

Draft report on the situation in Belgium after World War Two (6 August 1946)

Caption: On 6 August 1946, the Belgian Government authorities submit to the United Nations Economic and Social Committee (Ecosoc) their completed questionnaire on the progress made in Belgium's economic recovery.

Source: Archives Nationales du Luxembourg, Luxembourg. UNO. Département des Affaires économiques. Reconstruction économique des pays, AE 7804.

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Sub Commission on the Economic Reconstruction of Devastated Areas
Sub Committee I. (Western Europe)

Chairman: Czechoslovakia

Draft report on the situation in Belgium after World War Two (6 August 1946)

Area: Belgium

Rapporteurs: 1. Belgium
2. Poland

I. General remarks on material available and on information required

1. The report submitted by the Secretariat gives exact particulars to be completed by the information contained in the memorandum of the Belgian Government. The fact relating to war damage and agriculture is reviewed according to the information given in the memorandum.

II. Summary answers to the questionnaire

1. A brief summary of physical destruction and other losses, and their effects on production capacity and conditions of living (especially housing), as related to the pre-war situation.

See Annex II Memorandum.

(a) Total damage:

(i) Losses in national assets: \$ 2.502 millions

(ii) Part of national income diverted to war consumption: \$ 5.108 millions

(b) Potential losses: \$ 5.791 millions

(according to the definition of the Paris Reparation Conference)

2. A brief summary of the effects of the war on population and manpower.

See Memorandum page 1.

3. What is the present consumption level of foodstuffs and other consumers goods, as compared with a significant pre-war period (total and per capital)?

See Annex V for foodstuffs. For other consumer goods approximative figures can be computed or obtained on the spot.

4. What is the present level of production in significant industries, as compared with significant pre-war years?

See Annex IV, B.

5. What is the present level of agricultural production, as compared with significant pre-war years (acreage, yields, production)?

See Annex IV, A.

6. What is the present serviceable quantity of railroad rolling-stock, trucks and water transport equipment (ocean-going and inland), as compared with a significant pre-war period?

See part of Annex IV, C. Other material is available in Brussels.

7. What is the estimated attainable level, as compared with pre-war output, of industrial and agricultural production, with existing plant, equipment and manpower, assuming an adequate supply of raw materials and energy?

As there is practically no unemployment in Belgium at present, production cannot be on the whole increased above the present level. This does not mean that a shift to major industries of populations drawn into other activity sometimes less directly productive during the war, would not increase the production of the major industries.

Tentative percentage of productive capacity utilized in the main industries might be computed. (The pre-war period or a peak year being considered as full employment, except when it is known that a large percentage of productive capacity was not utilized.)

8. To what extent has the lack of raw materials impaired immediate recovery?

Immediately after the liberation there were many bottlenecks in the availability of raw materials. At present the only major bottleneck in this field is coal.

The increase of production in major coal consuming industries which would result from a better supply in coal, may be estimated if necessary.

9. To what extent has the lack of financial means impaired immediate recovery?

A lack of financial means was not a major obstacle to recovery, although purchases were at times curtailed when payment had to be made in "hard" currencies (dollars, Swedish crowns) or when there was no financial payment agreement.

10. In what ways, and to what extent, have territorial changes affected the country's present level of production and its proposed economic development programme?

No territorial change of significance has occurred to date. The effect of the economic union with the Netherlands should always be borne in mind.

11. What is the level of consumption of foodstuffs and other consumers goods, and standards of housing, anticipated during the period 1946–1947, and, if estimates are available, the period 1946–1951?

The improvement in consumption levels, except for housing, depends largely on conditions on which Belgium has no action, e.g., world wheat supply; part of domestic productions which has to be exported; level of national income which world conditions will allow Belgium to reach.

12. Does the production pattern proposed in the country's development programme differ materially from the pre-war pattern, and in what respect?

Not as far as decided up to date. It is highly improbable that a major change should be put into effect.

13.–17. See N° 12 (to be discussed with the Reconstruction Ministry at Brussels).

15. To what extent are such changes the result of a necessity to decrease imports?

There is certainly no desire to reduce imports.

