
	1959	0.9	11.0	5.4	0.9	8.8	10.6	37.6	28.0	20.7	21.9	1.9	–10.1	100.0
	1960	1.5	16.7	8.3	0.6	15.2	19.5	61.8	48.7	5.5	6.4	0.5	–22.9	100.0
	1961	0.9	16.3	8.1	0.5	15.4	20.0	61.2	47.5	6.2	7.6	2.3	–24.8	100.0
Labor	1958	5.9	23.0	10.2	1.6	9.0	16.7	66.4	10.2	23.4				100.0
	1959	5.7	23.7	9.7	1.6	8.9	16.3	65.9	9.7	24.4				100.0
	1960	5.4	24.6	9.2	1.6	8.7	16.1	65.6	9.4	25.0				100.0
	1961	5.2	25.8	9.2	1.6	8.6	16.2	16.6	9.0	24.4				100.0
Gross profit	1958	19.4	19.9	4.7	2.0	7.7	27.5	81.2	16.3	2.0			0.5	100.0
	1959	20.5	20.7	5.2	1.3	8.0	27.5	83.2	14.4	1.9			0.5	100.0
	1960	24.2	26.8	5.8	2.3	9.7	31.0	100.0						100.0
	1961	19.5	23.7	5.1	2.1	7.6	25.6	83.6	13.2	2.2			1.0	100.0
Total inputs	1958	7.6	20.1	5.6	1.1	5.2	13.6	53.2	26.0	6.8	9.0	0.8	4.2	100.0
	1959	7.8	21.2	5.6	1.1	5.2	13.3	54.2	25.3	6.6	8.4	0.6	4.9	100.0
	1960	7.7	22.2	5.3	1.2	5.4	13.9	55.7	23.3	6.5	8.4	0.5	5.6	100.0
	1961	7.1	22.0	5.0	1.1	5.2	13.5	53.9	24.8	6.5	8.5	0.5	5.8	100.0

NOTE: × = less than 0.1 per cent.

[a] Including errors and omissions.

TABLE XI-7

25 × 25 Branch Input-Output Table, 1958–61

(IL. million)

Branch		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	Total	Private consumption	Public consumption	Investment	Stocks	Export	Total	
1. Field crops	1958	11.3	57.5		4.1		19.6	6.4					2.8					0.2									101.9	6.6			4.2	4.9	117.7	1.
	1959	9.8	51.0		3.2		17.9	20.0					2.6					0.2									104.6	14.3		×	11.4	7.6	137.8	1.
	1960	6.4	40.6		2.4		14.2	25.3					8.7					0.2									97.8	11.6			6.6	7.3	123.3	1.
	1961	11.6	60.9		3.6		21.8	32.2					3.3					0.2									133.7	11.4			–3.5	17.4	159.0	1.
2. Livestock	1958		13.1	3.4	10.5		98.8	0.3					×						×								126.1	164.0		26.2	0.2	15.9	332.5	2.
	1959		17.0	4.2	12.1		131.9	0.4					×														165.6	189.7		19.3	3.0	21.9	399.6	2.
	1960		19.9	5.0	13.4		153.3	0.4					×														192.0	193.1		8.6	2.3	35.9	431.9	2.
	1961		18.9	3.9	12.7		148.9	0.5					×														184.8	228.9		12.5	—	41.4	467.6	2.
3. Citrus	1958						2.5																				2.5	11.6		16.8		86.4	117.3	3.
	1959						3.2																				3.2	12.1		15.3	2.0	100.7	133.3	3.
	1960						3.4																				3.4	13.4		15.0		115.1	146.8	3.
	1961						3.7																				3.7	11.7		16.0	1.4	95.4	128.2	3.
4. Other agricultural branches	1958		0.6	0.3	3.9	0.2	13.8	0.1	0.3	×			0.4		0.3			0.7	0.6	0.1		×					21.2	114.4		58.6	2.7	2.0	198.8	4.
	1959		0.6	0.3	3.4	0.2	14.0	0.1	0.3	×			0.4		0.2			0.7	0.6	0.1		×					20.8	127.0		58.5	3.2	2.5	212.1	4.
	1960		0.8	0.4	4.2	0.3	18.3	0.1	0.4	×			0.5		0.3			0.9	0.8	0.1		×					27.1	134.1		46.9	4.4	4.8	217.1	4.
	1961		0.8	0.3	4.5	0.3	19.9	0.2	0.4	×			0.6		0.3			1.0	0.9	×		×					29.4	153.9		[illegible]	4.5	8.7	233.8	4.
5. Mining and quarrying	1958	0.1			0.2	0.2	0.5	×		×	×	×	3.6	2.7	3.2		1.8	0.1	0.1	13.0		0.1					25.7	0.6	0.4	2.3	–4.5	6.8	31.3	5.
	1959	0.1			0.2	0.4	0.7	×			×		4.5	3.1	3.8		2.2	0.1	0.1	14.9		0.1					30.3	0.7	0.5	3.6	2.1	13.1	50.2	5.
	1960	0.1			0.2	0.4	0.7	×			×	×	4.5	3.2	3.7		2.5	0.1	0.1	14.1		0.1					29.8	0.7	0.5	3.7	3.9	17.5	56.0	5.
	1961	0.1			0.2	0.5	0.7	×			×	×	5.3	3.7	4.1		3.1	0.1	0.1	15.4		×					33.7	0.7	1.2	7.4	4.1	14.2	61.3	5.
6. Food and beverages	1958		18.4			0.1	66.1	1.8	0.1	0.1	0.8		1.2		×	×		×	0.1							2.5	91.2	310.3	0.5		14.7	17.4	434.2	6.
	1959		22.7			0.2	84.2	2.1	0.1	0.1	0.8		1.5		×			×	0.1							2.8	114.7	390.2	0.6	0.4	9.2	22.0	537.0	6.
	1960		23.5			0.2	86.7	2.3	0.1	0.1	0.8		1.5		×			×	0.1							3.0	118.4	428.9	0.6	0.4	4.0	26.5	578.8	6.
	1961		26.8			0.3	101.3	2.9	0.1	0.2	1.0		1.9		×			×	0.2							3.5	138.1	461.0	0.6	1.1	4.2	30.5	635.5	6.
7. Textile and clothing	1958	1.2			0.5	×	0.2	144.6	3.7	0.7	1.6	3.1	0.5		0.1		×	0.2	1.2			×	0.4	0.4	0.5	1.3	160.2	180.5	2.5		10.1	17.8	371.0	7.
	1959	1.3			0.5	0.1	0.2	163.5	4.3	0.7	1.6	3.8	0.6		0.1		×	0.2	1.4			×	0.5	0.5	0.6	1.3	181.3	205.3	2.0	0.5	7.1	24.5	420.7	7.
	1960	1.2			0.5	0.1	0.2	187.4	4.9	0.9	1.7	4.5	0.6		0.1		×	0.3	1.6			×	0.5	0.5	0.6	1.5	207.0	228.6	1.9	0.6	2.0	42.5	482.7	7.
	1961	1.5			0.6	×	0.3	217.2	5.5	1.0	1.8	5.3	0.8		×		×	0.3	1.8			×	0.5	0.6	0.7	1.7	239.6	257.6	2.5	1.6	2.6	56.7	560.7	7.
8. Wood and carpentry	1958		0.4	4.4	2.3	×	0.3	0.3	21.4	0.1	0.3		0.1		0.2		×	1.0	1.8	37.0			×	0.1		3.4	73.2	49.5	0.9	8.4	–0.5	7.9	139.5	8.
	1959		0.4	5.0	2.5	×	0.4	0.4	24.5	0.1	0.3	×	0.2		0.2		×	1.2	2.1	41.7				×		3.7	82.7	53.8	1.3	9.9	3.6	8.7	159.9	8.
	1960		0.5	5.5	2.6	×	0.5	0.4	28.1	0.1	0.3	×	0.2		0.2		×	1.3	2.4	41.7				0.1		4.2	88.0	69.1	1.4	10.2	3.8	10.1	182.6	8.
	1961		0.5	4.9	2.8	×	0.5	0.5	32.4	×	0.4	×	0.2		0.2		×	1.5	2.8	46.4				0.1		4.7	98.1	83.7	1.6	12.0	2.9	9.7	207.8	8.
9. Paper and printing	1958		0.5	0.7	0.1	×	4.0	0.9	×	32.4	0.2	0.2	1.2		1.4		×	0.3	1.7	0.2		×	0.2			32.8	77.0	23.3	5.7	1.1	–0.2	4.2	111.1	9.
	1959		0.5	0.8	0.1	0.1	4.8	1.0	×	34.7	0.2	0.3	1.5		1.6		×	0.4	1.9	0.2		×	0.2			35.1	83.4	27.1	5.8	1.5	×	4.8	122.5	9.
	1960		0.6	0.8	0.1	0.1	5.3	1.1	×	42.0	0.2	0.3	1.6		1.7		×	0.4	2.2	0.2		×	0.2			39.8	96.9	30.9	5.9	1.7	1.4	8.7	145.6	9.
	1961		0.6	0.7	0.1	×	5.8	1.3	×	47.4	0.3	0.4	1.9		1.9		×	0.5	2.6	0.2		×	0.3			44.3	108.4	34.6	5.8	2.7	2.9	9.8	164.2	9.
10. Leather and footwear	1958					×	×	0.1			17.9	0.1				×			0.2				0.1				18.5	59.1			1.2	1.3	80.1	10.
	1959					×		0.2			17.8	0.1				×			0.3				0.1				18.6	60.2	×	×	0.4	0.7	79.9	10.
	1960					×		0.2			18.8	0.1				0.1			0.3				0.2				19.6	63.0	×	×	0.3	1.3	84.2	10.
	1961					×		0.2			19.0	×				×			0.4				0.2				19.9	69.6	×	×	0.2	1.3	91.1	10.
11. Rubber and plastics	1958					×	0.2	0.4	1.3		0.2	2.1	0.5		0.1		×	0.6	2.4	0.1			8.1			6.0	21.9	8.6	0.9	1.8	2.2	15.9	51.3	11.
	1959					×	0.3	0.5	1.7		0.2	3.0	0.7	×	0.1		×	0.8	3.2	0.1			10.3			7.5	28.3	10.1	1.1	2.5	5.6	15.5	63.2	11.
	1960					×	0.3	0.5	0.8		0.2	3.3	0.7	×	0.1		×	0.8	3.6	0.1			10.9			8.0	30.5	10.1	1.2	2.7	7.0	21.7	73.2	11.
	1961					×	0.4	0.7	2.3		0.2	4.4	0.9	×	0.2		×	1.1	4.6	×			13.3			10.0	38.3	11.1	1.9	4.2	8.5	23.3	87.2	11.
12. Chemicals and paints	1958	11.0	25.4	4.8	6.5	0.6	16.7	2.0	0.9	1.9	0.8	0.8	9.4	1.0	0.5	×	0.4	2.0	2.2	7.7	0.2	0.1		0.1	0.6	2.9	98.0	33.0	1.5	0.3	0.3	8.2	141.2	12.
	1959	13.0	30.9	5.5	7.0	0.9	20.9	2.4	1.1	2.1	0.8	1.0	12.0	1.1	0.6	×	0.4	2.5	2.6	8.8	0.2	0.1		0.1	0.1	3.3	117.4	34.6	1.4	0.6	4.2	19.0	177.1	12.
	1960	11.2	32.0	5.8	6.9	1.0	21.7	2.6	1.2	2.4	0.8	1.1	11.9	1.2	0.6	×	0.5	2.6	2.9	8.4	0.3	0.1		0.1	0.1	3.6	118.8	38.2	1.5	0.6	3.3	20.9	183.4	12.
	1961	14.8	35.2	5.2	7.6	1.1	24.4	3.1	1.3	2.8	0.9	1.3	14.5	1.4	0.7	×	0.6	2.8	3.4	9.4	0.3	0.1		0.1	×	4.1	135.4	42.3	1.8	1.6	1.7	35.2	218.0	12.
13. Oil refining	1958	1.5	0.1	0.5	2.1	1.3	3.0	0.8	0.5	0.4	0.1	0.3	2.8	0.9	3.0		0.7	0.7	0.5	2.1	3.3	0.7	13.3	1.7	0.6	6.4	47.2	12.1	5.2		1.5		66.0	13.
	1959	1.7	0.1	0.6	2.2	2.1	3.8	0.9	0.5	0.5	0.1	0.3	3.5	1.0	3.4		0.8	0.8	0.5	2.4	3.9	0.7	15.1	2.1	0.7	7.1	54.7	13.8	5.4	×		0.1	74.0	13.
	1960	1.5	0.1	0.6	2.2	2.3	4.0	1.0	0.6	0.5	0.1	0.4	3.6	1.1	3.5		0.9	0.9	0.6	2.4	4.4	0.8	16.2	2.3	0.7	7.7	58.5	14.3	5.7	×	—	1.9	80.5	13.
	1961	2.0	0.1	0.6	2.4	2.5	4.5	1.2	0.7	0.6	×	0.5	4.3	1.3	3.9		1.2	1.0	0.7	2.6	5.3	0.8	17.9	2.6	0.8	8.7	66.2	16.6	6.7	×		2.4	92.0	13.
14. Non-metallic minerals	1958					0.3	2.1	×	0.2	×	×	×	0.6	×	9.3	0.1	0.2	0.4	1.4	76.7	×	×	×			3.5	94.8	3.8	2.3	×	0.8	4.7	106.4	14.
	1959					0.4	2.6		0.2	×	×		0.7	0.1	10.6	0.1	0.3	0.4	1.6	86.4	×	×				3.9	107.3	3.9	3.1	0.1	0.2	7.8	122.5	14.
	1960					0.4	2.7		0.2	×	×		0.7	0.1	10.8	0.1	0.3	0.4	1.8	83.2	×	×				4.2	105.0	4.7	3.2	0.2	6.6	8.4	128.1	14.
	1961					0.5	3.0		0.3	×	×		0.9	×	12.1	0.1	0.4	0.5	2.1	92.6	×	×				4.7	117.4	4.9	5.5	0.4	5.0	9.1	142.3	14.
15. Diamonds	1958															0.1			0.1								0.2				0.9	67.9	69.0	15.
	1959															0.1			0.2								0.3			×		94.2	94.5	15.
	1960															0.1			0.2								0.4			×		125.0	125.4	15.
	1961															0.1			0.3								0.4			×	0.8	138.4	139.6	15.
16. Basic metals	1958				5.2	0.7	0.5	×	0.4	×		×	×	0.1	0.1	×	0.8	6.7	5.2	19.1		0.1	×			0.7	39.6		×	0.6	–1.6	0.8	39.3	16.
	1959				5.7	1.1	0.6	×	0.5	×		×		0.1	0.1	×	1.0	8.4	6.3	22.5		0.1				0.8	47.4		×	0.4	–1.0	1.3	48.1	16.
	1960				5.9	1.3	0.7	0.1	0.6	×		×		0.1	0.1	×	1.1	9.1	7.3	22.5		0.1				0.9	49.9		×	0.4	3.9	2.0	56.2	16.
	1961				6.9	1.5	0.8	×	0.7	×		×		0.2	0.2	×	1.5	10.6	9.2	26.6		0.1				1.1	59.5		1.0	0.2	5.3	3.6	69.7	16.
17. Metal products	1958		1.0		2.4	0.3	4.4	0.1	3.9	0.1	0.5	0.3	1.3	×	1.8	×	0.9	14.0	9.0	27.2	0.3	0.5	×	0.2	×	6.0	74.4	23.8	21.4	19.1	1.0	3.1	142.7	17.
	1959		1.2		2.6	0.5	5.4	0.1	4.5	0.1	0.1	0.4	1.7	×	2.1	×	1.0	17.1	10.6	30.9	0.4	0.5		0.2	0.1	6.6	86.6	26.8	19.6	23.7	1.7	14.7	173.2	17.
	1960		1.3		2.6	0.5	5.7	0.1	5.1	0.1	0.6	0.5	1.7	×	2.2	×	1.2	18.1	12.0	30.3	0.5	0.5		0.3	0.1	7.3	90.6	29.0	20.9	27.1	1.1	16.4	185.1	17.
	1961		1.3		2.7	0.6	6.0	0.1	5.5	×	0.6	0.5	1.9	×	2.3	×	1.4	18.8	13.4	31.8	0.5	0.5		0.3	×	7.8	96.3	28.9	24.0	30.9	–0.2	21.1	201.0	17.
18. Machinery, equipment, and transport vehicles	1958	4.4	0.4	1.5	3.6	0.8	0.9	1.6	0.4	0.2	0.1	0.2	0.3	0.4	1.1	×	1.1	5.9	26.4	10.2	0.3	0.6	24.0	2.3	0.7	21.5	108.9	63.6	8.3	36.0	–0.5	12.7	229.1	18.
	1959	5.2	0.5	1.7	3.9	1.4	1.1	1.8	0.4	0.3	0.1	0.2	0.4	0.5	1.2	×	1.4	7.2	31.1	11.6	0.4	0.6	27.2	2.8	0.8	23.8	125.3	67.1	10.6	44.0	1.6	19.9	268.4	18.