16. To what extent are such changes dependent upon the importation of capital equipment?

A rapid development of the Belgian economy is depending upon importation of large quantities of capital

equipment, at least in the near future.

17. To what extent are such changes dependent on imported raw materials?

Among raw materials Belgium needs coal badly.

18. What addition to the existing stock of trucks, railroad, water and air transport equipment are required, in order to meet the goals set by the longer range recovery and development programme? To what extent can these additions be met out of domestic production?

To be discussed in Brussels.

19. Significant data on the trend of birth and death rates, population shifts (including changes in occupational distribution, changes due to migration, etc) and related factors.

See Memorandum page 1, and Annex I. Other data could easily be made available.

20.–22. See N° 12.

23. To what extent will it be necessary to import labour, account being taken of the additional manpower which will be obtained through further demobilization? From what countries are such imports of labour contemplated?

Belgium needs about 40.000 coal miners to replace foreign miners employed before the war. No additional manpower may be obtained through demobilization, which has largely been completed. Manpower may be obtained from Italy.

24. See N° 12.

25. To what extent is a surplus of labour anticipated over the next few years, and in what categories of workers? Is migration of labour contemplated, and to what extent?

No.

26. What volume of imports (by industry commodity groups) is required annually for 1946–48 (and, if possible, for a longer period) to fulfil the recovery and development programme?

For the period 1946–48, Belgium requires at least the same volume of imports as 1936–38 (See Annex III, Table I). For more details see N° 12.

27. See N° 12.

28. To what extent are difficulties contemplated in marketing exports in countries which can provide needed imports, or can pay in convertible foreign exchange?

Difficulties are:

(a) Foreign trade regulations

(b) Exchange regulations

(c) Import duties

(d) Lack of co-ordinating in the economic policy followed by the various countries.

Trade agreements have been concluded with several countries and have helped to revive Belgium's foreign trade to some extent. (List can be provided.)

Belgian imports from 13 countries represented $\frac{1}{2}$ of the total imports before the war and represents now $\frac{3}{4}$ of present imports.

Belgian foreign trade is limited to some countries only:

- (a) Neutral countries
- (b) Scandinavian countries
- (c) The neighbouring countries (except Germany)
- (d) United States, Canada, Belgian Congo and North Africa.

29. What is the expected balance of payments for the years 1946–48, and, if possible, later years?

To be discussed in Brussels.

30. What minimum amounts of foreign credits will be required annually in 1946–48 and, if possible, for a longer period, to cover any deficit in the balance of international payments?

To be discussed in Brussels.

III. Information required.

A. Questions to be discussed in Brussels: 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 24, 27, 29, 30.

B. Among the problems of especial interest to Belgium are:

the re-establishment of trade relations with Germany and central Europe;

the importation of coal;

the importation of sufficient manpower;

the preservation of Belgium capital vested abroad.

Annexe 4

Grand-Duché de Luxembourg.

Le Grand-Duché se trouve dans une situation économique assez semblable à celle de la Belgique. Ses efforts admirables de redressement économique se heurtent aux mêmes difficultés du point de vue extérieur.

Au point de vue intérieur, des éléments adverses propres apparaissent, et particulièrement:

- la très grave étendue des dommages de guerre (par suite notamment de l'offensive von Rundstedt en décembre 1944) dont l'équivalent se retrouve dans les Ardennes belges,
- l'insuffisance manquante de l'approvisionnement en combustibles,
- les déportations massives de main-d'œuvre, auxquelles les Allemands ont procédé,
- les spoliations considérables de biens privés ou industriels,
- l'insuffisance dans l'approvisionnement en énergie électrique,
- pertes considérables des avoirs investis en Allemagne.

Les dommages de guerre affectant le patrimoine national se sont élevés à \$ 250 millions.

La consommation en pure perte du revenu national s'est montée à \$ 325 millions.

Il faudrait encore tenir compte des pensions à accorder pour \$ 70 millions, des dommages indirects, de la diminution du revenu national pendant la guerre et de la perte de productivité pendant les premières années qui suivent.