	1960	4.5	0.6	1.8	3.9	1.5	1.2	2.0	0.5	0.3	0.1	0.2	0.4	0.5	1.3	×	1.6	7.6	35.0	11.4	0.4	0.7	29.3	3.1	0.8	26.1	134.6	76.5	12.5	63.1	3.4	16.6	306.8	18.
	1961	5.8	0.6	1.6	4.2	1.6	1.3	2.3	0.5	0.3	0.1	0.3	0.4	0.6	1.4	×	1.9	8.2	40.4	12.4	0.5	0.6	31.6	3.4	0.9	28.8	149.8	90.2	15.5	69.9	1.3	30.1	356.9	18.
19. Building	1958																									4.7	4.7	28.0	12.0	517.2			562.0	19.
	1959																									5.4	5.4	32.5	14.6	582.6			635.0	19.
	1960																									5.9	5.9	35.6	30.6	559.8			631.8	19.
	1961																									6.3	6.3	40.2	22.2	623.7			692.4	19.
20. Electricity	1958		0.1			1.2	5.0	2.7	0.8	1.0	0.2	1.1	2.8		3.3	0.2	0.5	1.3	1.5			21.1	0.1	×	0.6	4.0	47.5	15.7	1.4		–1.5		63.1	20.
	1959		0.1			1.9	6.1	3.1	0.9	1.1	0.2	1.3	3.5		3.7	0.3	0.6	1.6	1.7			21.5	0.1	×	0.7	4.3	52.8	18.1	1.5	0.8			73.2	20.
	1960		0.1			2.6	8.2	4.4	1.3	1.6	0.3	1.9	4.4		4.8	0.4	0.9	2.1	2.4			23.0	0.1	×	0.7	4.8	64.1	19.9	1.5	0.2			85.7	20.
	1961		0.1			3.3	10.2	5.8	1.7	2.1	0.3	2.5	6.0		6.1	0.5	1.2	2.6	3.2			22.4	0.1	×	0.8	5.4	74.6	23.7	1.9	0.5			100.8	20.
21. Water	1958	12.5	7.1	8.6	10.9	0.2	0.6	0.2	×	0.1	×	×	0.3	0.1	0.2			0.1	×	0.1			×	×	0.1	1.3	42.3	7.4	0.2		×		49.9	21.
	1959	13.0	7.6	8.7	10.3	0.3	0.6	0.1		0.1	×	×	0.3	0.1	0.2			0.1	×	0.1				×	0.1	1.2	42.9	7.7	0.2	0.3			51.4	21.
	1960	12.3	8.7	10.1	11.1	0.4	0.7	0.2		0.1	×	×	0.4	0.1	0.2			0.1	×	0.1				×	0.1	1.4	46.0	7.8	0.2	0.4			54.4	21.
	1961	13.9	8.2	7.7	10.5	0.4	0.7	0.2		0.1	×	×	0.4	0.1	0.2			×	×	×				×	×	1.4	43.9	8.1	0.2	0.8			53.0	21.
22. Overland transportation	1958	6.5	8.7	2.5	3.8	0.9	5.4	1.6	1.0	0.8	0.2	0.3	3.1	0.1	5.6	×	0.7	1.2	1.6	34.7	1.6	1.6	5.3	0.4	5.4	95.1	188.2	108.6	7.0	4.4	0.1	7.2	315.4	22.
	1959	7.7	10.7	2.9	4.2	1.4	6.8	1.8	1.2	0.9	0.2	0.4	4.0	0.1	6.5	×	0.9	1.5	1.9	39.8	1.9	1.7	6.1	0.4	6.0	106.4	215.3	118.4	7.5	5.1		9.7	356.0	22.
	1960	7.0	11.8	3.3	4.3	1.6	7.4	2.1	1.4	1.1	0.2	0.5	4.2	0.2	7.0	×	1.0	1.6	2.3	40.4	2.3	1.8	6.8	0.5	6.6	120.7	236.0	127.3	8.0	5.8		12.7	389.7	22.
	1961	9.0	12.5	2.8	4.6	1.8	8.1	2.4	1.5	1.2	0.2	0.5	4.9	0.2	7.7	×	1.2	1.7	2.6	43.9	2.7	1.8	7.4	0.6	7.3	133.2	259.8	135.6	9.3	5.9		12.9	423.5	22.
23. Shipping and aviation	1958																									12.2	12.2	12.0	4.5		×	92.1	120.8	23.
	1959																									13.9	13.9	16.5	4.7	×		110.9	146.0	23.
	1960																									25.9	25.9	17.5	5.1	×		117.5	166.0	23.
	1961																									26.8	26.8	20.3	6.1	×		130.0	183.1	23.
24. Other transportation branches	1958	0.1	1.6	0.4	0.3	×	3.5	1.0	1.1	0.7	0.3	0.5	2.2	5.4	0.6	1.0	0.7	1.4	1.5	0.8			0.5	0.4	0.1	29.3	53.4	8.5	5.6	4.7	1.2	8.9	82.7	24.
	1959	0.2	2.0	0.4	0.3	0.1	4.3	1.2	1.3	0.7	0.3	0.6	2.7	6.1	0.7	1.5	0.9	1.8	1.8	0.9	×	×	0.6	0.5	0.1	32.6	61.6	8.8	6.1	5.0		9.2	90.7	24.
	1960	0.1	2.1	0.5	0.3	0.1	4.6	1.4	1.5	0.9	0.3	0.7	2.8	8.6	0.7	1.9	1.0	1.9	2.1	0.9	×	×	0.7	0.6	0.1	35.9	67.5	9.3	6.4	5.5		8.8	97.7	24.
	1961	0.2	2.3	0.4	0.4	0.4	5.1	1.6	1.7	1.0	0.3	0.9	3.4	7.6	0.8	2.2	1.3	2.0	2.4	1.0	×	×	0.7	0.7	×	40.2	76.1	10.3	7.0	6.4		8.5	108.4	24.
25. Services and commerce	1958	2.4	8.8	1.0	4.3	5.7	31.0	19.6	13.5	14.2	6.0	5.0	18.3	1.9	9.5	1.2	2.7	12.6	22.8	46.7	9.2	5.4	28.9	15.6	5.6	246.8	538.6	655.0	61.1	23.9	–0.8	85.4	1,363.2	25.
	1959	2.8	10.7	1.1	4.6	9.1	38.6	18.2	15.6	15.8	6.0	6.2	23.1	2.2	11.0	1.6	3.3	15.3	26.9	53.2	10.7	5.6	32.9	19.0	6.1	273.2	612.8	693.6	70.4	17.1		105.6	1,499.6	25.
	1960	2.5	11.4	1.2	4.7	10.1	41.2	25.5	17.6	18.6	6.3	7.1	23.6	2.4	11.4	2.1	3.8	16.2	30.4	52.4	12.4	5.9	35.7	21.4	6.5	301.1	671.5	747.6	75.1	20.4		157.6	1,672.2	25.
	1961	3.1	11.8	1.0	4.9	10.7	43.7	28.6	19.4	20.3	6.6	8.2	27.2	2.6	12.2	2.3	4.6	17.1	34.2	55.5	14.1	5.6	37.5	22.9	7.0	324.3	725.3	826.2	88.6	24.9		193.9	1,858.9	25.
Total intermediate products	1958	50.9	143.8	28.1	60.6	12.6	279.1	184.7	49.5	52.6	29.2	14.0	51.3	12.8	40.0	2.7	10.4	49.4	80.5	275.7	15.0	30.4	81.0	21.2	13.6	480.3	2,069.4	1,900.1	141.5	721.4	31.7	471.6	5,335.6	
	1959	54.8	156.1	31.1	62.8	20.2	348.4	217.7	56.9	57.1	29.2	17.7	63.8	14.5	46.2	3.7	12.8	60.4	95.1	313.4	17.5	31.1	93.1	25.8	15.1	532.8	2,377.2	2,134.0	156.4	791.3	54.3	614.5	6,125.8	
	1960	46.9	154.0	35.1	65.4	22.9	380.9	257.2	65.1	68.8	30.7	20.6	71.9	15.5	48.6	4.9	14.8	64.5	108.1	308.0	20.3	33.2	100.6	29.0	16.3	601.8	2,585.1	2,318.4	182.4	773.3	46.6	779.2	6,685.1	
	1961	62.0	180.9	29.1	68.6	25.2	411.1	301.1	74.2	77.1	31.8	25.0	78.8	17.7	54.4	5.4	18.5	69.9	125.4	338.1	23.4	32.1	109.5	31.3	17.8	657.0	2,865.3	2,571.5	203.5	860.3	41.7	893.7	7,435.9	
Import	1958	2.5	35.7	10.7	5.1	0.9	63.5	36.0	25.0	11.8	6.8	14.7	48.4	46.1	10.1	46.4	13.8	28.4	40.5	13.9	13.2	0.6	7.1	68.0	2.9	91.9	643.9	68.9	123.7	168.1	21.5		1,026.1	
	1959	3.0	39.3	11.7	5.4	1.4	68.3	37.9	29.8	11.6	5.5	18.0	59.0	51.7	11.3	67.5	15.3	31.4	45.8	14.8	14.7	0.6	7.8	73.2	3.2	60.6	752.3	71.7	127.5	155.0	9.7		1,116.2	
	1960	2.2	43.3	13.3	5.0	1.5	78.2	35.1	29.2	14.5	5.9	19.8	61.2	54.9	11.0	82.0	19.4	35.3	52.5	14.6	12.9	0.8	7.7	93.2	3.4	121.3	818.2	84.6	136.4	199.2	13.0		1,251.3	
	1961	3.3	43.4	11.5	5.7	1.7	80.4	50.6	35.2	17.2	4.7	23.4	69.5	59.7	12.4	87.0	24.3	39.6	62.6	16.7	14.9	0.6	8.8	114.7	3.8	166.2	957.8	96.7	160.0	274.0	16.9		1,505.4	
Net indirect taxes*	1958	–3.4	14.4	1.0	0.1	0.3	0.8	14.6	14.4	4.1	0.3	2.1	8.7		9.2		0.7	6.5	15.6	36.7	2.0	–6.6	51.1	1.2	3.9	68.8	246.5	197.7	23.1	17.2	5.2	–56.0	433.7	
	1959	–1.9	5.6	0.6	2.2	0.3	–3.5	15.5	15.9	3.7	2.0	5.2	10.9	0.2	10.8	–0.1	4.4	7.9	7.4	39.8	14.7	–8.3	58.1	1.7	4.6	77.5	275.2	205.2	24.2	5.3	4.1	–74.4	439.6	
	1960	–1.6	5.9	0.7	2.1	0.4	–6.0	15.9	14.9	4.4	2.2	5.3	11.1	0.2	10.3	–0.1	3.3	6.5	10.2	39.0	13.2	–10.4	64.6	1.6	5.1	91.6	290.3	228.3	+25.6	30.3	+2.2	–107.3	469.3	
	1961	–3.1	5.2	0.5	2.1	0.2	–11.4	19.3	18.3	5.0	1.8	6.4	11.9	0.3	11.3	–0.1	4.1	7.2	12.0	43.1	15.2	–12.4	74.2	1.8	5.6	106.1	324.4	251.2	33.1	40.5	12.3	–132.5	529.0	
Labor	1958	6.8	7.8	23.4	53.2	11.1	53.2	50.4	21.4	27.3	8.6	10.1	24.6	4.7	31.7	9.4	10.1	40.8	54.1	157.5	15.1	10.5	71.3	22.2	46.6	260.0	1,032.0	158.2	364.2				1,554.3	
	1959	7.1	8.1	24.4	55.6	14.7	55.4	52.0	23.3	28.9	9.0	11.5	25.5	5.0	33.4	10.9	12.4	47.6	62.5	161.0	16.1	11.2	75.0	23.3	49.1	270.1	1,093.1	161.4	402.0				1,656.5	
	1960	7.1	8.1	24.2	55.0	13.6	61.1	57.0	26.8	30.1	9.0	12.8	24.9	5.3	34.9	14.9	12.9	50.4	71.6	161.0	16.1	11.2	77.3	24.0	50.6	279.8	1,139.7	164.4	435.0				1,739.2	
	1961	7.1	8.1	24.4	55.6	13.5	68.0	69.9	31.2	33.1	10.0	14.7	26.4	5.5	38.4	16.5	14.3	52.9	82.0	169.6	16.1	11.2	81.2	25.3	53.1	300.3	1,228.7	166.0	451.6				1,846.8	
Gross profit	1958	60.8	130.8	54.1	79.9	6.7	41.3	86.4	29.1	17.0	34.8	10.8	11.9	2.6	16.1	11.0	5.1	19.7	42.0	78.3	18.0	15.0	105.0	8.2	15.5	462.2	1,362.3	275.9	33.6			8.8	1,680.6	
	1959	74.8	190.5	65.4	86.1	13.5	68.4	97.5	33.9	21.2	34.1	10.9	17.8	2.6	20.9	12.5	3.4	26.0	57.7	106.1	10.2	16.5	122.0	22.1	18.7	558.5	1,627.8	293.3	39.1			10.1	1,970.3	
	1960	68.7	220.6	73.5	89.5	17.6	64.7	117.5	46.6	27.8	36.4	14.7	14.2	4.5	23.3	23.6	5.8	28.5	64.3	109.3	23.2	19.7	139.5	18.2	22.3	574.3	1,848.4	308.2	49.4			13.9	2,219.4	
	1961	89.7	230.0	62.6	101.8	20.7	87.4	119.9	48.8	31.8	42.9	17.7	31.4	8.9	25.8	30.7	8.6	31.4	74.9	124.7	31.1	21.5	149.9	10.1	28.1	629.3	2,059.8	325.5	52.9			23.6	2,461.8	
Unspecified material stocks	1958					–0.3	–3.5	–1.2	×	–1.8	–0.3	–0.5	–3.2	–0.3	–0.7	–0.5	–0.7	–1.9	–3.6								–18.5				18.5			
	1959	117.7	332.5	117.3	198.8	31.3	434.2	371.0	139.5	111.1	80.1	51.3	141.2	66.0	106.4	69.0	39.3	142.7	229.1	562.0	63.1	49.9	315.4	120.8	82.7	1,363.2	5,335.6	2,600.8	686.1	906.6	76.9	424.5	10,030.5	
	1960	137.8	399.6	133.3	212.1	50.2	537.0	420.7	159.9	122.5	79.9	63.2	177.1	74.0	122.5	94.5	48.1	173.2	268.4	635.0	73.2	51.1	356.0	146.0	90.7	1,499.6	6,125.8	2,863.9	749.2	951.6	68.1	550.2	11,308.4	
	1961	123.3	431.9	146.8	217.1	56.0	578.8	482.7	182.6	145.6	84.2	73.2	183.4	80.5	128.1	125.4	56.2	185.1	306.8	631.8	85.7	54.4	389.7	166.0	97.6	1,668.8	6,681.7	3,104.0	828.9	1,002.8	61.7	685.8	12,364.8	
Total inputs	1958	159.0	467.6	128.2	233.8	61.3	635.5	560.7	207.8	164.2	91.0	87.2	218.0	92.0	142.3	139.6	69.7	201.0	356.9	692.4	100.8	53.0	427.5	183.1	108.4	1,858.9	7,435.9	3,411.6	901.1	1,174.8	70.8	784.8	13,778.9	

NOTE: Discrepancies due to rounding.
X—less than 0.1 per cent.

* Indirect taxes net of subsidies.

TABLE XI-8

Gross Industrial Product, by Branch, 1958–61

(at 1958 prices)

Branch	IL. million				Per cent increase over previous year			Per cent average annual increase
	1958	*1959*	*1960*	*1961*	*1959*	*1960*	*1961*	*1958–61*
Mining and quarrying	31.3	50.2	56.0	61.3	60.1	11.6	9.5	25.1
Food, beverages, and tobacco	434.2	537.0	378.8	635.5	23.7	7.8	9.8	13.5
Textile and clothing	371.0	420.7	482.7	560.7	13.4	14.7	16.2	14.8
Wood and carpentry	139.5	160.0	182.6	207.8	14.7	14.2	13.8	14.2
Paper and printing	111.1	122.5	145.6	164.2	10.3	18.9	12.8	13.9
Leather and footwear	80.1	80.0	84.2	91.1	-0.2	5.4	8.1	4.4
Rubber and plastics	51.3	63.2	73.2	87.2	23.2	15.9	19.1	19.3
Chemicals and paints	141.2	177.1	183.4	218.0	25.4	3.5	18.9	15.6
Oil refining	66.0	74.0	80.5	92.0	12.2	8.7	14.3	11.7
Non-metallic minerals	106.4	122.5	128.1	142.3	15.1	4.5	11.1	10.2
Diamonds	69.0	94.5	125.4	139.6	37.0	32.6	11.4	26.5
Basic metals	39.3	48.1	56.2	69.7	22.4	16.7	24.1	21.0
Metal goods	142.7	173.2	185.1	201.0	21.3	6.9	8.6	12.1
Machinery and electrical equipment	229.1	268.4	306.8	356.9	17.2	14.3	16.3	15.9
Total	2,012.2	2,391.3	2,668.5	3,027.2	18.8	11.6	13.4	14.6

Table XI-9

Gross Industrial Product, by Final Destinations, 1958–61

(IL. million and percentages[a])

	1958					1959					1960					1961				
	Total	Private consumption	Public consumption	Export	Investment and change in stocks	Total	Private consumption	Public consumption	Export	Investment and change in stocks	Total	Private consumption	Public consumption	Export	Investment and change in stocks	Total	Private consumption	Public consumption	Export	Investment and change in stocks
Mining and quarrying	17.9	4.1	7.0	5.1	8.0	28.6	4.2	0.8	11.2	12.4	31.6	4.3	0.8	14.2	12.3	34.4	5.0	1.3	15.8	12.3
	100.0	*22.0*	*3.9*	*28.5*	*44.7*	*100.0*	*14.8*	*2.7*	*39.3*	*43.3*	*100.0*	*13.7*	*2.5*	*44.9*	*38.9*	*100.0*	*14.5*	*3.8*	*45.9*	*35.8*
Food, beverages, tobacco	91.7	81.1	0.2	6.1	4.2	120.3	107.8	0.2	9.2	3.1	119.7	107.6	0.2	10.4	1.4	144.1	128.7	0.3	1.9	13.2
	100.0	*88.4*	*0.2*	*6.7*	*4.6*	*100.0*	*89.6*	*0.2*	*7.7*	*2.5*	*100.0*	*89.9*	*0.2*	*8.8*	*1.1*	*100.0*	*89.3*	*0.2*	*1.3*	*9.2*
Textile and clothing	150.3	118.1	2.0	21.9	8.3	165.0	120.6	1.6	30.1	6.9	190.4	136.9	1.5	48.1	3.8	209.1	143.5	1.8	4.6	59.2
	100.0	*78.6*	*1.3*	*14.6*	*5.5*	*100.0*	*76.7*	*0.9*	*18.3*	*4.2*	*100.0*	*71.9*	*0.8*	*25.3*	*2.0*	*100.0*	*68.6*	*0.9*	*2.2*	*28.3*
Wood and carpentry	65.0	31.1	1.2	8.7	24.0	73.2	32.5	1.4	11.3	27.9	88.4	41.6	1.6	17.8	27.5	98.4	51.6	1.9	31.1	13.8
	100.0	*47.8*	*1.8*	*13.4*	*36.9*	*100.0*	*44.4*	*2.0*	*15.5*	*38.1*	*100.0*	*47.0*	*1.8*	*20.1*	*31.1*	*100.0*	*52.5*	*1.9*	*31.6*	*14.0*
Paper and printing	46.6	32.2	4.8	5.6	4.1	53.7	35.9	5.0	8.2	4.7	62.3	39.0	5.1	12.7	5.5	69.9	42.6	5.2	7.2	14.9
	100.0	*69.1*	*10.3*	*12.0*	*8.8*	*100.0*	*66.9*	*9.3*	*15.1*	*8.7*	*100.0*	*62.6*	*8.2*	*20.4*	*8.9*	*100.0*	*60.9*	*7.4*	*10.3*	*21.3*
Leather and footwear	44.1	42.1	—	1.0	0.9	45.2	43.5	—	1.2	0.4	47.6	45.1	—	2.1	0.3	54.6	51.9	0.1	0.3	2.4
	100.0	*95.5*	—	*2.3*	*2.0*	*100.0*	*96.3*	*0.1*	*2.8*	*0.9*	*100.0*	*94.7*	*0.1*	*4.5*	*0.7*	*100.0*	*95.1*	*0.2*	*0.5*	*4.4*
Rubber and plastics	22.5	9.4	0.9	8.8	3.4	27.5	10.1	1.0	11.2	5.2	32.8	10.6	1.1	15.3	5.9	38.8	12.1	1.5	7.6	17.6
	100.0	*41.8*	*4.0*	*39.1*	*15.1*	*100.0*	*36.7*	*3.6*	*40.8*	*18.9*	*100.0*	*32.3*	*3.2*	*46.5*	*18.0*	*100.0*	*31.2*	*3.9*	*19.6*	*45.4*
Chemicals and paints	41.5	28.4	0.9	6.3	5.9	54.3	32.7	0.9	13.1	7.6	50.2	30.6	0.8	13.1	5.7	69.7	39.1	1.2	6.6	23.0
	100.0	*68.4*	*2.2*	*15.2*	*14.2*	*100.0*	*60.3*	*1.7*	*24.2*	*14.0*	*100.0*	*61.0*	*1.7*	*26.0*	*11.3*	*100.0*	*56.0*	*1.7*	*9.5*	*33.0*
Oil refining	7.0	4.2	0.8	0.7	1.3	7.8	4.7	0.8	1.0	1.4	10.1	5.9	1.0	1.6	1.6	14.6	8.5	1.5	2.2	2.4
	100.0	*60.0*	*11.4*	*10.0*	*18.6*	*100.0*	*60.1*	*10.1*	*12.2*	*17.6*	*100.0*	*58.7*	*9.9*	*16.0*	*15.4*	*100.0*	*58.2*	*10.3*	*15.1*	*16.4*
Non-metallic minerals	56.3	8.2	2.5	4.8	40.8	65.0	8.4	3.0	9.1	44.5	68.5	9.6	3.3	9.8	45.7	75.5	10.5	4.7	49.6	10.7
	100.0	*14.6*	*4.4*	*8.5*	*72.5*	*100.0*	*12.9*	*4.6*	*14.0*	*68.5*	*100.0*	*14.1*	*9.5*	*14.3*	*61.9*	*100.0*	*13.9*	*6.2*	*65.7*	*14.2*
Diamonds	20.0	—	—	19.7	0.3	23.4	—	—	23.3	—	38.5	—	—	38.4	—	47.1	—	—	0.3	46.8
	100.0	—	—	*98.5*	*1.5*	*100.0*	*0.1*	—	*99.8*	*0.1*	*100.0*	—	—	*99.8*	—	*100.0*	—	—	*0.6*	*99.4*
Basic metals	15.2	4.4	0.8	1.0	9.0	20.0	5.4	0.9	2.1	11.6	25.3	6.4	1.1	3.1	14.6	26.9	6.6	1.6	15.1	3.6
	100.0	*28.9*	*5.5*	*6.6*	*59.2*	*100.0*	*26.8*	*4.7*	*10.5*	*58.0*	*100.0*	*25.4*	*4.4*	*12.4*	*57.8*	*100.0*	*24.5*	*5.9*	*56.1*	*13.4*
Metal goods	64.9	22.2	11.3	5.4	26.0	81.4	26.7	11.3	10.5	32.8	85.4	28.7	11.9	11.8	33.0	91.5	29.2	13.2	34.8	14.3
	100.0	*34.2*	*17.4*	*8.3*	*40.1*	*100.0*	*32.9*	*13.9*	*12.9*	*40.3*	*100.0*	*32.6*	*13.9*	*13.9*	*38.7*	*100.0*	*31.9*	*14.4*	*38.0*	*15.6*
Machinery and electrical equipment	108.1	57.6	6.7	13.0	30.8	127.5	62.4	8.0	19.3	37.8	146.1	69.4	9.3	19.4	48.1	168.8	78.7	11.2	51.2	27.7
	100.0	*53.3*	*6.2*	*12.0*	*28.5*	*100.0*	*48.9*	*6.3*	*15.2*	*29.7*	*100.0*	*47.5*	*6.3*	*13.3*	*33.0*	*100.0*	*46.6*	*6.6*	*30.3*	*16.4*
Total	751.1	443.1	32.8	108.0	167.0	892.9	500.9	34.9	160.8	196.3	996.9	535.7	37.7	217.8	205.4	1,143.4	608.0	45.5	228.3	261.9
	100.0	*59.0*	*4.4*	*14.4*	*22.2*	*100.0*	*56.1*	*3.9*	*18.0*	*22.0*	*100.0*	*53.7*	*3.8*	*21.8*	*20.6*	*100.0*	*53.2*	*4.0*	*20.0*	*22.9*

[a] Numbers in roman type are IL. million; those in italics are percentages.

largely dependent on export. In recent years there has been a marked expansion in the production of plastic products as substitutes for traditional commodities turned out by the textile, glass and ceramic, leather, wood, metal, paper and cardboard, and other industries. In 1961 the production capacity of the branch was expanded, and output again increased at an above-average rate. The relatively high rate of growth in this branch can be attributed primarily to the large degree of technological substitution, which can be implemented comparatively easily, since as a rule such production is not particularly capital-intensive, and for a large part of the products not even an especially high level of know-how is required.

The growth of output in the chemical industry, a substantial part of whose products are manufactured by continuous processes, was stimulated chiefly by the general expansion of the market. As a result of this growth, the consumption of many products reached the minimum level required for the start of continuous production on a reasonably profitable basis. In this branch, more than any other, there has been a considerable number of import-replacing products in recent years; the aggregate value of this import substitution, however, has not been large enough to have any marked effect on the trade balance. A similar development has taken place in the machinery, equipment, and transport vehicle branch, even though a large part of the growth has been due to the increased demand for durable consumer goods. Many segments of this branch, particularly machinery and equipment, still had to contend with the competition of imports up till 1961, as they were not afforded any tariff protection whatever. In 1961 a customs duty of 20 per cent was levied for the first time on imported equipment, and it is reasonable to assume that this also contributed to the expansion of the branch. There is reason to believe that machinery production will be one of the main branches whose future expansion will be affected by the devaluation of February 1962, as its import component is relatively low.

The output of the textile industry, to whose expansion the Government has devoted considerable effort, grew faster than the average rate for industry as a whole in 1961 as well. It contributed about one-fourth of the total increase in industrial product diverted to export, despite the fact that the share of export in the total output and product increment declined in this branch too. Local sales by the wood and carpentry branch also rose, particularly because of the expansion of building operations, and partly because of the big demand for furniture; on the other hand, there was a drop in its exports (at constant prices). The same applies to the non-metallic mineral branch—cement and products thereof, glass, and ceramics—which likewise diverted a growing share of its output to the local market in order to satisfy the demand arising from the intensification of building activity.

The factors affecting the expansion of the various industrial branches are revealed by the changes which occurred in the final destinations of the gross domestic product originating in industry. Table XI–9 shows the distribution of gross product in the last four years by final destinations—private and public consumption, export, and investment—in millions of Israel pounds and as a percentage of the total product of the sector.

The table shows that the relative share of consumption in the total product has been quite stable. This no doubt stems partly from the structural rigidity, as a large part of the industrial branches are by their very nature designed to satisfy consumption, either directly through final products, or indirectly through the production of intermediate goods. There has been a slight rise in the relative proportion of export in the aggregate product and a growth in the share of investments, but the slight changes in the allocation of the total product to the various destinations do not show up the marginal changes. The share of export in the total product increment declined to 30 per cent in 1961, as compared with 55 per cent the previous year and 37 per cent in 1959. In contrast, the share of private consumption climbed during the year under review to 50 per cent, as against 34 per cent in 1960 and 41 per cent in 1959. Total consumption (private and public alike) therefore accounted for 58 per cent of the increment in industrial production in 1961, compared with 36 per cent the year before.

Of the major inputs, there is particular interest in analyzing imports and the extent to which the trade balance deteriorated as a result of the growth of the various final uses stemming from an increase in imports (after eliminating from the increment import for purpose of export). Table XI–10 shows that in 1961 the growth of private consumption alone caused an increase of $ 42 mil-

TABLE XI–10

Import Increment Allocated to Domestic Uses, 1959–61
(IL. million—at 1958 prices)

	Total import increment allocated to domestic uses		Imported raw material for industry	
	IL. million	%	IL. million	%
1959				
Private consumption	39.0	319.4	13.1	64.2
Public consumption	5.9	63.4	0.1	0.5
Investment and stocks	–35.6	–282.8	7.2	28.3
1960				
Private consumption	34.0	38.9	15.1	85.8
Public consumption	10.7	12.2	1.3	7.4
Investment and stocks	42.8	48.9	1.2	6.8
1961				
Private consumption	75.7	36.6	27.3	64.4
Public consumption	32.5	15.7	4.1	9.7
Investment and stocks	98.8	47.7	11.0	25.9

lion in imports; of this sum, $ 15 million was for additional raw materials which were processed for private consumption. The negative effect which the growth of private consumption had on the trade balance was nearly twice as large as in 1960. Whereas in respect of the increase in private consumption as a whole, the import component rose from 20.2 per cent in 1960 to 36 per cent the following year, there was a decline in the import component of the incremental industrial output diverted to the increased consumption of goods with a low import component, such as processed foodstuffs, textile products, and furniture.

An analysis of the direct destinations of industrial output, which concentrates on the direct demand factors affecting the expansion of industry—as distinguished from an analysis according to final destinations, which deals with the allocation of the resources to the final uses—shows that the share of industrial intermediate products sold to other sectors of the economy declined from 21.8 per cent of total industrial output in 1958 to 18.8 per cent in 1961. The share of intermediate goods sold by industry to other sectors declined from 47.1 per cent of all such materials produced by industry in 1958 to 43.8 per cent in 1961. In contrast, the share of industrial commodities serving as raw material for industry itself rose from 52.9 per cent of all raw materials sold in the local market in 1958 to 56.2 per cent in 1961. The larger weight of sales within the industrial sector is to a certain extent indicative of the replacement of imports by local manufactures, but most of the increase can apparently be attributed to the greater degree of interdependence within the sector and to the expansion of the line of production, which is a concomitant effect of the technological development and the expansion of the market. In other words, the increased weight of intra-sector sales probably also attests to a growing degree of specialization within industry and a shift from the self-production of various materials by the individual enterprises to a greater reliance on firms specializing in the manufacture of such commodities. The decline in the share of intermediate goods sold in the local market relative to total output was partly due to the growth of exports, which was not completely offset by the increased sales within the industrial sector itself. But the trend toward a greater degree of interdependence is clearly reflected by total sales of intermediate products in the local market, as distinguished from sales to final destinations (see Table XI–11).

The trend reflected in Table XI–11 may lead one to conclude that the developments of recent years have brought about a situation where a smaller change in final demand as compared with the past will result in larger fluctuations in industrial output. Hence a relatively small increase in final demand—primarily in consumption—will lead to a relatively large growth of industrial output. Conversely, the slowing down of industrial expansion to any extent whatever will involve, in the existing circumstances, a greater limitation of final demand, primarily for the products of industry itself and for building.

TABLE XI-11

Total Industrial Output and Intermediate Products Sold Locally, by Destinations, 1958–61

(at 1958 prices)

Year	Sales to industry	Sales to other sectors	Total sales of raw material in local market	Sales to final destinations	Total sales
			1. Total sales		
1958					
IL. million	492.0	438.0	930.0	1,082.0	2,012.0
Percentage of total output	24.5	21.8	46.3	53.8	100.0
1959					
IL. million	579.0	499.0	1,078.0	1,313.0	2,391.0
Percentage of total output	24.2	20.9	45.1	54.9	100.0
1960					
IL. million	637.0	511.0	1,148.0	1,520.0	2,668.0
Percentage of total output	23.9	19.2	43.1	57.0	100.0
1961					
IL. million	731.0	573.0	1,301.0	1,725.0	3,027.0
Percentage of total output	24.1	18.9	43.0	57.0	100.0
			2. Local sales of raw materials (percentages)		
1958	52.9	47.1	100.0		
1959	53.7	46.3	100.0		
1960	55.5	44.5	100.0		
1961	56.2	44.0	100.0		

At the same time, there has been an increase, at least from 1958 to 1960, in industry's purchases from other sectors of the economy (from 18.7 per cent of total output in 1958 to 20.0 per cent in 1960), chiefly due to import substitution by agriculture. In 1961 the percentage apparently declined, but the reservation regarding 1961 data, which are necessarily of a more provisional nature, must be borne in mind.

Under the broad definition of the branches, as employed here, the changes occurring in the various input components have not been sufficiently large to indicate a definite trend in one direction or another.

Table XI-12

Industrial Output, by Direct Destinations, 1958–61

Destination	1958		1959		1960		1961	
	IL. million	%	IL. million	%	IL. million	%	IL. million	%
Agriculture	99.2	4.9	115.9	4.8	116.5	4.4	129.7	4.3
Industry	491.7	24.4	578.8	24.2	636.7	23.9	730.6	24.1
Building	193.3	9.6	219.4	9.2	214.3	8.0	237.4	7.8
Electricity and water	6.2	0.3	7.1	0.3	7.9	0.3	8.7	0.3
Transportation	53.3	2.6	61.1	2.6	66.0	2.5	73.3	2.4
Services and commerce	87.0	4.3	95.9	4.0	106.3	4.0	119.4	3.9
Total intermediate products	930.7	46.3	1,078.2	45.1	1,147.7	43.0	1,299.1	42.9
Private consumption	768.2	38.2	893.6	37.4	994.0	37.3	1,101.2	36.4
Public consumption	49.6	2.5	51.4	2.1	55.3	2.1	68.1	2.2
Export	168.7	8.4	246.3	10.3	320.2	12.0	385.4	12.7
Investment and stock	95.0	4.8	121.9	5.1	160.0	6.0	171.3	5.8
Total output	2,012.2	100.0	2,391.3	100.0	2,668.5	100.0	3,025.1	100.0

Note: Discrepancies are due to rounding.

Table XI–13 shows the major input components of the various industrial branches. Whereas in most cases the percentages of imported and local materials were stable (the changes that did occur from year to year may have been due more to changes in the relative weights of the sub-branches), there was a striking change in the input of labor during the year reviewed. In preceding years the labor input declined appreciably as output per worker rose, but in 1961 there was only a slight decline, since the employment of hired workers grew at almost the same rate as output, and in several branches even more rapidly. The persistent boom of the past few years has very likely led to a greater utilization of the existing plant, even though the new investments have doubtless again created, in respect of the sector as a whole, a reserve of production capacity which had not yet begun to be utilized by the end of 1961. In existing enterprises, equipment and labor are generally complementary production factors, and any partial idleness of equipment is accompanied by partial idleness of labor. As long as there was a large excess production, an increase in output did not necessarily entail a parallel growth of employment. But once the enterprises attain a greater rate of plant utilization, a further rise in output will necessitate a relative expansion of all the production factors, including labor, or an increase in the capital intensity. It follows, then, that if there really was an increase in the rate of utilization—an assumption that is strengthened both by direct even if incomplete data on the various branches and by other developments—the growing shortage of labor will lead to an increase in investment designed primarily to economize on labor. This process of replacing labor by equipment sometimes reflects a far-reaching technological change within an individual enterprise, to which this constitutes virtually the only possible way of coping with the shortage of labor; but in respect of industry as a whole, it does not represent a transition to a higher technological level except as the result of a lengthy process of change.

From the viewpoint of the allocation of resources originating in industry to the final destinations—as distinguished from the direct destinations, which include other sectors of the economy and transactions within the industrial sector itself—the changes which took place in the distribution of the incremental product underscore the marked change that occurred in 1961 in particular in the overall breakdown.

The relative share of investment in the product increment, which, owing to the reduced volume of building, had declined in 1960 to 9 per cent as against 21 per cent in 1959, rose again in 1961, to 15 per cent.

The contraction of the share of export in the total product increment affected all branches except chemicals and paints, which began to export basic chemicals in 1961, and the machinery, equipment, and transport vehicle branch, where special factors operative in 1961 led to the reduced production of export commodities. In the metal products branch the share of exports rose, but a large part of such export was not determined by market forces. In mining and quar-

TABLE XI-13

Major Input Components, as a Percentage of Branch Output, 1958–61

Branch	Direct import				Labor				Domestic purchases			
	1958	*1959*	*1960*	*1961*	*1958*	*1959*	*1960*	*1961*	*1958*	*1959*	*1960*	*1961*
Mining and quarrying	2.8	2.8	2.7	2.7	35.6	29.3	24.3	22.0	40.1	40.2	40.9	41.1
Food, beverages, tobacco	14.6	12.7	13.5	12.6	12.3	10.3	10.6	10.7	64.3	64.9	65.8	64.7
Textile and clothing	9.7	9.0	7.3	9.0	13.6	12.4	11.8	12.5	49.8	51.8	53.3	53.7
Wood and carpentry	17.9	18.7	16.0	17.0	15.4	14.6	14.7	15.1	35.5	35.6	35.6	35.7
Paper and printing	10.6	9.5	10.0	10.5	24.6	23.6	20.7	20.2	47.4	46.6	47.2	47.0
Leather and footwear	8.5	6.9	7.1	5.2	10.7	11.3	10.7	11.0	36.5	36.6	36.4	34.8
Rubber and plastics	28.7	28.5	27.1	26.8	19.8	18.1	17.5	16.9	27.4	28.0	28.1	28.7
Chemicals and paints	34.2	33.3	33.4	31.9	17.5	14.4	13.6	12.1	36.3	36.0	39.2	36.1
Oil refining	69.9	69.8	68.2	64.9	7.1	6.7	6.6	5.9	19.4	19.6	19.2	19.2
Non-metallic minerals	9.5	9.2	8.6	8.7	29.8	27.3	27.3	27.0	37.6	37.7	38.0	38.3
Diamonds	67.2	71.4	65.4	62.3	13.6	11.5	11.9	11.8	3.9	3.9	3.9	3.9
Basic metals	15.4	31.7	34.5	34.8	25.8	25.7	23.0	20.5	26.4	26.6	26.4	26.6
Metal goods	19.9	18.1	19.1	19.7	28.6	27.5	27.1	26.3	34.6	34.9	34.8	34.8
Machinery and electrical equipment	17.7	17.1	17.1	17.6	23.6	23.3	23.4	23.0	35.1	35.4	35.2	35.1
Total	19.5	19.0	18.8	18.8	17.8	16.4	15.9	15.8	43.2	43.7	43.9	43.5

rying, exports dropped even in absolute terms, and the same was true of the wood and carpentry branch. In the latter branch, the entire additional product was diverted to private consumption, and the decline in the absolute amount exported permitted the channelling of additional resources to investment, primarily in building. The processed food branch, which is a distinct consumption branch, showed no increase whatever in gross product in 1960, but still channelled resources from consumption to export; in 1961, however, consumption accounted foı 87 per cent of the product increment.

Particularly outstanding was the change that took place in the textile and clothing industry. In spite of the strenuous efforts of the Government to foster export in this branch, not only did the relative share of export within the total increment decline from 71 per cent in 1960 to 59 per cent the following year, but even the absolute amount of the increment sold abroad fell off by 40 per cent—from IL. 18 million to IL. 11 million. And this during a year when the total increment in industrial production went up by 41 per cent, from IL. 104 million to IL. 147 million.

As already mentioned, in the chemical industry alone the share of export rose conspicuously. Even in absolute terms, the amount of the increment channelled to export exceeded the figure in 1959 and in 1960 (when no growth took place).

As a result of these factors, there was not only a decline in the relative share of industrial exports in the total additional product of the sector, but the export increment declined from IL. 57 million in 1960 tc IL. 44 million during the year under review, which was IL. 9 million less than in 1959. This occurred despite the fact that the additional product of the entire sector amounted, as stated, to IL. 147 million as against IL. 104 million the previous year.

Of the IL. 147 million increment, IL. 81 million was channelled during the year under review to private and public consumption, compared with IL. 38 million in 1960 and IL. 60 million in 1959. Investments, a considerable part of which actually consists of long-lasting durable consumer goods (housing) which do not contribute toward an increase in product at a later date, accounted for IL. 22 million of the increment as compared with IL. 9 million in the previous year. Of the amount channelled to private and public consumption, a little more than a quarter—IL. 21 million—was accounted for by the food branch, and IL. 10 million by the wood and carpentry branch, the latter sum at the expense of export. Consumption of the product of the machinery, equipment, and transport vehicle branch has risen sharply since 1959. In 1961 private consumption absorbed 85 per cent of the total additional product of the chemical industry that was consumed, compared with 69 per cent in 1960 and 79 per cent in 1959. Thus, in 1961 there was a greater orientation of industrial production toward the local market, especially in respect of consumer goods intended for the higher income brackets. This tendency is obscured in an analysis dealing with aggregated branches, but it is more pronounced in an analysis of developments in the more detailed and homogeneous sub-branches.

3. Price Developments

After two years of relative stability, the average price level of industrial products in the local market rose by 7.1 per cent in 1961. Export prices, on the other hand, dropped somewhat. The value of output of the entire sector, at current prices, went up by an average of 6.3 per cent. An estimate of the average price increase in the local market by industrial branch, and an estimate of the average price increase taking into account the decline in export prices, are given in Table XI–14.

The largest price rises in the home market took place in the branches manufacturing mainly intermediate goods—mining and quarrying, paper, rubber and plastic, metal products, and machinery and equipment. These above-average increases were apparently due to factors operating on both the supply and demand sides. On the one hand, there are only limited short-range possibilities of substitution among the raw materials, owing to the high constancy of technological relationships, and consequently a rise in the prices of intermediate products will depress demand only slightly. This has made it possible to exploit the advantages accruing from a monopolistic position and to easily pass on an increase in costs to the buyer. On the other hand, under the existing conditions of rising demand, these branches, especially metal products, have had to contend with a shortage of workers, as a result of which their wage bill has gone up at a rate faster than average. In some of these branches, this development has been accompanied by an increase in the price of the other domestic purchased inputs.

The analysis on an aggregated branch basis tends to obscure somewhat these developments too, as well as the special underlying factors. Thus, for example, the relatively modest price rise in the textile branch was influenced by the smaller than average rise in the garment branch, whereas the prices of intermediate products climbed much more steeply. The same applies to the wood and carpentry, paper and printing, and non-metallic mineral branches—in all of which the prices of intermediate products rose more rapidly than those of the final products. Contributing to this, at least in some degree, was the policy of encouraging export in certain branches by allowing them higher prices in the local market, either through the creation of internal equalization funds, or without benefit of such funds—a policy that was not necessarily confined to industrial intermediate products. In a more elaborate breakdown of the branches than that presented here, it is possible to distinguish more clearly the effect which the change in local market prices resulting from the influence of branches organized into cartels or enjoying a monopolistic status had on the average level of prices of the aggregated branches. From the quantitative viewpoint, the

TABLE XI-14

Indices of Industrial Output Prices, Local and Export, by Branches 1959–61
(1958=100)

Branch	Local			Export			Total		
	1959	*1960*	*1961*	*1959*	*1960*	*1961*	*1959*	*1960*	*1961*
Mining and quarrying	94.7	93.8	107.3	92.2	88.6	70.8	94.0	95.0	105.4
Food, beverages, tobacco	100.8	103.2	109.4	103.0	83.4	86.0	100.9	102.9	108.3
Textile and clothing	100.7	94.3	99.9	91.6	45.4	86.8	100.2	93.9	99.6
Wood and carpentry	105.1	104.9	111.9	101.0	93.1	82.9	104.9	104.3	111.1
Paper and printing	103.2	108.8	127.0	98.2	97.5	99.0	103.0	108.1	124.9
Leather and footwear	112.1	108.8	113.1	85.7	96.2	85.8	109.8	108.3	112.9
Rubber and plastics	98.8	99.2	109.8	87.5	90.0	97.3	96.0	96.8	103.8
Chemicals and paints	101.4	95.9	97.8	90.8	94.1	94.8	100.3	94.6	97.4
Oil refining	101.8	102.9	101.8	100.0	97.1	92.6	101.8	102.8	101.8
Non-metallic minerals	100.3	99.8	108.1	92.0	75.1	100.0	99.8	99.5	107.3
Diamonds	100.0	100.0	100.0	97.8	91.0	87.4	99.8	96.9	93.4
Basic metals	100.0	102.7	111.6	92.6	84.8	95.3	99.8	102.5	111.0
Metal goods	104.5	106.9	116.9	99.5	100.0	100.0	104.1	106.3	115.1
Machinery and electrical equipment	101.5	103.6	113.3	96.0	96.9	95.2	101.1	103.2	111.9
Total	101.0	101.5	108.7	95.9	85.8	89.1	101.5	100.8	107.2

price increases for which the officially recognized cartels were responsible were still not sufficiently large or widespread in 1961 as to have a decisive influence on the general level of industrial prices. However, the significance of this development is not measured solely by its quantitative weight from the short-term aspect. In 1961 the other factors in the price increases, which operated in the cartelized and other branches alike, were still of greater quantitative significance. These factors, as stated, were mainly the rise in demand and the increase in wages.

TABLE XI–15

Changes in Expenditure on Major Inputs to Industry, 1959–61
(percentages)

	1959	*1960*	*1961*
Local raw materials	–0.5	0.1	7.8
Import (c.i.f.)	–4.9	1.8	–3.2
Labor	8.2	5.8	8.8
Total purchased input	0.8	3.5	5.3
Average price of output	1.5	–0.7	6.3
Ratio between change in price of output and change in price of input	100.7	95.9	100.9

Table XI–15 summarizes the annual implied price changes that took place in the major industrial inputs.

As a result of the more rapid increase in output prices in 1961, there was a marked rise in industrial profits. Whereas purchased input grew by 18.5 per cent, at current prices, output went up by 20.5 per cent; the additional gross profit accruing to the entire industrial sector as a result of the change in the prices of input and output alone is estimated at approximately IL. 40 million. In the previous year, the development of prices was unfavorable to industry; the prices of products marketed locally remained stable, while those of goods sold abroad continued to fall, and the price of the total purchased input went up by 3.5 per cent.

The major input whose cost increased substantially, exceeding the rate of growth in the price of output, was labor. The wage bill went up 8.8 per cent on the average, chiefly because of the large weight of those branches where the rise in wages was above average. Expenditure on imported materials declined by approximately 3 per cent, while that on locally produced materials went up 5.3 per cent. The smaller rise in local purchases as compared with the nominal increase in the value of industrial output stemmed primarily from the fact that the prices of inputs supplied to industry by agriculture and the textile branch rose more slowly than the output of industry as a whole.

4. Investments

During the year under review, gross investment in industry and mining grew at the appreciable rate of 19 per cent in real terms, and at current prices totalled IL. 260 million. This expanded the active capital stock by nearly 12 per cent. The growth of investment paralleled the accelerated growth of output during the year; in 1960, when industrial expansion was slower than in 1959 or 1961, the rise in investment was also smaller.

In 1961 as well, the large increase in investment was not accompanied by any marked change in the composition of investments by branches, and in this respect there was a continuation of the main trends which have prevailed in the past few years. The expansion of the textile branch apparently continued, and a greater portion of the investments made in 1961 was presumably channelled to the machinery and equipment branch. The incomplete data available as to the composition of investments in 1961 do not permit the drawing of definite conclusions, but it must be recalled that a drastic change in the composition of new investments would have been required to alter the composition of the existing capital stock. Hence the adaptation of the existing production system to an intensified export effort will be harder the more the channelling of the new investments is governed by the present structure of the capital stock. The enlargement of branches intended to improve the trade balance by increasing exports or providing substitutes for imports, will depend on the capacity of the existing production system to change over to new production lines. It may be assumed that in the majority of cases the present production system cannot be easily adapted to this end, and any development in this direction will have to come primarily from investments in completely new production lines, or from a change in the existing set-up through additional investments on such a scale as to be tantamount to investment in new production lines.

The present policy of generally encouraging investment, while it stimulates the expansion of the volume of investments, does not necessarily direct such expansion into channels that would effect a significant change in the production system commensurate with the longer-range needs of the economy. A growing share of the new investment is financed out of depreciation and profit funds, which are increasing as a result of the various measures taken to encourage investment, such as income tax concessions and accelerated depreciation allowed approved enterprises. One result of this is that, in an economy where the money market is still not developed, such depreciation and profit funds tend to be reinvested in existing enterprises, thereby adding to the stability of the production system and entrenching the position of enterprises which in the past benefited from the far-reaching protection offered in the home market. This trend toward additional investment in a production system that has been largely built to satisfy the needs of the local market is liable to be further strengthened as a result of the policy of indirectly aiding exports by the official recognition of a cartelistic position in the local market, which thereby becomes even more attractive to new investment.

The quantitative encouragement of investment continued during the year under review, and presumably there was even a marked increase in private investments from abroad, owing to the activity of the Investment Authority. Some of these investments were of a strictly financial nature only, and in many cases the foreign investors left to the local interests the responsibility for finding know-how, for entrepreneurship, and for management. This too has hampered in no small measure the direction of investment into new channels, since the local interests tend to invest in branches familiar to them—i.e. those already in existence. Thus it seems that the crux of the problem facing the economy is to find investment projects and investment initiative that will be directed to objectives that will improve the trade balance. This is the most pressing problem, for even if there should be a change of present trends in the near future, it will take a fairly long time before it bears fruit.

The Government itself has taken the initiative in various spheres of industrial development, and in 1961 it continued such activity through Government and semi-governmental development companies in conjunction with other public factors. In most instances these companies have concentrated on the establishment of small or medium-sized industrial enterprises, sometimes subordinate to the demands of the policy of dispersing the population and the settlement of new immigrants, and sometimes subordinate to the need of rectifying shortcomings in the agricultural settlement policy.

The long-range requirements of the economy make it imperative to stress not simply the quantitative volume of investment, but its direction into channels commensurate with these needs. And more than the economy requires encouragement for expanding the volume of investment through various far-reaching inducements, it requires encouragement in respect of the quality of investment. The present orientation of investment toward the local market is even liable to lead, in the long run, to the worsening of the trade balance, not only because the investment resources are directed to the production of goods for the local market and thus are withheld from export, but because they stimulate consumption through the creation of new consumer needs which in the course of the time become an accepted fixture of the living standard and are then hard to curb.

5. Industrial Credit

Short-term industrial credit increased in 1961 as well at a rate exceeding not only the real growth of output, but also the nominal increase in the total purchased input. Whereas output showed a real gain of 13.4 per cent and the purchased input, at current prices, went up by 18.5 per cent, short-term credit rose from IL. 269 million at the end of 1960 to IL. 324 million at the end of 1961, i.e. by 20.5 per cent. This refers to the end-of-year balances, the increase in the annual average being even larger.

TABLE XI-16

Short-Term Credit Granted to Industry, by Source, 1958–61

(IL. million)

(End of period)	*1958*	*1959*	*1960*	*1961*	*Per cent increase over previous year*	
					1960	*1961*
Banks and credit cooperative societies	124.8	156.8	203.0	250.2	29.5	23.3
Bank of Israel	5.6	6.6	11.6	14.7	75.8	26.7
Development Budget—loans for working capital	24.2	30.3	31.5	34.1	4.0	8.3
Acceptances	11.8	18.1	22.6	24.9	24.9	10.2
Total	166.5	211.9	268.7	323.9	26.8	20.5

The expansion of credit at such a rate therefore continued to improve the liquidity of the sector as a whole. The credit increment of IL. 55 million was equal to 13 per cent of the purchased input increment, at current prices. In 1960 the credit increment amounted to IL. 57 million, or 20 per cent of the additional purchased input. The checking of the expansion of short-term credit was mainly due to the monetary restrictions introduced by the Bank of Israel

TABLE XI-17

Additional Industrial Credit, by Source, 1959–61

Source	*1959*		*1960*		*1961*	
	IL. million	*%*	*IL. million*	*%*	*IL. million*	*%*
Banks and credit cooperative societies	32.0	70.5	46.2	81.2	47.2	85.5
Bank of Israel	1.0	2.2	5.0	8.7	3.1	5.6
Development Budget	6.2	13.6	1.2	2.1	2.6	4.7
Acceptances	6.2	13.8	4.5	8.0	2.3	4.2
Total	45.4	100.0	56.9	100.0	55.2	100.0

in the second half of the year, but it did not restrain the real expansion of industry, the rate of which even accelerated in the final months of the year. Consequently it seems that, despite the relative curbing of the growth of credit in the second half of the year, the liquidity of industry as a whole was sufficiently large to permit both a rapid real increase in current output and a considerable expansion of investment, even though the share of public financing of investment declined.

The balances of short-term credit by sources and annual increases from 1958 to 1961 are shown in Tables XI-16 and XI-17.